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# Canada's International Relations

RESPONSE OF THE  
GOVERNMENT OF CANADA  
TO THE REPORT OF THE  
SPECIAL JOINT COMMITTEE OF THE SENATE  
AND THE HOUSE OF COMMONS

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DECEMBER 1986

Canada

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**Presented by**  
**The Right Honourable Joe Clark**  
**Secretary of State for External Affairs**

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# Table of Contents

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<b>Foreword</b>	1
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## **Part I**

### **Statement on Canada's foreign policy**

Introduction and Overview	5
Safeguarding International Peace and Security	11
International Trade and Economic Policy	15
Working for International Development	19
Promoting Human Rights	23
Canada-United States Relations	27
A Northern Foreign Policy	31

## **Part II**

### **Detailed response to the recommendations contained in the report of the Special Joint Committee on Canada's International Relations**

Canada's Capabilities	37
Foreign Policy Goals	39
Strengthening International Order: Amplifying Canada's Influence	41
Safeguarding International Peace and Security	45
Expanding International Trade	53
Working for International Development	63
Promoting Human Rights	71
Improving Canada-United States Relations	81
A Northern Dimension for Canadian Foreign Policy	85
The Case for Constructive Internationalism	89

## Foreword

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In May 1985, the government tabled a discussion paper in Parliament entitled "Competitiveness and Security: Directions for Canada's International Relations". The paper was designed to illustrate the dramatic changes which had taken place in the world over the previous fifteen years. It was also intended to focus attention on some of the principal foreign policy issues with which the government and Canadians would have to deal in the years to come.

A month later, a Special Joint Committee of the Senate and of the House of Commons was created to consider and report upon the issues raised in the discussion paper, and to make recommendations concerning the future objectives and conduct of Canada's international relations.

Over the summer, the committee held hearings on Canada's participation in research on the Strategic Defence Initiative and on handling bilateral trade relations with the United States. At the end of August it submitted an interim report on these two issues. The recommendations of the committee were taken fully into account in the government's approach to these two questions, which was announced in the fall of 1985.

The committee then began hearings on broader aspects of foreign policy. Never before were so many Canadians heard from on foreign policy issues. Between June 1985 and June 1986 the committee received briefs from 568 organizations and businesses and 630 individuals. At its 61 public hearings across the land, 385 organizations and businesses along with 306 individuals appeared as witnesses. It is no exaggeration to say that virtually every segment of the population used this opportunity to make known its views on foreign policy. Never before has it been so evident that Canadians are aware of the world around them, of its problems and of its possibilities.

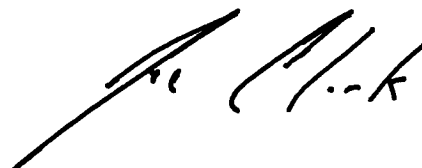
The committee's final report, entitled "Independence and Internationalism" and submitted to Parliament in June of this year, offers a valuable set of policy directions, and makes some 120 specific recommendations. In Part II of the present document the government has responded to each of these recommendations in detail. In addition, the government has used this occasion to set out in Part I of this document its views on several broad policy areas emphasized by the report of the Special Joint Committee.

It will be clear from what follows that the government accepts with enthusiasm the theme of active internationalism that underlies the report. It also concurs in the great majority of individual recommendations. There are some recommendations which single out issues that the government recognizes as important, but where new action is not feasible until the government has restored order to the nation's finances. And there are a few recommendations which, while again dealing with significant issues, do not in the government's view represent the best solution.

All recommendations, however, have received careful scrutiny. Where the government has not been able to concur, alternative ways of dealing with the issue have for the most part been identified or are now being sought. Where the government has concurred and action is required, both the authors of the report and the Canadian public generally can be confident that the government will move promptly. Indeed work in some areas is already under way.

This is the beginning, rather than the end, of what the government hopes will become a fuller collaboration between it and the public on foreign policy issues. Through Parliament and in other ways, the government will seek to ensure a better dialogue with the citizens of this country individually and collectively - and indeed draw on their expertise - in the conduct of Canada's international relations.

This response makes no claim to be a comprehensive statement of Canada's international goals and activities. Suffice that it sets out the government's views on a number of questions of interest to Canadians, building upon the excellent work of the Special Joint Committee to which I, and my colleagues the Minister for International Trade and the Minister for External Relations, are much in debt.

A handwritten signature in black ink, appearing to read 'Joe Clark', written in a cursive style.

**The Right Honourable Joe Clark**  
**Secretary of State for External Affairs**

# **PART I**

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## **Statement on Canada's foreign policy**

# Introduction and Overview

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## **Canada's Foreign Policy Heritage**

Canada has been and remains a fortunate country. Though relatively small in population it is one of the wealthier and more influential Western democracies. It was able to achieve independence through evolution and negotiation, rather than force of arms. It is one of the most secure nations on earth, benefiting from its geographic location and its defence partnership with the United States in North America. In the North Atlantic region Canada willingly belongs to a strong defensive alliance of like-minded democracies. Canada's French and English heritage, its multicultural character, and its non-imperial past give it an exceptional *entrée* to the developing world in both bilateral and multilateral diplomacy.

At the same time, Canada is vulnerable in certain respects. Canadians like all peoples live in a world where the risk of nuclear war is ever present. Canada relies heavily on trade and foreign investment for its well-being. The resource industries which underlie important aspects of Canada's economy – agriculture, forestry, mining, petroleum – are susceptible to volatile world markets and to trade restrictive or distorting actions by foreign governments. Living across a 9 000 kilometer open border from a country which is ten times more wealthy and more populous creates imbalances with which Canada must constantly contend. The fact that the USA does share a language with many Canadians means that it exercises, in the age of mass communications, a profound cultural influence with which Canadians are not always comfortable. Canada's immensely long border includes three oceans. The Arctic Ocean, because of its strategic location and inhospitable climate, poses particularly difficult challenges in exercising our sovereignty.

Certain fixed axes of Canadian foreign policy are created by these factors:

- As a country enjoying geographic security and possessing relatively limited military power, Canada often relies on multilateral institutions such as the United Nations, the Commonwealth and La Francophonie, supported by an active global diplomacy, to make its contribution to the national management of world order. In such ways Canada can build coalitions and find resonance for its views, and in certain special circumstances, can influence world events. 'Going it alone' is never ruled out, but is usually less productive for a country in Canada's circumstances.
- Canada depends vitally on an open and stable international trade and payments system to ensure access to markets worldwide. It must constantly promote such openness both bilaterally with key economic partners such as the United States, the European Community and Japan and through multilateral institutions such as the Economic Summits, GATT, OECD and IMF. Effective export development and strengthened international competitiveness are imperative requirements of national economic development.
- Canada must always direct an important part of its foreign policy effort to the task of seeking to manage its vital and enormously complex relationship with the USA.

## **The International Environment**

The task that confronts any Canadian government is to find the most effective expression of Canadian national interests and values within the framework of these broad determinants. That task continues to be complicated by an unpredictable and sometimes difficult international environment.



Some economic developments have been favourable. Growth has taken place in Canada, the United States and a number of other developed and developing partners since the recession of the early eighties. Inflation has been held to low levels in developed countries and reduced in the Third World. Sharply lower oil prices, while probably a temporary phenomenon and injurious to oil producing areas, have provided benefits to many countries. A new round of multilateral trade negotiations has been successfully launched.

Much of the world, however, continues to feel the effects of the damaging recession of the early 1980s. The world's trading and financial system is threatened by a rising tide of protectionism and cutthroat subsidy competition, by a precarious international structure of debt servicing, and by the continuing abrupt movements of commodity prices and money markets. Profound imbalances persist in the international economy exemplified by the United States trade deficit. The sheer complexity of managing interdependent economies and inter-related issues has seriously strained the capacities of our multilateral institutions to coordinate national policies. Meantime, the misery of the world's poorest has remained acute, and alarming population growth, especially in the mushrooming cities of the Third World, is acting as a brake on development.

The international political situation, while brightened by a number of positive developments, has also been marked by uncertainty, and at times by a retreat from world order. New leadership in the Soviet Union has raised hopes that East-West tensions can ease and that progress can at last be made on outstanding political and arms control questions. The Stockholm talks on measures to prevent an accidental outbreak of war have ended in a worthwhile result, which may give impetus to the process of building a safer and freer Europe. The superpowers met at summit level in Geneva in 1985, reestablishing summit level contacts that had fallen away since the Soviet invasion of Afghanistan heightened acrimony and distrust between them. Though the summit preparatory meeting in Reykjavik ended without agreement, it revealed new potential for forward movement on vital arms reduction issues. Whether this potential can be realized and lead to significant agreements, and to further summits as planned in Geneva, remains unclear.

Meantime, instability has continued to plague many parts of the world. Regional conflicts with potential to unsettle the global balance are to be found in the Gulf, in Central America and in Asia. Old problems like the Middle East have continued to fester, or, as in South Africa, have worsened. The Soviet Union continues to intervene militarily in Afghanistan, prolonging the agony of that country and its people. Terrorism has fed on these conflicts and threatened to nudge the world into a darker, more violent age; Canadians have been among the victims. The human rights situation has worsened in a number of countries. The UN is badly in need of revitalization.

Against this picture of all too obvious instability, violence and suffering can be offset some positive developments for world order. Japan is taking its place as one of the leading industrial democracies. China has opened its doors to the West. Western Europe continues its historic march towards greater economic and political cohesion. In several countries dictatorships have given way to democracies. The Organization of African Unity has adopted a responsible long-term recovery plan for Africa in partnership with developed countries. International pressure against apartheid is building up.

## **The Record**

As the discussion paper on foreign policy published by the government last year made clear, in such an environment Canadians, fortunate as we are, can less than ever take our prosperity and security for granted. On the contrary, the government has had to devote greater and greater attention to promoting the safer, more prosperous and more humane world which is a prerequisite to the kind of society Canadians want at home.

From the outset the government has consistently sought to exercise necessary leadership in the management of our international relations. Individual Canadians, more confident in who we are and how we wish to relate to the world around us, and increasingly united at home, have made their own vital, personal contributions. These have joined with efforts of government to meet the key challenges facing Canada and the global community. This cooperation has been evident in areas as diverse as arms control, export development, disaster relief in Latin America, famine in Africa, welcoming refugees and promoting human rights.

Central to the foreign policy of any government is the defence of sovereignty and independence. The government has sought to accomplish this through the strengthening of the national economy, through the pursuit of a responsible and effective foreign policy, and through the vigorous projection of Canada's bilingual and multicultural identity onto the world stage. It has placed emphasis on achieving a cooperative atmosphere in federal-provincial relations; Canada's involvement in La Francophonie has now become a positive factor in projecting Canada's sovereignty and identity abroad. When potential challenges have arisen the government has moved promptly, as in the North, to assert our sovereignty and to demonstrate Canadian occupation and control. In this context, the government accepts the advice of Parliament that a higher priority be assigned to the Northern dimension of Canada's foreign relations.

Recognizing Canada's critical dependence for its well-being on trade and investment, the government as an early priority has worked closely with the provinces and industry to strengthen key international economic relationships. Canada has wholeheartedly promoted a more open trading system worldwide. Such a system is a prerequisite for diversifying and expanding Canada's vital trade links with dynamic markets in Asia and the Pacific, Europe, Latin America and the Middle East.

In particular, Canada played an active role in launching a new round of multilateral trade negotiations. Through the UN, the World Bank, the regional development banks, and our own bilateral development assistance programs, the government has continued, despite cut-backs in other programs, to channel increasing amounts of aid to the world's poor.

A vital element in the government's international economic strategy is the constant need to attend to Canada's complex and critical economic relationship with the United States. The government has begun negotiations with the United States towards a bilateral trade agreement to underpin what is the largest bilateral trading relationship in the world.

Such an agreement is aimed at enhancing and securing our access to each other's markets. The increasing number of U.S. trade protectionist actions on critical products like lumber only underline the need for a mutually beneficial agreement that will facilitate market access while protecting sovereignty. Meantime, the government has sought to come to grips with the serious problem of transboundary air pollution and the implementation of the report of the Special Envoys on acid rain.

This record of activism on economic questions has been paralleled by initiatives on political matters. To strengthen the credibility of Canada's own commitment to the defence of Europe, the government moved early to bolster Canadian forces in Europe and to re-equip the armed forces. To play its part in the defence of North America, the government committed itself to construct the North Warning System in cooperation with the United States and also renewed NORAD for five years.

But defence is only one aspect of security. The other essential aspects are the promotion of a strengthened, more stable international order and of rapid and effective arms control and disarmament measures. Here, too, the government has sought to bring to bear Canada's influence and expertise to achieve practical progress. Canada has been active in all areas of East-West political dialogue and is making a special contribution on arms control verification methodology and technology.

In response to the evident concern of many Canadians about the risks of escalation and the cycle of violence in Central America, the government has strongly supported the Contadora Initiative and, responding to the request of the Contadora countries, has provided advice on the framing of an agreement on verification and control. In the Economic Summit, in the International Civil Aviation Organization, in the International Maritime Organization and the UN, Canada has worked for practical measures that would effectively counter the growing scourge of terrorism. It has played a full part in suggesting measures that would revitalize the UN.

The government has consistently emphasized the importance of human rights in its foreign policy. Through the Commonwealth it has been active in working for international pressure against South Africa to persuade that country to abandon apartheid. It has worked through the UN, and the Helsinki process and bilateral channels to try to persuade other governments to live up to their human rights commitments. The government has also sought to promote the elimination of legal and practical forms of discrimination against women and to encourage women to play a full role in all aspects of economic and social development. The government accepts the recommendation of Parliament that a higher priority needs to be given to issues of democratic development and human rights in Canada's relations with the Third World. It will work closely with non-governmental groups and individuals to achieve its international human rights goals.

## **Facing the Future**

Clearly much has already been done in meeting the external challenges facing Canadians. Much more will have to be done.

We will have no choice but to continue to devote much of our energies to attempting to manage our relationship with the USA during a turbulent phase in that nation's economic relations with other countries.

In Europe we must continue to build on our historic political, cultural and economic links and work with our allies toward the relaxation of East-West tensions, which are the chief threat to our own security and an impediment to the freer flow of people and ideas across ideological borders. We must also invest new energy in our relationship with key European states like France and Britain to which much of our identity can be traced, and like the Federal Republic of Germany which is a vital security and trade partner.

In Asia and the Pacific we must seek to intensify our links with an economically vibrant but diverse area, and to play a more active consultative role on regional security issues. Japan, China and India are the giants of Asia and will be a special focus of our efforts.

In Latin America and the Caribbean we have important economic and political interests which can be furthered through helping to fortify democratic governments, developing relations with key states, playing a full role in resolving the debt situation, and working to resolve regional conflicts in Central America.

And in Africa, Canada, while playing its full part in humanitarian relief and longer-term economic development, must continue to exploit its membership in the Commonwealth and La Francophonie to do what it can to promote greater stability in that continent, and in particular to transform the situation in Southern Africa.

Important opportunities to pursue these goals lie ahead. In 1987 Canada will host two "family" gatherings of world leaders; the Commonwealth Summit in Vancouver, and the Francophone Summit in Quebec City. These meetings will bring together a wide cross section of countries sharing with us a language and history that can transcend the gulf between North and South. They will provide an opportunity to build the consensus needed to address crucial political, economic and development problems confronting the world community.

In 1988 Canada plays host to the annual Economic Summit of industrial countries. Here too Canada has the chance to contribute actively to the fashioning of a more stable and prosperous world economy, and to a strengthened consensus among the key countries of the West on global economic and political questions.

As the committee report makes clear, Canada has "...the capacity as well as the inclination to work actively for international peace and well being." It has economic influence. It has renewed credibility as an ally. It has moral influence as a workable and humane society. Most important, it has an informed and concerned public whose role in foreign policy is growing.

# **Safeguarding International Peace and Security**

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Security in today's world is based on the balance between the power systems of East and West, representing opposing values. For almost 40 years this balance, based on a rough parity between the military capabilities of the United States and the USSR and their respective allies, has unfortunately rested on the perilous yet still indispensable concept of nuclear deterrence. The nuclear stand-off reflects a wider global contest in which each side has its own advantages. The industrial democracies have great political and cultural dynamism, economic strength and technological depth, but lack the proclivity of the USSR and its associates to direct their economies and societies towards geopolitical and military goals.

But the maintenance of strategic balance, much less the achievement of greater stability at lower levels of arms, cannot be taken for granted. On the military level there is the fact of the massive conventional forces maintained in Eastern Europe by the USSR and its allies. Intense mutual distrust and technological competition in armaments between the superpowers are further complicating factors in the East-West equation.

Other forces are at work. The world is not as bipolar as it once was, and the nuclear club is expanding. China is gaining status as a major international power. New centres of great economic power such as the European Community and Japan have emerged or, in the case of the newly industrialized states, are beginning to emerge.

Sources of instability in the developing world have multiplied, including nationalist and ideological quarrels, racial conflicts, terrorism, territorial disputes and religious militancy. Many internal and regional conflicts in the Third World have come to be seen through an East-West prism and have aggravated East-West relations.

## **Canadian Policy**

The government's concept of security is global and comprehensive.

Canada's security rests, first and foremost, on the maintenance of the strategic balance between East and West. In this endeavour, Canada has stood and will continue to stand alongside its Western partners. It could not be otherwise; our values and our determination to defend freedom and democracy against an undiminished political and military challenge align us in the most fundamental way with the other Western industrial countries. In particular the logic of our history and geography combined to make us one of the Atlantic Alliance's founding members, and causes us to continue to play a full role in the collective security arrangements of the North Atlantic Alliance. Contributing in this way to uniting the Western Alliance maximizes Canada's security and influence.

Equally, however, reinforcing Canada's security means working towards reducing East-West tensions, pursuing a progressively safer and more stable strategic balance through a vigorous disarmament and arms control policy, strengthening the multilateral instruments that help to settle regional conflicts peacefully, and participating in peacekeeping operations. The government's global view of peace and security includes human rights and development assistance, which address the deepest roots of conflict. A world which is inhumane

and characterized by great variations in economic and social well-being will never be truly secure. Canada intends to take whatever measures are necessary to see significant progress achieved toward each of these objectives.

## **Our Defence**

National defence is the foundation of a country's security. For this reason the government is determined to ensure that Canada's military capabilities are appropriate for the tasks required of them. The government's objective is to strengthen Canada's security by undertaking and honouring NATO's commitments and participating actively in the councils of the Atlantic Alliance. Europe continues to be the world's most critical military region, and the inner-German border will remain the security "fault-line" in East-West relations. The presence of our armed forces in Western Europe bears witness to our political as well as military solidarity with our allies.

Canada's European contingent has been reinforced. The land and air commitment to north Norway has recently been tested. Canada is continuing maritime and aerial patrol of the main sea lanes in the northern sector of the North Atlantic which in a time of crisis or conflict would be used to reinforce its troops already in Europe.

The defence of North America is taking on a renewed importance for Canada. Accordingly, Canada and the United States have agreed to modernize the North Warning System, which is vital to continental defence, and they have reaffirmed their intention to contribute toward the common defence of the continent by renewing the NORAD agreement for five years. At the same time, the United States has reaffirmed its intention to abide by the Anti-Ballistic Missile treaty.

In addition, the government recognizes that there is a link between defending the country and asserting its sovereignty. The government will pay particular attention to problems of underwater defence in the Arctic.

The government is also aware of the growing interests that link Canada with the countries of the Pacific, and of the implications that this has in terms of security and consultations with our principal partners in that region.

## **Arms Control and East-West Relations**

The government sees arms control, disarmament and national defence as complementary elements in our policy of peace and security. To strengthen consultation with Parliament, the government proposes that, should Parliamentarians so desire, External Affairs and National Defence could make periodic joint presentations on these issues before the appropriate House of Commons committees. Consultation with representative groups within the Canadian public is already being undertaken, for example, through the Consultative Group on Disarmament.

Canada has always taken an active part in every legitimate initiative to improve East-West relations. The government believes it is essential to create a climate of confidence between East and West on security. Canada through contacts with the Soviet Union and its allies makes its own contribution to this process. In this connection Canada made a useful contribution to the recent success of the Stockholm Conference on reducing the risk of accidental war in Europe.

The government has urged the leaders of the United States and the Soviet Union to build on the dialogue begun in Geneva in November 1985 and recently continued in Reykjavik.

It unreservedly supports the threefold objective of the Geneva negotiations, namely to reinforce strategic stability, to limit the growth of and later reduce the size of nuclear arsenals, and to prevent an arms race in space and end the one on earth. The government subscribes to the ultimate objective of these negotiations, which is eventually to eliminate all nuclear weapons.

Canada realizes that strategic defence is an important factor in future East-West relations. It considers that for the United States to conduct research into strategic defence is only prudent because of extensive Soviet work in this field. However, Canada also believes that such research must be in strict compliance with existing treaties. Canada hopes that a greater measure of mutual understanding will be achieved between the United States and the USSR in this field. The objective in negotiations on strategic defence must be, in the first instance, to reinforce the stability of deterrence at progressively lower levels of nuclear armaments.

In the multilateral bodies devoted to disarmament, Canada is working with its allies to establish a total ban on nuclear testing, to increase the number of signatories to the Non-Proliferation Treaty, and to do away with weapons of mass destruction such as chemical and biological weapons.

Finally, and of growing importance, Canada is working to reduce the risk of conflict inherent in the presence of large conventional forces in Europe. A more stable conventional balance and heightened mutual confidence in Europe will be indispensable to a world looking forward to sharp reductions of nuclear arms.

Canada believes that lasting progress can only be achieved through the negotiation of balanced reductions of the forces of East and West. Another basic tenet of Canada's policy is that compliance with commitments made under arms limitations agreements must be verifiable. The government has devoted considerable financial, scientific and other resources to developing new techniques of verification, thus placing Canada in the vanguard of research in this field.

### **Multilateral Action and Regional Conflicts**

Canada attaches the highest importance to multilateral techniques of conflict prevention and conflict resolution. The government is playing a leading role in working to restore the prestige and vigour of the United Nations and associated institutions, since they can contribute in a vital way to peaceful, negotiated solutions to the world's armed conflicts.

The same philosophy governs our approach to regional conflicts. Although such conflicts in Afghanistan, the Middle East, Southeast Asia, Central America and Africa often have volatile East-West dimension, they usually stem from internal problems better solved through multilateral means than through unilateral outside intervention. Ultimately, regional solutions are the key to regional problems.

Over the years, Canada has contributed to resolving such regional conflicts through active diplomacy, generous development assistance and frequent participation in peacekeeping efforts throughout the world. Canada's activity in this regard is appreciated by the international community and is a credit to the Canadian forces that take part. This role will continue, especially where the presence of Canadian peacekeeping forces can reduce the risks of a superpower confrontation.

Finally, Canada is working alongside other countries in fighting terrorism, a growing evil that knows no frontiers. It is playing a leading role in efforts to strengthen multilateral cooperation, for example in Canada's initiative on airport security in the International Civil Aviation Organization and its efforts in the International Maritime Organization. Canada has also instituted a \$10-million technical assistance program to upgrade airport security in developing countries. At the same time, through its efforts to promote resolution of Third World conflicts and to eliminate Third World poverty, Canada seeks to deal with root causes of terrorism.



# International Trade and Economic Policy

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The government's strategy for national economic renewal is designed to respond to changing global circumstances which are challenging Canada's competitive position and long-term prosperity. Canadians have reason to be proud of their capacity to adjust to new realities, but outward-looking efforts to adapt have become an imperative of national economic growth. Our international competitiveness has improved over the last few years, but much remains to be done.

Canadians are becoming more aware of the volatile longer-term forces affecting us. A revolution in modern production techniques is forcing every industry to reassess its methods and systems. Improvements in technology, transportation and communications, together with increased mobility of capital and reductions in tariff barriers, have made foreign goods and components ever more readily accessible. Newly industrializing countries have proved adept at moving into new areas of production. Dramatic changes in recent years in agriculture, fuels and other resource-based markets have had powerful impacts on the well-being of Canadians.

This process of global structural change has been complicated by short-term economic difficulties and by problems of international leadership and cooperation in managing increased levels of economic interdependence. The growth that has been achieved by market economies since the global recession of the early eighties has been uneven and, by historic standards, slow. The success achieved in securing internal price stability has left many countries with unacceptably high unemployment levels. Large imbalances in trade flows and growth rates have contributed to burgeoning protectionist pressures in many countries, most recently in Canada's major trading partner, the United States. At the same time the high level of debt service weighing upon many developing countries is limiting domestic growth, while depressed commodity prices and tight world markets are limiting their earnings from exports.

## **Global Economic Cooperation**

Strengthening the fabric of international economic cooperation is a fundamental Canadian objective. The government is determined to increase the real incomes and employment of Canadians through improvements in our international competitiveness. This demands an open, stable and predictable international trading environment. At home, the government's budgetary and other policies aim to remove impediments to competitive behaviour and restore the confidence needed for investment by the private sector, both essential ingredients of increased international competitiveness.

Canada has been in the forefront of efforts at Economic Summits and elsewhere to deal with present challenges to the international economic system. Our influence in these international forums on issues such as macroeconomic coordination depend as much on our ability to articulate common interests and propose imaginative and acceptable solutions as it does on the weight of the Canadian economy in the world. The decision made at the Tokyo Summit in May 1986 to include Canada in the Group of Seven finance ministers offers added scope for projection of Canadian influence.

The regular Quadrilateral meetings of trade ministers from Canada, Japan, the USA and the European Community provide a vital additional forum for the advancement of Canada's

objectives and interests. Canadian participation in the IMF and the World Bank (and their ministerial-level organs, the Interim Committee and the Development Committee) as well as forums such as the Commonwealth, La Francophonie and UNCTAD provide a vital global dimension to Canada's international economic diplomacy.

## **Protectionism and Trade Policy**

Strains affecting the world trading system are particularly troubling from a Canadian perspective. Canada has suffered from a rising trend-line of protectionism in, and subsidization by, our major trading partners. "Managed" trade transactions — which respond to governmental direction rather than to market forces — have perceptibly eroded GATT disciplines governing trading behaviour. Unilateral actions or bilateral intergovernmental understandings under threat of even more drastic restrictions weaken the principle of non-discrimination, in favour of more powerful trading nations. Canada has a vital interest in preserving the integrity of the multilateral trading system and this will be a fundamental feature of Canadian policy in all trade negotiations, both multilateral and bilateral.

Rolling back protectionist measures and preventing them from multiplying is an urgent priority. The government has sought to do this not only by the assiduous pursuit of trade liberalization in both the bilateral and multilateral contexts, but by a strong defence of Canada's GATT rights and wider interests where these are threatened by acts of foreign protectionism.

The government attaches a special priority to keeping foreign markets — particularly in the USA — open to Canadian exports of wood products, steel, fish, telecommunications goods, and other products in which Canada has earned a market share on the basis of its competitive strengths and natural comparative advantage. The government is working to keep foreign markets open for Canadian agricultural goods and to eliminate trade distorting measures in this area. Some major Canadian competitors are using massive subsidies to underwrite their agricultural exports, exacerbating the structural problems that affect many nations in this sector. Internationally we have raised the profile of agricultural trade problems by ensuring that they were discussed at the Tokyo Summit and the Punta del Este meeting that launched the new MTN round. In the GATT, the OECD, and in other multilateral organizations, Canada has also pursued agricultural trade liberalization as an urgent matter.

The Uruguay MTN round will be a key instrument for developing better rules of trade among GATT Contracting Parties in the next decade and beyond. The new MTN round will be characterized by an unprecedented number of participants and a great diversity of issues. Only if the firm prospect of liberalization can be established at an early stage in each negotiating sector will there be sufficient impetus to overcome entrenched habits and practices. Developing countries will be called upon to permit greater access to their markets in accordance with their stage of development, which now varies considerably, in return for better access to industrialized markets. In the course of the negotiations the government will give high priority to bringing agriculture within the trade disciplines of the GATT, and to achieving suitable frameworks for dealing with new issues such as trade in services, trade-related investment measures and trade-related aspects of intellectual property.

Consultations with business and the provinces will be close throughout these multilateral negotiations and bilateral trade negotiations with the United States. The consultations with business will make use of the recently-established International Trade Advisory Committee and the Sectoral Advisory Groups on International Trade, which also serve as a consultative mechanism on other subjects as required.

The forging of a closer partnership with the provinces has been a major element in the government's approach to all trade issues. This will continue and intensify, helping both levels of government to reduce duplication and to meet more effectively the needs of the business community. A program is being developed to accommodate provincial trade representatives in Canadian missions abroad. Cooperation on the domestic delivery of trade programs will be reinforced.

In striving for a more open international trading system, the government is fully conscious of the adjustment problems which may be faced by Canadian firms, workers and communities. Appropriate trade policy measures will continue to be applied in order to ease the necessary adjustments in specific sectors and to foster adaptation to an increasingly competitive world environment. Through the domestic trade law which has been implemented under the multilateral system, Canadian interests are protected against unfair trading practices which prove injurious to domestic producers and which can disrupt progress in liberalizing world trade.

### **Market Development and Access**

Securing improved market access for Canadian goods will remain a vital priority of the government. Expanded markets are being fostered both through direct trade promotion efforts by the Department of External Affairs and others and through trade policy initiatives. In consultation with the provinces and the private sector, the government launched a National Trade Strategy — a coordinated approach to the interrelated objectives of securing enhanced access to world markets, improving Canadian trade competitiveness and implementing more effective international marketing.

A key to the success of this strategy lies in its targeted approach aimed at specific export opportunities, wherever these occur around the globe. The Asia and Pacific region will benefit from the government's establishment of new trade offices in Shanghai, Osaka, Auckland and Bombay. These initiatives are complemented by a strengthened trade staff in Peking, and by new market studies, trade fairs and missions in the region.

Increased resources are being applied to export development. About one-third of the Department of External Affairs program personnel are currently employed in Canada's global trade promotion, and trade and economic policy work. Canadian exporters and would-be exporters, especially medium and small firms, are receiving increasing support in developing markets in the USA. The government is committed to strengthening economic cooperation with the European Community and developing new markets in the Third World, where rapid growth can be expected over the longer term.

# Working for International Development

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A broad consensus exists in Canada and internationally that development assistance works, and that we should not only continue but increase our efforts. The committee report affirms that aid is a Canadian vocation, and the government agrees. For decades individual Canadians from all walks of life have laboured with dedication in virtually every developing country. The question before the government now is: How do we make aid even more effective? The recommendations of the committee provide valuable guidance, as will the advice of the Senate Committee on Foreign Affairs and the House of Commons Standing Committee on External Affairs and International Trade when it proceeds to an in-depth study of Canadian international development assistance programs in the year ahead.

The broader policy aspects of Canadian aid are myriad and complex, but spring essentially, from a widespread conviction of the Canadian public that it is right and in Canada's self-interest that all peoples enjoy well-being and a decent standard of living. At a time when domestic programs are being tightly contained, the government is therefore committed to continued real growth in its official development assistance (ODA), which at 0.5% of GNP for the balance of this decade will increase by approximately 8.7% per year on average. The government's objective will be to reach a foreign aid/GNP ratio of 0.6% by the middle of the next decade.

The report of the committee is timely; it comes while a worldwide re-examination of development assistance is under way, and follows the accumulation of much development experience gained during the crises over African famine and international indebtedness. There are lessons to be learned, achievements to outdo and adjustments to make. Faced with obstacles such as the relentless pressure of increasing populations, encroaching desertification, limited natural resources, inadequate capital stock and repeated socio-economic disruptions, development assistance seems a daunting challenge. But there have been notable successes – for instance, in contributing to the transformation of India from a major importer of cereals into a net food exporter, or the expansion of world education to the point where for the first time in history there are more literate than illiterate people in the world.

In facing these challenges, the government offers the following outline of the future orientation of Canadian development assistance.

## **Involvement of Canadians**

The government seeks to involve individual Canadians to the maximum extent in the development effort. Simply put, the government wishes to encourage Canadians from all walks of life, especially young people, to make contacts with people of developing countries and work jointly with them in solving their problems. Development assistance is already being provided by all manner of Canadian institutions and individuals. The government provides support to over 4 000 projects administered by over 400 non-profit organizations. In over 100 countries more than 2 000 Canadian businesses pursue opportunities with supporting contributions by CIDA. Tens of thousands of Canadians have contributed by working abroad. The support and encouragement of sound development initiatives from Canadian individuals, groups, companies, and non-profit organizations which meet real needs in the Third World will remain a top priority of the government.

## **Policies to Meet the Times**

The situation in many developing countries has changed drastically during the past thirty years, and the government will respond by ensuring that its aid, trade, and financial policies complement each other in addressing their situation. For the majority of developing countries, their export earnings and their inflow of investments are many times larger than the amount of aid they receive. In 1985, exports from developing countries exceeded US\$450 billion, and commercial investment flows were US\$62 billion, whereas the total official aid provided by OECD countries amounted to US\$41 billion i.e. the equivalent of what Canada spends on education, health and welfare domestically. Most of the developing countries would benefit as much or more from a reduction in trade barriers, an increase in export earnings, increased investment, or an improvement in their debt situation as from an increase in development assistance. The government will continue to strive for a freer international trade environment, and for acceptable arrangements on international debt. In regard to the debt problem, the government recently put its development assistance program on an all-grant basis, and announced a moratorium on ODA debt for African countries south of the Sahara.

The government recognizes that the very serious debt situation facing certain developing countries will require special efforts on the part of both debtor and creditor parties, and with this in mind it will continue to support new initiatives which will assist in the attainment of satisfactory growth rates in the debtor countries. The government will continue to strive to ensure that its general economic and financial policies are in harmony with its development assistance objectives.

## **Helping the Poor**

The main objective of Canada's development assistance program will be to continue to assist the poor. It is clear to the government that Parliament and the majority of Canadians wish our aid program to be directed principally at the alleviation of poverty. In 1979 the United Nations set a target of 0.15% of GNP for aid allocations by industrialized countries to the poorest of the developing countries. In recent years Canada has either been very close to this target or has achieved it. The government will continue to respond to the needs of the poorest countries and keep these as priority aid targets. The alleviation of poverty involves action in all sectors of their economies. A lasting eradication of poverty can only come with a substantial transformation of the developing countries in question. Although the aid program has a number of important objectives, the eradication of poverty will remain foremost.

## **Improving the Effectiveness of Programs**

The government will continue its efforts to improve the effectiveness and efficiency of Canada's aid programs and press for improved effectiveness of some of the multilateral development institutions. Canada's aid is part of a worldwide joint effort by donor and recipient countries, and by multilateral organizations, to accelerate economic growth and social development. Developing countries themselves have always borne the lion's share of this burden. Unfortunately, some developing countries have pursued economic policies which, in fact, hamper their development. Therefore, in coordination with other donors and organizations such as the IMF and World Bank, Canada will continue to encourage such countries to change counter-productive economic policies. Canada will also continue to work for increased efficiency and effectiveness in those multilateral organizations requiring it, since they have a unique and important role in mobilizing financing, providing expertise in particular fields and coordinating aid efforts of all donors.

Other measures can help improve the effectiveness of Canada's own aid program. The integration of women in development is one of the government's highest policy priorities. Programs can include greater scope for the role of private Canadian organizations in development assistance, and thereby draw on sources of efficiency inherent in the private sector.

### **Role of the Private Sector**

The government will place increased emphasis on responding to the needs of the private sector in developing countries. Many of these countries need to rely on the involvement of their private sectors to create employment and incomes as well as to achieve their developmental and commercial objectives. Heavy international debt exposure is also impelling many developing countries to turn more towards equity capital inflows to meet their investment requirements. In addition, the privatization of government-owned or parastatal firms in many Third World countries has created a need for increased activity in the private sector. Local private investors are often unprepared to establish businesses due to lack of capital, technology or needed skills. It has also been difficult to attract foreign investors to create joint ventures with local partners in developing countries due to the high risks involved. The government will consequently ensure that Canada's aid program places a greater emphasis on assisting the private sector in developing countries, and particularly the agricultural sub-sector. Those developing countries which request it can be assisted with technical and training assistance as well as managerial advisory services, including those related to privatization of parastatal organizations, deregulation, and with advice on measures to improve the business climate.

### **Human Resource Development**

Canada's aid program will place an increasing emphasis on human resources in the developing countries. One of the major lessons of thirty years of development experience has been that developing countries frequently lack the institutional capabilities to handle important tasks. The agricultural extension service cannot raise farm productivity; the railways cannot haul the crop efficiently; accountants cannot channel payments accurately. Strengthening institutions is difficult and takes many years, but must start with human resource development – producing people trained to specific tasks. It is worth the time and effort, since an aid program that transfers mainly goods and equipment without the skills to manage and maintain them is ultimately doomed to futility.

The government will ensure that all aspects of human resource development receive increased resources in the Canadian aid program. The government will soon begin discussions with the provinces to arrive at arrangements for greatly increasing the number of students from developing countries in our post-secondary educational institutions. CIDA is developing plans which would substantially increase the number of trainees and students sponsored by Canada's aid program in colleges and universities. The government will also increase the scope of programs which transfer technical skills, management skills, and technology to developing countries through means other than formal education.

## **Promoting Human Rights**

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Concern for the fundamental rights of individuals and groups is intrinsic to Canadian society and Canada's historical heritage. In the Charter of Rights and Freedoms and in the provincial human rights statutes, Canadians have set for themselves high standards of human rights.

It is both logical and proper that standards which we promote within Canada should find full expression in Canadian foreign policy. For example, the determination to defend human rights and democratic values informs Canada's interest in promoting world order, and is the vision that guides our development assistance program in the Third World.

Moreover, many Canadians retain family, religious, or other tangible links with former homelands. Concern for the welfare of those who remained at home, and a desire to maintain contact with them, prompts such Canadians to seek action by their government when human rights are violated abroad.

For these reasons, human rights are and will remain a fundamental, integral part of Canadian foreign policy.

### **Promoting Respect for Human Rights**

The report of the Special Joint Committee gave a knowledgeable analysis of the complexity of ensuring full respect for human rights. The challenge of ensuring full respect for human rights as defined in universally accepted human rights documents is a major hurdle that has yet to be surmounted. Many countries differ in their views on which sets of human rights – political and civil or economic, social and cultural – should be accorded greater emphasis. Despite widespread ratification of the UN covenants on human rights, international machinery for protecting human rights is slow and largely ineffective. Even voluntary acceptance of such valuable negotiated documents as the Helsinki Final Act and the Madrid Concluding Document does not ensure compliance with their human rights provisions.

Nevertheless, basic standards of human rights exist, and the principle that human rights is a legitimate subject for international discussion and action has become firmly entrenched. Canada has not hesitated to use its voice and where necessary its political and economic weight to try to redress serious human rights violations whenever they have occurred. Through the UN and Commonwealth it has sought to bring pressure to bear on South Africa to end apartheid. Both in multilateral forums and on bilateral occasions with the Soviet Union, it has denounced the grave violations of the most basic human rights in Afghanistan. Canada has raised its voice against repression of civil, religious and minority rights in the USSR and Eastern Europe. It has condemned the persecution of Baha'is in Iran. It has spoken out on human rights abuses in Latin America, Africa and Asia. Bilateral visits such as that of the Prime Minister to Korea, and of the Secretary of State for External Affairs to the Soviet Union, have been used to register human rights concerns directly at the most senior levels of leadership in those countries. Canada's ambassadors abroad from time to time are able to play a quiet but effective role in human rights protection.

Canada has sought to strengthen the still modest multilateral machinery which exists to protect human rights. It has served several terms as a member of the UN Commission on Human Rights where it has worked to improve the Commission's reporting, monitoring, investigative and protective mechanisms. Though not currently a member of the Commis-

sion it pursues human rights issues as an observer and as a full participant in the UN Economic and Social Council, and in UN General Assembly discussions. It will again seek election to the Commission at an early date.

The government will continue to take a constructive and active approach to addressing serious and persistent violations of human rights. It will use all possible bilateral and multilateral occasions to press other governments to abide by freely undertaken international obligations. High level visits, international meetings, bilateral representations and other methods will be used to register Canadian concerns about human rights and violations and to urge remedial action.

Non-governmental organizations have assumed an increasingly important role in promoting human rights abroad. Partly as a reflection of this development, the government has intensified the consultative process on human rights issues with Canadian non-governmental organizations. Consultation is now formalized on an annual basis prior to the annual meeting of the United Nations Commission on Human Rights. Individual non-governmental organizations have been encouraged to make and sustain direct contacts with relevant geographical and functional divisions within the Department of External Affairs, CIDA and other departments.

This is not to suggest that the role of government and private citizens on human rights will or should merge. The government must ultimately take responsibility for deciding Canadian policy and for speaking for all Canadians at meetings with a governmental character. Private groups, for their part, will wish not to be seen as part of the machinery of government.

Nonetheless, there is scope for closer dialogue and cooperation between the government and its citizens on such a crucial issue as human rights. The government particularly welcomes the opportunities which the new House of Commons Standing Committee on Human Rights will provide in this respect. When there is greater clarity concerning the interests and activities of this Committee, the government will be in a better position to consider the Special Joint Committee's recommendation that a Human Rights Advisory Commission be established.

## **Development of Human Rights**

Canadians have helped develop international human rights instruments, from the Universal Declaration of Human Rights to the provisions of the Final Act of the Conference of Security and Cooperation in Europe. Canada has ratified all of the major international human rights instruments of the United Nations, and most of the important instruments of the ILO and UNESCO. These provisions cover the full range of obligations, from civil and political rights to economic, social and cultural rights. Both federal and provincial governments share the responsibility for ensuring that Canadian laws and practices are consistent with international obligations.

Canada will continue to work through the United Nations, the Commonwealth, the Vienna Follow-Up Meeting of the Conference on Security and Cooperation in Europe and other forums, in order to enhance standards. As suggested by the Special Joint Committee, the government is also prepared to collaborate actively with developing countries as they seek to evolve their own democratic institutions and mechanisms for human rights promotion. For this reason, it favours the creation of an institute for promoting human rights and democratic development, as recommended in the report of the Special Joint Committee, and has already begun to study how this should best be done.



## **Human Rights and Development Assistance**

A balanced approach to human rights issues and development attempts to ensure that repressive régimes will not be rewarded or legitimized through Canadian assistance policies. But it must also ensure that the victims of human rights violations – often the poorest members of society – are not subjected to a double jeopardy by being deprived of needed outside help as well as of their rights. This policy is grounded in the government’s conviction that fostering economic and social development is a long-term process conducive to the fuller enjoyment of a broad range of rights.

The government will, therefore, continue to proceed positively but carefully in harmonizing its development assistance and other human rights goals. Where human rights violations have become so massive and persistent that the delivery of effective development assistance becomes impossible, Canadian aid has been, and will be, suspended. In other less serious situations, aid is sometimes most effectively delivered through non-governmental agencies or through multilateral channels. In still others, where human rights violations do not prevent the successful mounting of development projects for the benefit of those in need of assistance, the government has continued to give bilateral aid and will do so in the future. Where countries have improved their human rights performance or where changed circumstances warrant encouragement, the government has sought to increase the level of development assistance flowing to them.

# Canada-United States Relations

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The government is committed to fostering close and cooperative relations with the United States that meet Canadian interests. Its approach is at once positive and realistic. It aims to maximize the benefits of interdependence and at the same time to retain all the means necessary for vigorous Canadian nation-building. The approach is thus grounded in tradition and directed to the future.

Canada and the United States have both reaped enormous rewards from their partnership. While evolving separately and dynamically into distinct societies, the two North American neighbours have long recognized the advantages of working together where their interests coincide. The result has been a web of interdependence that is the most complex, yet most mutually beneficial, bilateral relationship in the world.

This is not to say that the relationship is problem-free. Interdependence on this scale cannot be so. Even the closest of neighbours remain individuals who live their own lives and want to control their own futures. The Special Joint Committee rightly stressed that difficulties are bound to arise in these circumstances. These problems properly attract public debate. It is important, however, that they not distract attention away from the fact that the bulk of the relationship continues to function smoothly and effectively.

Managing relations with the United States has always involved two interrelated activities: shorter-term problem-solving, as in the softwood lumber case, and cooperative efforts, as in the space station; and, secondly, the construction of frameworks for longer term management, as with the Auto Pact, NORAD, the International Joint Commission and the current trade negotiations. Other important frameworks for handling key aspects of relations between the two countries are multilateral, including the GATT, NATO and the OECD.

Much of the relationship takes place outside the day-to-day purview of the executive branches of the two governments, particularly in the economic sphere. Often diplomacy only comes into play as a result of the activities of the two private sectors, for example when power utilities in the American Midwest cause acid rain to fall in Canada or when the export of certain Canadian products to the United States arouses the concern of U.S. industries.

Problem-solving requires goodwill on both sides. The very scope of the relationship is testimony to the amount of common interest and basic trust that exists between Canadians and Americans. Complicating the picture, however, is the asymmetry of the relationship. The United States is a superpower with global interests far more extensive and pivotal than those of this country. Effective management therefore requires not only appreciation by Canadians of the United States' international responsibilities but, equally, recognition by the United States that a strong and confident Canada is in its own vital long-term interest.

## Strategy

The government's strategy over the past two years has been to seek to restore harmony to Canada-U.S.A. relations, and, over the longer term, to bring greater stability to the bilateral relationship. The first practical step in rebuilding relations was to

restore mutual confidence at the highest level and to strengthen the machinery of consultations. At present, the principal issues on the bilateral agenda are receiving the highest level of attention in the history of Canada-U.S.A. relations. In addition to the quarterly meetings between the Secretary of State for External Affairs and the Secretary of State, the Prime Minister and the President now have annual summit meetings to review the bilateral relationship. Other ministers involved with aspects of Canada-U.S.A. relations maintain close contact with their American counterparts. Senior Canadian and American officials charged with the day-to-day management of the relationship have more frequent contact than ever before. Efforts have also been made to have more frequent and focussed contacts between the two legislatures.

The government has also taken initiatives to improve the level of domestic coordination through much increased ministerial and senior official contacts with the provinces and the private sector. The First Ministers' Conferences, the Federal-Provincial Trade Ministers' Meetings, the International Trade Advisory Committee and the Sectoral Advisory Groups on International Trade have been effective vehicles for the coordination of policies respecting the United States.

In its conduct of relations with the United States, the government has concentrated on the following priority areas:

## **Trade**

One of the government's major initiatives has been to open negotiations with the United States for a comprehensive trade agreement. The Special Joint Committee provided valuable advice in this regard. The initiative takes account of the critical importance of the bilateral trade relationship to Canada's current and future economic development. It seeks to take advantage of the tremendous opportunities inherent in the further liberalization of the largest bilateral trading relationship in the world. A bilateral agreement enhancing trade would lead to significant increases in employment and investment in both countries. In turn, it would lead to increased Canadian and American competitiveness in world markets.

The initiative also takes account of the dangers posed by increased protectionism. The recent past has amply demonstrated the need to bring greater stability to the Canada-U.S.A. trading relationship, which is as interdependent as it is large. Actions directed at third parties as often as not have bilateral repercussions, while actions directed at each other's exports have a ripple effect throughout the trading relationship and even into other areas. As long as American competitiveness in some sectors continues to decline and major imbalances in the international trade and payments system persist, the Canada-U.S.A. trading relationship will be especially vulnerable to protectionist pressures. Nor is there any guarantee that these pressures, even if they soon subside, will not reappear as strongly in the future. A bilateral trade agreement offers the best solution. It would provide a more secure framework within which the two countries could manage their trading relationship to mutual advantage in the highly competitive trading world of the 1990s.

The bilateral negotiations with the United States are being pursued in tandem with the new round of multilateral trade negotiations (MTN). The two processes are mutually reinforcing. While the MTN should lead to further trade liberalization with most of our trading partners, including the United States, the bilateral negotiations hold out the possibility of eliminating trade barriers between the two countries more quickly and effectively. While the MTN should also improve trade rules in general, these may not provide as complete a defence against protectionism as would a bilateral treaty.

The government will in any event continue to resist vigorously U.S. trade protectionist actions. Recently there have been many of these, ranging from customs user fees to softwood lumber. At the same time the government has made clear that there will be no bilateral agreement unless it is as good for Canada as it is for the United States. It must, therefore, provide substantial relief from American contingency protection measures. Above all, it must leave intact every means necessary for Canada to continue to shape its own destiny.

## **Defence**

The government has paid special attention to the evolving defence relationship with the United States. The two governments have renewed the NORAD Agreement and have agreed to replace the outdated Distant Early Warning Line with a state-of-the-art North Warning System. More generally, the government is modernizing Canada's capacity to defend North America. In part this is the result of the major steps being taken to re-equip the armed forces. Canada has also substantially increased its contribution to NATO forces in Western Europe, which remains a vital forward line for North American defence. In cooperation with the United States, Canada has pursued an active program aimed at the joint defence of the continent.

The Special Joint Committee played an especially helpful role in its examination of the Strategic Defence Initiative (SDI). While deciding not to proceed with direct government-to-government involvement in SDI research, Canada has agreed to permit the private sector to participate and, given Soviet efforts in this area, has recognized the prudence of research by the U.S.A.

## **Environment, Fisheries and the Arctic**

In bilateral environmental relations, the issues of the Garrison Diversion Project and a possible U.S. nuclear waste repository near the Canadian border have been laid to rest. However, the pre-eminent environmental issue, indeed for many Canadians the most important test of the United States government's approach to relations with Canada, is acid rain. In 1985 Prime Minister Mulroney and President Reagan appointed Special Envoys to examine the issue and make recommendations. The two leaders have since endorsed the Envoys' report, thereby breaking a five-year impasse on this issue. Much now depends on the amount of effort and funds the United States government in fact devotes to following up the recommendations in the report. Canada for its part has adopted, in cooperation with the provinces, an intensive program to reduce sulphur dioxide emissions by 50% by 1994.

The issue of sovereignty over waters of the Arctic archipelago has again become prominent in Canada-U.S.A. relations. The voyage of the U.S. icebreaker *Polar Sea* through these waters in 1985 provoked deep concern on the part of Canadians. The government responded by taking a number of measures, including the establishment of base-lines around the perimeter of the archipelago. At the same time, Canada initiated talks with the United States on cooperation in Arctic waters that would be consistent with Canadian sovereignty.

Important agreements have been achieved in Canada-U.S.A. fisheries relations. The Pacific Salmon Treaty was signed on January 28, 1985 and came into force on March 18, 1985. In October 1984 the Chamber of the International Court of Justice delivered its judgment fixing the single maritime boundary in the Gulf of Maine, thereby laying the basis for future fisheries cooperation in this area.

## **Global Political and Economic Issues**

Canada and the United States regularly consult on global political and economic issues. The two countries frequently review East-West relations, including arms control and disarmament. They worked closely together in the launching of the new GATT round of multilateral trade negotiations. At the UN, NATO, the Economic Summits, the Quadrilateral Trade Talks and other multilateral forums, the two countries often have occasion to consult on the most pressing international issues of the day.

The government has sought to exercise a positive influence on United States global and regional policies. As the Special Joint Committee has recommended, Canada has carefully chosen the means of expressing differences where these exist. The corollary to this is that Canada has sought and will continue to seek to build on the many areas where we do agree and can work together. In pursuit of a policy of constructive internationalism, Canada's myriad bilateral and multilateral links with the United States are an unparalleled asset.

## **Conclusion**

In future, the government will continue to concentrate on four areas in the conduct of relations with the United States. It will defend Canadian interests threatened by United States trade protectionist measures, while continuing negotiations towards a bilateral trade agreement that would progressively dismantle remaining tariff and non-tariff barriers. The government will seek resolute American action on environmental matters, in particular to reduce acid rain. The government will continue to ensure that Canada makes its full contribution to the common defence in North America and other parts of the North Atlantic Treaty area. Finally, the government will seek to maintain a high level of consultations with Washington on global economic, political and security issues, in particular on East-West relations and arms control. These consultations will be an important element in pursuing an approach of constructive internationalism.

# A Northern Foreign Policy

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Canada is an Arctic nation. Canada's Arctic lands are second in size only to those of the Soviet Union, and our Arctic coastline is the world's longest. Until recent decades, the North seemed to offer few implications for Canada's foreign policy. But the situation began to change as developments in military technology invested the Arctic with growing strategic significance for the superpowers, and later as prospects emerged for large-scale northern resource exploitation and as cooperation among residents of circumpolar nations increased.

The voyage of the U.S. Coast Guard icebreaker *Polar Sea* in the summer of 1985 dramatically underlined the deep concerns of Canadians for Arctic sovereignty. In his statement to the House of Commons on September 10, 1985, the Secretary of State for External Affairs affirmed that Canadian sovereignty extended to all the waters of the Arctic archipelago. He announced regulations establishing baselines around the perimeter of the archipelago. He also stated that Canada was withdrawing its reservation barring the International Court of Justice from hearing disputes that might arise concerning the jurisdiction exercised by Canada for the prevention of pollution in Arctic waters, and that talks would be initiated with the U.S.A. regarding cooperation in Arctic waters. In addition, an Arctic Class 8 icebreaker would be constructed, which in combination with other actions taken would give Canada a substantially increased capacity to exercise effective control over these waters.

These recent commitments by the government, and their implementation, must now be set into a broad policy context. A comprehensive northern foreign policy will have four dominant themes:

- Affirming Canadian sovereignty;
- Modernizing Canada's northern defences;
- Preparing for commercial use of the Northwest Passage; and
- Promoting enhanced circumpolar cooperation.

These themes are interrelated, and indeed provide essential balance and support for one another. Taken together, they provide the basis for an integrated and comprehensive northern foreign policy.

## **Sovereignty**

The action plan announced by the Secretary of State for External Affairs in September 1985 is being implemented as a major government commitment. Talks with the United States are under way regarding Arctic cooperation on the basis of full respect for Canadian sovereignty. Ministers are intensively examining design and construction options for the Arctic Class 8 icebreaker. A set of additional, sovereignty-enhancing Arctic measures is being developed. The Canadian Laws Offshore Application Act has been introduced in Parliament.

The Inuit, who have occupied and made use of Arctic ice and land since time immemorial, have a key role to play in the affirmation of Canada's northern presence. Full account must be taken of their interests in the shaping of a northern foreign policy. The government reaffirms its commitment to the settlement of northern land claims and to regional development policies that directly benefit the inhabitants of the Canadian North.

## **Defence**

The changing nature of military activity in the Arctic and the re-emergence of that region's strategic importance make it vital for Canada to acquire the "eyes and ears" that will permit us effectively to monitor northern aerospace, land, surface and subsurface waters for military activity.

Following the September 1985 statement, there has been an increase in Canadian airborne patrols as well as naval activity in the eastern Arctic. Of broader significance for the defence of the entire North American continent were the decisions to modernize our radar capability in the Arctic in cooperation with the U.S.A., through the installation of the new North Warning System, the upgrading of selected airfields in the North to support fighter aircraft operations, and renewal of the NORAD agreement for a further five years. Options for acquiring submarines capable of under-ice operations to replace Canada's aging *Oberon* class vessels are now also among those being explored. The land forces and Canadian Rangers continue to provide a surface presence in the region. In future defence planning, choices bearing on the defence of Canada's Arctic will be considered with due regard to the growing strategic importance of the Arctic region.

The strategic military importance of the Arctic makes it extremely unlikely that the Arctic as a whole can soon be singled out for demilitarization. The U.S.S.R. maintains the single largest concentration of naval and naval air forces in the world as well as missile forces in the Kola peninsula, in the Soviet Western Arctic. The government will, however, strive to limit excessive militarization of the Arctic in the context of our wider arms control and disarmament effort, in the interest of strategic stability. In this connection, the government will also seek out new ways of building trust in the circumpolar North.

## **Preparing for Commercial Use of the Northwest Passage**

The policy of the government is to encourage international shipping through the Northwest Passage as a key element in longer-term Arctic economic development. Pollution prevention and other measures to maintain and regulate ship movement are intended to facilitate, not impede, navigation. Opening the Northwest Passage as a waterway subject to Canadian laws gives clear expression to Canadian sovereignty. It underlines our ability to protect the natural environment and Arctic marine wildlife, and our responsibility to safeguard the interests of Canadian Inuit.

Arctic marine development depends on long-term vision and planning, particularly in view of the lengthy lead times involved in developing the necessary infrastructure and operational capabilities. Recognition that Canada must be prepared was a factor in the government's decision to acquire the Arctic 8 icebreaker, and to develop further capabilities which will add to the country's ability to occupy and control its Arctic marine spaces. Today, these actions to reinforce national preparedness manifest the government's resolve to exercise full sovereignty over the waters of the Arctic archipelago. By the end of the decade, they will also have taken us closer to our goal of being able to manage the Passage as a safe and open Canadian waterway.

## **Circumpolar Cooperation**

Canada cooperates closely with the U.S.A. in defence and a vast range of other Arctic-related areas. The government has also made a particular effort to develop cooperative arrangements with the U.S.S.R. in appropriate sectors. The specific goal is to exchange useful

information on Arctic-related sciences; the more general goal is to help lessen East-West tensions. The 1984 Canada-U.S.S.R. protocol on bilateral cooperation in Arctic sciences was the first such agreement.

With other circumpolar states Canada has moved steadily to increase cooperation and exchanges. Further strengthening of relations with these states will be pursued as resources permit. Canada is now prepared to nominate an honorary consul to serve in Nuuk, the seat of Greenland's home-rule government. The government is considering a number of initiatives to strengthen cooperation with the Nordic countries, including high-level delegations or symposia.

The Inuit also have an important part to play in circumpolar relations. Alaskan, Canadian and Greenlandic Inuit are linked in the Inuit Circumpolar Conference (ICC), which provides for cooperation among the North American Inuit and possibly, one day, their counterparts in the Soviet Union. Canada continues to provide support to the ICC.

## **Conclusions**

The Arctic is changing, and Canadian foreign policy is, of necessity, changing with it. The magnitude and diversity of the Arctic challenges we face demand a national commitment to an integrated northern foreign policy. The areas outlined above provide the basis for such a policy. It will unequivocally affirm our Arctic sovereignty, and enhance our Northern defences and marine transportation capabilities. It will encourage the kind of circumpolar environment in which the potential for fruitful exchange is enlarged to the benefit of Northerners and all Canadians.



## **PART II**

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### **Detailed response to the recommendations contained in the Report of the Special Joint Committee on Canada's International Relations**

**N.B.:** The page number appearing  
after each conclusion/  
recommendation indicates  
where it can be found in the  
Special Joint Committee's Report.

## **Conclusion/Recommendation**

**1. Canada has considerable capabilities enabling it to sustain a substantial involvement in international affairs and shoulder a considerable degree of responsibility for finding solutions to many international problems. (page 30)**

## **Response**

Canada will continue to find it both essential and possible to pursue policies of constructive internationalism by virtue of its political and diplomatic experience, affiliations, economic and technical achievements, and demonstrable interests.

## **Conclusion/Recommendation**

**2. In most international pursuits, Canada can maximize its impact and make the best use of its resources by working in concert with other countries. Canada is, however, strong enough to act on its own in some instances and to exercise leadership in the formation of coalitions. Because the country's means are limited, the government must assess Canada's capacity to make an effective contribution in each situation and concentrate its efforts on situations where it can be most helpful – instead of dissipating its resources by spreading them too thin in areas where it cannot expect to be as useful. (page 30)**

## **Response**

The government recognizes that our international goals may be achieved by means of concerted action, unilateral action, or the exercise of leadership and coalition-building. Given the increasing complexity of the international scene, coalitions of countries, both within and outside multilateral institutions, are becoming more important. Canada seeks to harmonize its policies towards particular countries with its policies in international institutions; ideally these policies should be mutually reinforcing.

# Foreign Policy Goals

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## **Conclusion/Recommendation**

**3. The countries of the Pacific region and Southeast Asia have evolved rapidly over the last two decades, and they represent, after the United States, Canada's fastest growing export market. Canada's interests in expanding trade justify increased emphasis on trade promotion in this market. When it comes to security considerations, however, Canada's military resources are insufficient to consider a direct contribution to maintaining security in that region. Europe, by contrast, remains the main focus of East-West confrontation, and Canada continues to make a significant military contribution in Central Europe. While trade remains a substantial market for a variety of Canadian exports, the Third World, Africa in particular, is the focus for Canada's development assistance activities, but compared to the industrialized countries, it provides as yet a small outlet for Canadian trade. South Africa used to be an important outlet for Canadian goods but is now a focus for the goal of social justice. The Middle East for a number of years offered exceptional opportunities to those who, unlike Canada, were well placed to export, as well as representing an area of tension and often of conflict, with Canada's contribution to regional security being mainly to provide peacekeeping forces. (page 36)**

## **Response**

The government agrees that our regional strategies have to be pragmatic and responsive. Canada must avoid an overly diffuse approach that would make it difficult to take into account regional priorities. Canada seeks to ensure that the growing demands on its shrinking diplomatic resources are met effectively through a more discriminating application of those resources in favour of national interests of the highest priority and in areas where Canada can have the greatest expectation of exercising a constructive influence.

## **Conclusion/Recommendation**

**4. We recommend that the Department of External Affairs consider adopting the concept of regional resource and service centres to serve diplomatic posts within specific geographic areas. (page 37)**

## **Response**

The government has already implemented a regional approach to representation in Africa, where the growth of the aid program, the necessity of a more visible political profile as well as the commercial potential have led to the opening of Bureaux d'ambassade which draw on support from adjacent posts. The current need for cost savings may lead the government to pursue this concept further, where it is feasible. However, study has shown that there are limitations to the practicability of the concept, especially in relation to regionalization of logistic support and political and commercial representation which should be on site to be effective.

## **Conclusion/Recommendation**

**5. We propose that the government, particularly through the Cabinet Committee on External Affairs, and Parliament, through the House of Commons Standing Committee on External Affairs and International Trade, keep the country planning process under regular review. We think it is particularly important that the views and cooperation of provincial governments and the business, NGO and academic communities be solicited in the formulation and review of strategic objectives. (page 37)**

## **Response**

The government welcomes strengthened dialogue with Parliament and the public. The Department of External Affairs is prepared, and would find it useful, to make an annual presentation to and receive the views of the Standing Committee on External Affairs and International Trade on its strategic objectives and regional and functional priorities. A more intensive involvement by the Standing Committee might become counterproductive as there is a limit to the extent to which Members of Parliament would find it useful to involve themselves in the detail of what is already a complicated process. The government consults actively with provincial governments, business and non-governmental groups and academics on trade and on other policy issues. The government would welcome specific suggestions from the Standing Committee as to other means to review priorities and to strengthen consultations with these groups.

# **Strengthening International Order: Amplifying Canada's Influence**

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## **Conclusion/Recommendation**

**6. We recommend that Canada support the work of the High Level Group of Experts that has been established by the United Nations Secretary General to study the financial problems of the United Nations. In the longer term, in concert with other middle powers, Canada should explore the possibility of a new financial arrangement for the United Nations whereby no single nation would contribute more than an amount set so as to ensure that the organization is not unduly dependent on any one member. (page 42)**

## **Response**

Canada is among those nations which have paid their dues and are seeking means of resolving the financial crisis of the United Nations. At the 40th General Assembly in April 1986, it circulated a proposal for financial reform. Canada agrees in principle with the report which the High Level Group of Experts presented on August 15, 1986 as a first step in resolving the crisis. In conjunction with other members, Canada intends to take an active part in developing a new financial arrangement for contributors.

## **Conclusion/Recommendation**

**7. We recommend that Canada seek international agreement on an appropriate agency or committee to help streamline operations within the multilateral development system as a whole. We support all efforts to reduce the duplication and over-centralization that exist within the United Nations system. The United Nations should be willing to explore possibilities for new kinds of institutions and jettison those that have outlived their usefulness. (page 42)**

## **Response**

The financial crisis and reform of the United Nations was the main theme of the speech made by the Secretary of State for External Affairs to the General Assembly in September, 1986. Canada is supporting efforts at several levels to reform the United Nations and its specialized agencies, with a particular stress on reducing duplication and effecting better budgetary controls. The government does not believe, however, that adding yet another layer in the form of a new agency or committee to streamline the operations of multilateral institutions would be productive at the present time.

## **Conclusion/Recommendation**

**8. We believe the government should press for early completion of the work of the Preparatory Commission for the Law of the Sea, so as to end the uncertainty surrounding the deep sea bed régime. Then, the government should begin a detailed analysis of the**

**costs and benefits of the Law of the Sea Treaty. Although it has not yet come into force, the Treaty has already brought Canada significant benefit, and the committee believes Canada should ratify it. (page 43)**

## **Response**

Canada derives substantial benefit from the provisions of the Convention, and participates actively in the work of the Preparatory Commission in order to promote the development of a deep sea-bed mining régime that encourages universal acceptance of the Convention. When the Preparatory Commission completes its complex task, Canada will be in a position to determine whether to ratify the Convention.

## **Conclusion/Recommendation**

**9. The committee recommends that the government of Canada investigate the possibility of bringing the United Nations Environment Program (UNEP) into the mainstream of regularly funded UN specialized agencies and, in general, do everything possible to enhance the effectiveness of UNEP. The government should also continue to take a lead internationally in arousing concern about deterioration in the environment and cooperate with other like-minded states in pressing for preventive and remedial action. (page 44)**

## **Response**

Canada is a strong supporter of effective world environmental action and is particularly concerned about the effects of soil erosion, deforestation and desertification on people in the Third World. While the proposal for folding the United Nations Environment Program into the United Nations will be investigated with UNEP members and UN officials, such a course of action could result in reduced funding for UNEP given the current financial difficulties of the UN. In the meantime, Canada's efforts to improve the effectiveness of UNEP are focused on better coordination in this field. The Minister for External Relations is emphasizing environmental aspects of CIDA's aid programs through actions such as reforestation projects and environmental impact assessments of major projects.

## **Conclusion/Recommendation**

**10. We consider that the Canadian government has an obligation to press for international agreement, preferably through the International Atomic Energy Agency, on safety measures relating to nuclear power. These should include a comprehensive review of safety standards for civilian atomic energy plants, development of an international inspection system, elaboration of radioactive waste disposal methods, and an international agreement covering prompt warnings about nuclear accidents and the provision of immediate assistance. (page 44)**

## **Response**

Canada is active internationally in the promotion of the safe operation of nuclear reactors, primarily through the International Atomic Energy Agency (IAEA) and the Nuclear Energy Agency (NEA). Two international conventions on early warning and mutual assistance in case of nuclear accident were signed by Canada and fifty other states on September 26, 1986 after their adoption by a Special Session of the IAEA. At the behest of member states, including Canada, the IAEA has embarked on a long-term programme to expand its nuclear safety activities. The establishment of an international inspection force is not considered practicable at this time given the training in diverse reactors which would be required of inspectors and the short time available for inspections.

## **Conclusion/Recommendation**

**11. We recommend that Canada put forward candidates for positions on the International Court of Justice and other major international law-making institutions such as the International Law Commission and the UN Commission on International Trade Law. We also believe that Canada should encourage states to accept the jurisdiction of the International Court of Justice, with minimal or no reservations in adopting the optional clause. (page 45)**

## **Response**

Canada intends to advance suitable candidates for positions on the major legal international institutions in consultation with other like-minded countries. The government will encourage states to accept the compulsory jurisdiction of the International Court of Justice with no or minimal reservations.

## **Conclusion/Recommendation**

**12. Canada should promote, by its own statements and policies, the general concept of the peaceful settlement of disputes. This demands a willingness to use its mediation skills and to promote the active intervention of other third parties including institutions such as the United Nations and the Commonwealth, at the earliest possible juncture in a given dispute. We should encourage a wider and earlier use of fact finding and observation on a regular basis by the United Nations Secretary General and his nominees. (page 45)**

## **Response**

Canada promotes by its actions, statements, and policies the peaceful settlement of disputes. Canada supports various techniques depending on the circumstances including bilateral and multilateral negotiation, good offices, fact finding, arbitration, and judicial proceedings. Canada is active in moderating regional conflicts and participating in peacekeeping operations around the world, which it believes ideally should be brought under the aegis of the United Nations whenever possible.

# Safeguarding International Peace and Security

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## Conclusion/Recommendation

13. We believe that a priority for the government in security policy should be to elaborate a Canadian perspective on strategic, arms control and disarmament issues. In the first place, this means recruiting and developing the kind of analytical expertise on which a more active Canadian role in this field must be based. The committee is encouraged by the recent establishment of the Canadian Institute for International Peace and Security and by the growth of other university and non-university research centres. They can be expected to raise the level of expertise in this field. Second, the government must formulate its own judgements on the central questions of strategy and arms control. Third, with this background the government could be more effective in pressing its views with other governments and in international fora. Finally, the government should engage the public in a continuing dialogue on security policy, beginning by making public its own views together with the arguments behind them. (page 48)

## Response

On strategic, arms control and disarmament issues the government continues to attach high priority to the elaboration of a Canadian perspective that is both distinct and practical. Canada is one of only a few countries which have been active in all multilateral forums where those issues are discussed. In recognition of the need for increased expertise to underpin this level of activity, the government has devoted considerable resources to the Canadian Institute for International Peace and Security; provided financial support for the Canadian Centre for Arms Control and Disarmament and for a Disarmament Fund to encourage private initiatives; supported university and other research centres; devoted considerable analytical resources to arms control and disarmament within the Department of External Affairs and National Defence; and provided a significant level of funding to national research and development of verification techniques, including the upgrading of the seismic array in Yellowknife as a Canadian contribution to monitoring a comprehensive test ban.

The government will continue to formulate its own judgements in this area. On October 31, 1985 the Prime Minister enunciated the components and objectives of Canadian policy on arms control and disarmament. The Secretary of State for External Affairs has been in the forefront of consultations and negotiations both within the Alliance and in other forums, and has made numerous statements on strategic, arms control and disarmament issues including treaty compliance (SALT II and ABM) and the Strategic Defence Initiative. Canada was instrumental in having the United Nations General Assembly pass a resolution on verification during its last session. In October 1986, Canada hosted a major conference on the seismic verification of a Test Ban. The Canadian delegation played an energetic and constructive role in bringing the recent 35-nation Stockholm Conference to a successful conclusion.

The government is committed to engaging the public in a continuing dialogue on security policy. It is seeking to enhance its contact with the public, particularly through the Consultative Group on Disarmament, through the public consultations of the Ambassador for Disarmament and through the recently revised and more widely circulated Disarmament Bulletin.



## Defence Policy

### **Conclusion/Recommendation**

**14. In our opinion, the government must confront the commitment-capability gap. We, therefore, propose an immediate study of long-term defence requirements designed specifically to ascertain how much additional expenditure would be necessary to complete the task of re-equipping the armed forces over the next 10 years. If this level of spending is not considered attainable, then the government should attempt, in consultation with its allies, to renegotiate or restructure some of Canada's defence commitments so as to close the gap between commitments and capabilities and ensure that Canada's armed forces can carry out properly the roles they are assigned. (page 50)**

### **Response**

The government shares the concern of the committee about bringing commitments and capabilities into line. The ongoing examination of defence roles includes the costs and consequences of carrying out commitments. The government is examining the issue of our defence capabilities and their resource implications in the light of our security interests and alliance obligations.

## Arms Control and Disarmament

### **Conclusion/Recommendation**

**15. We believe that it is necessary to enhance strategic stability by pursuing arms control and that the best path forward is one that includes mutual agreements, balanced and deep reductions, and adequate means of verification. (page 51)**

### **Response**

The government welcomes the committee's endorsement of the government's vigorous pursuit of this policy in the various arms control negotiations. Through the work of the Verification Research Unit the government will be advancing practical suggestions for verification procedures.

### **Conclusion/Recommendation**

**16. We recommend that Canada intensify its efforts, multilaterally within NATO, the United Nations and in disarmament forums and bilaterally with the United States, the Soviet Union and other countries, to win acceptance for a comprehensive set of arms control measures. These measures, which have been enunciated by the government, are as follows:**

### **Response**

The government welcomes the committee's support for its six arms control and disarmament objectives and intends to pursue them energetically through all appropriate diplomatic channels.

## **Conclusion/Recommendation**

**16a. A mutually agreed and verifiable radical reduction of nuclear forces and associated measures to enhance strategic stability. The latter should include, in particular, reaffirmation of the Anti-Ballistic Missile Treaty, interpreted strictly as prohibiting all but basic research on defensive systems.**

## **Response**

The government believes that the first priority of the international community should be to bring about a mutually agreed and verifiable radical reduction in nuclear forces of the superpowers. The government will continue to press both the United States and the Soviet Union to maintain the Anti-Ballistic Missile Treaty until an updated treaty is in place.

## **Conclusion/Recommendation**

**16b. The maintenance and strengthening of the nuclear non-proliferation régime.**

## **Response**

The government welcomes the committee's support for the importance Canada attaches to the maintenance and strengthening of the non-proliferation régime. The emergence of new nuclear suppliers and new technologies has increased the urgency of finding a means of curtailing proliferation. At both the political and technical levels, Canada has sought to prevent the spread of nuclear weapons from one country to another – "horizontal proliferation" – while seeking equally to curtail the accumulation of more, and more advanced, weapons in the hands of the nuclear powers – "vertical proliferation".

## **Conclusion/Recommendation**

**16c. The negotiation of a global ban on chemical weapons.**

## **Response**

Canada has played an active part in all international efforts to ban chemical weapons and will continue to do so, notably in the Geneva Conference on Disarmament.

## **Conclusion/Recommendation**

**16d. The achievement of a comprehensive test ban treaty that will be mutually verifiable.**

## **Response**

The negotiation of an adequately verifiable Comprehensive Test Ban Treaty remains a fundamental Canadian policy objective. In the meantime, Canada is presenting proposals in various bodies designed to lead to such a treaty and is developing the necessary techniques of verification.

## **Conclusion/Recommendation**

**16e. The prevention of an arms race in outer space.**

### **Response**

Canada is making substantive contributions to the discussion on this subject at the Conference on Disarmament. Canada's Verification Research Unit has commissioned research on space-based verification as a basis for further Canadian proposals.

## **Conclusion/Recommendation**

**16f. Agreement on confidence-building measures sufficient to permit the reduction of conventional military forces in Europe and elsewhere. (page 52)**

### **Response**

The government is actively engaged in the field of conventional forces reductions. It has participated in all sessions of the Mutual and Balanced Forces Reduction talks in Vienna since these were launched in 1973 and made several proposals to achieve progress in these negotiations. Canada has been an active participant in the Stockholm Conference on confidence- and security- building measures and hailed its successful conclusion. In the government's view, Stockholm represents a significant accomplishment in the field of arms control which will impart an unprecedented openness to the conduct of military affairs in Europe. The Stockholm Conference measures and their early implementation will give a powerful impetus to the work of the Vienna Follow-Up Meeting of the Conference on Security and Cooperation in Europe and the NATO High Level Task Force in pursuing conventional arms control in Europe.

## **Conclusion/Recommendation**

**17. We are attracted by proposals for an international system to register exports and imports of weapons and munitions as one means of controlling the expanded trade in conventional weapons and we believe that Canada should seek international support for this concept. (page 52)**

### **Response**

The usefulness of an arms export and import register is questioned by many committed to limiting the massive and wasteful world trade in conventional weapons. Extensive knowledge already exists about the international arms trade. For example, the Stockholm International Peace Research Institute publishes an annual comprehensive assessment of the conventional arms trade drawing on many public sources. Its latest report covers the commerce of the major arms exporting countries, accounting for \$11,584,000,000 of the world trade in conventional arms. Moreover, there is little evidence that transparency inhibits either weapons exporters or importers; on the contrary, governments for various reasons often make known information regarding sales and purchases of arms. Given its dimension and implications, the government keeps the global arms trade under constant scrutiny, and in light of the committee's recommendation, will invite the Canadian Institute for International Peace and Security to ensure that the known facts are brought to the attention of Canadians and to carry out further study of the concept of an arms register.

## **Conclusion/Recommendation**

**18. We urge the government to make every effort to encourage the superpowers to engage in productive negotiations on the limitation and reduction of nuclear weapons. (page 52)**

## **Response**

There have been, and will continue to be, high level interventions with both countries on this issue.

## **Conclusion/Recommendation**

**19. Decisions about defence policy, including the military decisions in which Canada participates as a NATO member, should not be taken without due regard to their consequences for arms control. Arms control and disarmament policy, on the one hand, and defence policy on the other, should move in tandem. (page 53)**

## **Response**

The government's ongoing examination of defence policy is taking full account of its policy on arms control and disarmament. Both are essential components of Canadian security policy and neither can be pursued without taking into account the other.

## **Conclusion/Recommendation**

**20. We have concluded that the government's capacity for formulating policy on arms control and disarmament needs improvement. We are not in a position to specify the manner in which this capacity could be improved, but one essential requirement would be a new policy development mechanism designed to reconcile the views received from the Departments of External Affairs and National Defence. We also believe that foreign policy is conducted in a more coordinated and energetic manner if it is exposed regularly to public examination. For this reason, the new mechanism should be directed to report periodically to Parliament. (page 53)**

## **Response**

While policy on these issues is ultimately coordinated in the Cabinet Committee on Foreign and Defence Policy, the government recognizes the need for close dialogue with Parliament. Henceforth, should Parliamentarians so desire, External Affairs and National Defence could make periodic joint presentations to joint meetings of the Standing Committee on External Affairs and International Trade and the Standing Committee on National Defence. By this means and the use of existing mechanisms for interdepartmental liaison the objectives of the committee's recommendation would be met. Provision is already made for public participation in policy development in these areas, among other ways through the work of the Ambassador for Disarmament and the Consultative Group on Disarmament and Arms Control, and in the availability of ministers in Parliament. In the last analysis it is the responsibility of ministers to ensure the proper consideration of national security policy and defend that policy in Parliament.

## **Conclusion/Recommendation**

**21. We endorse the principle of bilateral exchanges on a wide variety of subjects with the Soviet Union and recommend that provision be made in forward expenditure planning for an increase in such exchanges. (page 55)**

### **Response**

The government has now agreed to renew exchanges with the USSR under the General Agreement and provided funds to resume the programs. The recent visit by the Soviet Foreign Minister underlines the government's interest in this renewal.

## **Regional Conflicts**

### **Conclusions/Recommendations**

**22. We affirm Canada's capacity to serve as a disinterested third party in regional conflicts. When Canada undertakes to be a mediator or go-between, it should carefully assess the sources of that conflict, the potential utility of mediation efforts, and the particular talents and leverage it might have to apply to the situation. (page 57)**

**23. Provided Canada's capacity is suited to the task and there is a reasonable chance of moving a dispute closer to resolution, we recommend that Canada stand ready to use its good offices, including mediation, fact-finding missions, and the careful commitment of peacekeeping forces, where appropriate and feasible to assist the parties to regional conflicts to resolve their differences and achieve peace. (page 57)**

### **Response**

Canada stands ready to use its good offices or peacekeeping expertise, where appropriate, in the resolution of regional conflicts. Recent examples are to be found in Canada's participation in the negotiations over Namibia, in its support for and advice to the Contadora Group, as well as its continuing peacekeeping efforts in Cyprus and the Middle East. The government will remain alert to possibilities to act constructively in this role, wherever they may arise in the world and whenever resources allow if Canadian interests would thus be served, and a Canadian presence would be acceptable.

## **Peacekeeping**

### **Conclusion/Recommendation**

**24. The committee concludes that a continuing Canadian contribution to the United Nations peacekeeping force in Cyprus helps to prevent fighting on the island and maintains stability on NATO's southern flank. (page 59)**

### **Response**

The government agrees with the committee's recommendation that a continuing Canadian contribution helps to create an atmosphere in which differences can be resolved peacefully. This in turn contributes to stability in the Eastern Mediterranean.

## **Conclusion/Recommendation**

**25. We recommend that the government consider making significantly greater use of the reserve forces for peacekeeping service, either individually or experimentally in small units. (page 60)**

## **Response**

This recommendation has merit and will be considered in conjunction with reserve improvement plans currently being formulated.

## **Conclusion/Recommendation**

**26. The committee recommends that Canada continue to make its peacekeeping expertise available to the armed forces of other countries. The government should also continue to support training seminars on peacekeeping that are hosted at Canadian universities and should continue to assist the International Peace Academy which, among other services, has developed a Peacekeeper's Handbook that is used as a textbook by the Canadian armed forces. (page 60)**

## **Response**

Canada will continue to make its peacekeeping expertise available to the armed forces of other countries. Although recent budget constraints have limited Canada's participation in some seminars, it continues to support the annual International Peace Academy seminar at York University, assists in the production of IPA manuals and fosters the work of the United Nations Special Committee on Peacekeeping Operations.

## **Conclusion/Recommendation**

**27. In the committee's view, the best approach to invitations to become involved in peacekeeping operations is for Canada to apply its criteria on a case-by-case basis while maintaining its preference for operations under United Nations auspices. (page 61)**

## **Response**

The government agrees that requests for Canadian participation in peacekeeping should continue to be considered on a case-by-case basis, in light of the criteria established during more than thirty years of peacekeeping experience. Canada will continue to favour operations under United Nations auspices.

## **Terrorism**

## **Conclusion/Recommendation**

**28. The committee's preferred approach to organizing international action on terrorism is to work through the United Nations and thereby engage the support of the entire world community. Canada could, for example, strive to get support for a UN Security Council resolution to deny countries harbouring terrorists the right to invoke their sovereignty to prevent international action. (page 64)**

## **Response**

The government fully supports the idea that organized international action against terrorism is required. The UN is sometimes the right place to organize such action, although its size and structure on other occasions make it ineffective for that purpose. The government intends to pursue with like-minded countries appropriate initiatives, such as the Canadian initiative on airport security, within a variety of multilateral institutions like the International Civil Aviation Organization and the International Maritime Organization, which have proven valuable in dealing with specific forms of international terrorism. On September 23, 1986 the government announced that CIDA would provide \$10 million to developing countries wishing to improve their airport security.

## **Conclusion/Recommendation**

**29. The committee recommends increased stringency of control at Canadian entry and border points. (page 63)**

## **Response**

The government is in favour of stricter measures that would achieve increased stringency of control at entry points and is examining ways of applying them.

## **Conclusion/Recommendation**

**30. We recommend that Transport Canada set and rigorously enforce minimum standards for airport security. We recommend further that if, after a trial period, private security firms remain deficient, the government consider accepting direct responsibility for all aspects of airport security, to be carried out by Transport Canada or by the RCMP on contract to Transport Canada. (page 63)**

## **Response**

Canada has taken the lead in developing a new international standard for airport security that was adopted at the 26th Assembly of the International Civil Aviation Organization. In all its bilateral aviation agreements with 20 nations, clauses on aviation security have been included. In the last few months, a large number of additional security measures have been instituted at Canadian airports to the point where on August 1, 1986 the President of the ICAO stated in Vancouver that Canada has become a leader in airport security. If it is shown that deficiencies exist, the government would have to examine alternatives, Transport Canada is continuing its work on evaluating and improving mechanisms for inspection, certification, regulation and enforcement.

# Expanding International Trade

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## **Conclusion/Recommendation**

**31. Conditions that have contributed to the growth of the Canadian economy since the Second World War are changing, and Canada must adapt if it is to maintain current levels of prosperity. Canada has already lost some ground in this respect. (page 65)**

## **Response**

The government sees the adaptation of the Canadian economy to modern international competitive conditions as one of the principal challenges facing the country. Meeting this challenge is a fundamental goal that underlies many aspects of its foreign and domestic policy. Recent international studies suggest some improvement in Canada's international competitive position; however, there is no room for complacency.

## **Conclusion/Recommendation**

**32. We believe that the government and its foreign trade officers should be well grounded in the areas where trade is growing rapidly, particularly the high technology and services sectors. (page 66)**

## **Response**

The government recognizes the need to direct its personnel resources to expanding export sectors, and will continue actively to recruit persons into the foreign service with backgrounds in natural sciences and engineering, including computing science, mathematics and the service industries. In addition, transfers from other government departments and the private sector are contributing to the build-up of a science, technology and service expertise within the Department of External Affairs.

## **Trade Liberalization**

## **Conclusion/Recommendation**

**33. The committee recommends that the government make strenuous efforts to achieve orderly and balanced trade liberalization. (page 67)**

## **Response**

The government is highly active in promoting an open and liberal international trade system characterized by reciprocity of trade concessions between countries and by the orderly phasing in of domestic industry adjustment to changed conditions of international competition. The government will pursue these objectives at the new round of Multilateral Trade Negotiations as well as in its bilateral negotiations with the United States.



## **Conclusion/Recommendation**

**34. The committee believes it is important to begin a new round of Multilateral Trade Negotiations as expeditiously as possible. (page 68)**

## **Response**

The Canadian government played a leading role in the September 1986 decision to launch a new round of comprehensive Multilateral Trade Negotiations.

## **Conclusion/Recommendation**

**35. It is essential that any agreement between Canada and the United States be entirely consistent with the obligations of both countries to the GATT. To do this, the GATT should be notified of the terms of any agreement reached, and a GATT working party would be established to examine the consistency of that agreement with GATT obligations. (page 68)**

## **Response**

The government confirms that any bilateral trade agreement will be consistent with its obligations under the GATT.

## **Conclusion/Recommendation**

**36. We note that the successful completion of negotiations between Canada and the United States would address only a portion of the international trade issues facing Canada. (page 69)**

## **Response**

The government will continue its efforts at the multilateral and bilateral level to improve Canadian market opportunities in markets other than the USA.

## **Improving Competitiveness**

## **Conclusion/Recommendation**

**37. We call upon the government to recognize the export potential of Canada's small- and medium-sized businesses and to take account of this potential in designing and implementing its export marketing strategies. (page 69)**

## **Response**

Small- and medium-sized businesses are primary areas of concentration for the government's trade promotion activities. Programs such as the Program for Export Market Development (PEMD) and the Promotional Project Program (PPP) reflect this priority. CIDA's growing industrial cooperation program and its project support facility provides assistance to small- and medium-sized firms in areas such as training, professional services and pro-

ject related equipment. Government departments such as Agriculture Canada and Fisheries and Oceans carry out a range of market-oriented development and technical assistance programs aimed at small- and medium-sized businesses in their sectors. The Department of External Affairs is enhancing its export awareness programs such as Marketplace (where trade commissioners return to Canada to brief companies on export opportunities) and Export Trade Month (involving seminars and workshops designed for new exporters).

### **Conclusion/Recommendation**

**38. We recognize that a number of features of the domestic environment hamper Canadian exporters and recommend that these be addressed in any future trade policy. (page 69)**

### **Response**

As approximately 30% of Canada's Gross Domestic Product is generated by exports of goods and services, the government is fully committed to macro-economic policies designed to create an environment within which the private sector can plan and invest with confidence, and remain internationally competitive. The government recognizes that strengthening the international competitiveness of Canadian industry requires that trade policy strategy and instruments reinforce and complement domestic policy instruments, including their fiscal, monetary, investment and regulatory dimensions.

### **Conclusion/Recommendation**

**39. We recommend that the government take whatever action is necessary to ensure that the purchase of patents and the marketing of patents abroad can be financed under the Small Business Loans Act or that the necessary changes are made in the Industrial and Regional Development Program. (page 71)**

### **Response**

The Department of Regional Industrial Expansion will continue to examine ways of encouraging a speedier adaptation of new technology to business enterprises. The Industrial and Regional Development Program can support the cost of purchasing a patent if that cost is capitalized and is part of an eligible establishment or expansion project in manufacturing and processing. The Department of External Affairs is prepared to provide assistance in the marketing of patents abroad. The promotion of technology transfers, as part of the creation of domestic policies which enhance Canadian competitiveness, is a high government priority.

### **Conclusion/Recommendation**

**40. The structure and attitudes of the Export Development Corporation are too often remote from those of small business, and this gap is difficult to bridge. To change the corporate culture of EDC to be more responsive to small business would require a significant change in outlook and operations at EDC, and there is no guarantee that it could be accomplished effectively. To develop more fully the export potential of small business, the government should consider establishing a small business export financing agency. The private sector financial institutions should also become more involved in small business export financing and should be closely associated with the new agency. (page 71)**

## **Response**

The government is pursuing new markets wherever they occur. Given the importance of the Asia-Pacific region, the government has taken steps both to promote greater interest and awareness in the region by the private sector, and to respond to the needs of Canadian exporters, eg. Pacific Rim Opportunities Conferences, ASEAN ministerial meetings, the Asia-Pacific Foundation, launching the Asia-Pacific Trade Initiative for market and feasibility studies, opening of additional trade missions and directing over 40% of bilateral Official Development Assistance to this region. Development assistance is helping forge new and increased levels of economic cooperation in the region through Canadian goods and technology.

## **Conclusion/Recommendation**

**52. If Canada is to be successful in the Asia-Pacific region, it will need to employ a layered approach to market development. One layer will consist of Canadian firms building all-important personal connections with potential Asian-Pacific customers. Both Canadians with roots in those countries and foreign students living in Canada could be used to promote trading links between Canada and the Asia-Pacific region by combining their first-hand experience of Canadian products and abilities with their connections in the region. (page 78)**

## **Response**

The government is conscious that the development of human links with countries in the Asia-Pacific region is an important element in an effective approach to market development abroad. Canada's development assistance activities and such government supported organizations as the Asia-Pacific Foundation are important vehicles for strengthening human and trading links with the region.

## **Conclusion/Recommendation**

**53. A second layer will consist of the federal government working closely with Canadian companies to develop trading links with Asia-Pacific countries. This will mean providing competitive export financing as well as government marketing support based on the efforts of trade commissioners, ambassadors and occasional visits by ministers. (page 78)**

## **Response**

The government's current policy and programs in the Asia-Pacific region reflect the proposals contained in this recommendation. The Asia-Pacific region is an area of concentration in the National Trade Strategy.

## **Conclusion/Recommendation**

**54. Although it is essential to build an economic and political relationship, a third layer, based on cultural ties, will be needed to put the relationship on a solid long-term footing. It is important to increase the mutual awareness of the diverse cultures surrounding the Pacific Ocean. (page 78)**

## **Response**

Canada's development cooperation activities in Asia contribute in many ways to mutual understanding. On another level, the Department of External Affairs intends to more than double the funding devoted to arts promotion, academic relations and exchange programs in Pacific countries in the year ahead, with further increases thereafter.

## **Conclusion/Recommendation**

**55. The committee urges the government to establish a program with Japan and other appropriate Asian countries to enable Canadian university graduate volunteers to teach English there. (page 79)**

## **Response**

The government is attracted by this proposal, broadened to include French and possibly technical subjects. In cooperation with the provinces, the government will seek to identify sources of funding. Canada is already engaged with Japan in exploratory talks to examine the possibility of some 50 Canadian graduates going to Japan as of August, 1988 to teach English in the smaller cities. Many Canadians are using the Canada-Japan working holiday agreement, in effect since March 1986, to find employment in teaching English while in Japan.

## **Conclusion/Recommendation**

**56. The committee recommends that the government encourage the Canadian private sector to establish an office in Taiwan to assist Canadian companies to develop business relations there. This can and should be done in a way that will not affect Canada's important relationship with the People's Republic of China. (page 80)**

## **Response**

The Canadian Chamber of Commerce recently announced that it would open an office in Taiwan. The government's "One China" policy is in no way affected by this private initiative.

## **Conclusion/Recommendation**

**57. We believe that the government should move energetically to build upon the connections between Canada and India to promote greater trade and investment between the two countries. (page 81)**

## **Response**

India has been designated a priority market under the National Trade Strategy. New sectors for export are currently being investigated by trade and technology transfer missions and participation is planned for the Indian Trade Fair in 1987. "Canada Weeks" will be held in Delhi, Calcutta, Madras and Bangalore. The government has recently opened a trade office in Bombay and annual ministerial meetings are about to be launched. A Canada-India Memorandum of Understanding on Industrial Cooperation will likely be signed this year. India has received more bilateral Canadian assistance than any other country. CIDA and EDC have recently introduced a concessional line of credit to expand the financing base for exporters. Canada's aid program is facilitating Canadian exports of oil, gas and hydro-electric technology, oil seed and telecommunications equipment.

# Working for International Development

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## Debt and Trade

### **Conclusion/Recommendation**

**58. We are concerned that the often tough measures imposed on many of the debtor countries in order to manage the debt problem cannot long continue without resulting in a major crisis. The economic difficulties facing a number of developing countries place intolerable strains on their people and on democratic governments. We perceive an urgent need for measures designed to promote economic recovery and development in the debtor countries. (page 85)**

### **Response**

The government shares the committee's concern over the debt problems faced by developing countries, and agrees that we must continue to seek effective measures which take into account the fragile political and economic fabric in many countries. The elements critical to restoring sustainable economic growth in debtor countries are clear: pursuit of sound economic policies by these countries to restore creditworthiness and attract and retain needed investment capital; promotion of global economic growth, stability and trade, to provide the necessary international environment for increased developing country exports; and sufficient financial resources to tide these countries through the adjustment period, to enable growth oriented policies, and to resume investment in longer-term development. Achieving satisfactory progress on all these elements has proven difficult. The government believes that recent progress in increased and more flexible lending to support debtor country efforts, as well as improvements in the economic environment, including lower interest rates, must be continued. New approaches as recently demonstrated in the United Nations Special Session on Africa must be fully explored. Canada will strengthen its active pursuit of these objectives multilaterally and bilaterally.

### **Conclusion/Recommendation**

**59. The committee considers that a conference organized at the intergovernmental level, and including representatives of the debtor and creditor countries, the banks, and the international financial institutions, is urgently required. Recognizing the seriousness of this crisis, which affects developing and developed countries alike, the government of Canada should press member countries in the OECD and elsewhere to support such a conference. (page 86)**

### **Response**

Canada has been an active participant in international conferences concerned with the serious debt problems of various developing countries. As well as forgiving all Official Development Assistance (ODA) debt of the least developed countries in the context of its participation in the Conference on International Economic Cooperation in 1977, the government played a leadership role at the UN Special Session on Africa last spring when it announced a moratorium on ODA debt repayments for the countries of Sub-Saharan Africa. The

government will continue to strive for acceptable arrangements on international debt and will support new initiatives to assist debtor countries in a practical, concrete way. To be successful, conferences on debt would have to offer a realistic basis for negotiating practical solutions. At present, there appears no consensus among creditor governments and commercial banks and even many debtor governments that such a basis for negotiation exists, especially on a global basis. The government will continue to play an active role at both the international and regional levels, and will respond positively to proposals, including those for conferences, which offer a realistic basis for promoting the understanding, containment and reduction of the burden of debt for developing countries. The Secretary of State for External Affairs will examine less formal mechanisms to broaden discussion of international economic policy, at ministerial level, between developed and developing countries.

### **Conclusion/Recommendation**

**60. We urge the government to be especially attentive to the needs of African countries and to support, in the Paris Club and elsewhere, approaches to debt management that will assist in recovery from the famine. We commend the decision of the government, announced at the May 1986 special session of the United Nations General Assembly, to declare a 15-year moratorium on repayment of government loans to poorer countries in Sub-Saharan Africa. We also consider it desirable that the government contemplate extending the moratorium to Export Development Corporation loans to the same countries. (page 87)**

### **Response**

The government will continue to cooperate with other countries and international financial institutions to develop improved means of assisting the countries of Sub-Saharan Africa. In the Paris Club, Canada views sympathetically requests for rescheduling of official debt on generous terms. It would be difficult, however, to contemplate extension of Canada's moratorium on aid debt to Export Development Corporation loans. Such a measure would destroy the commercial basis on which EDC is founded, place the burden of deferred interest at market rates (not highly concessional as for aid) on the government, and seriously undercut Canada's participation in the multilateral management of official debt and broader economic policy making.

### **Conclusion/Recommendation**

**61. The committee notes with approval that the government of Canada has indicated it would consider increased World Bank funding. We also support improved coordination between the International Monetary Fund and the World Bank, with the objective of ensuring that short-term adjustment measures are supportive of longer-term economic recovery and development. (page 87)**

### **Response**

Canada supports the longer-term recovery of developing countries. The government will continue to urge other creditor countries to take concrete measures to this effect, including increased International Monetary Fund-World Bank coordination, the early consideration of a general capital increase for the World Bank, and a U.S. \$12 billion replenishment for the International Development Association.

### **Conclusion/Recommendation**

**62. We urge the government of Canada to press the case for the poorest developing countries obtaining increased quotas under the Multi-Fibre Arrangement. At the same time, it**

**is imperative that Canada develop effective worker retraining, alternative employment opportunities and industrial restructuring and modernization initiatives that would allow it to support a phasing out of the Multi-Fibre Arrangement in favour of exposing the textile and clothing trade to normal GATT rules. (page 88)**

## **Response**

The new Multi-Fibre Arrangement Protocol of Extension (July 1986), which Canada has endorsed, provides for particularly favourable treatment for the least developed countries (LLDCs). This will ensure continued growth in market access for the newer entrant small suppliers. Twenty-two bilateral restraint arrangements on textiles and clothing will be renegotiated this year. The government is committed to fostering restructuring in the textile and clothing industries through assisting industry, community and labour adjustment. This will require more even import levels in order to effect an orderly pace of adjustment than has been the case in the last few years.

Canada is prepared to discuss the eventual phasing out of the Multi-Fibre Arrangement in the Multilateral Trade Negotiation. Under current circumstances, however, there is a real danger that in the absence of a MFA, countries might resort to global import quotas under the GATT to protect their textile and clothing industries.

## **Conclusion/Recommendation**

**63. We support the policy of encouraging clearly qualified newly industrializing countries to graduate from preferential arrangements in the GATT designed for lower-income developing countries to the full GATT régime. (page 88)**

## **Response**

Canada will pursue in the recently announced Multilateral Trade Negotiation round the greater integration of the newly industrialized nations into the world trading system.

## **Development Assistance**

### **Conclusion/Recommendation**

**64. A majority of the committee thinks that the goal of achieving the 0.7% Official Development Assistance target by 1990 should be restored. Other members felt that, inasmuch as the government has a fiscal plan in place, the government should undertake the restoration of such aid only if government revenues support such action. Some favoured adopting a goal of 1.0% beyond 1990. (page 90)**

## **Response**

At a time when domestic programs are being tightly constrained, the government cannot sustain its former growth rates for Official Development Assistance of around 12% a year. Nevertheless, the government is committed to continued real growth in development assistance. For the balance of this decade foreign aid will remain at 0.5% of gross national product. This will mean Canada's ODA will increase by approximately 8.7% per year, on average. The government's objective will be to reach a foreign aid/GNP ratio of 0.6% by the middle of the next decade.

## **Conclusion/Recommendation**

**65. The committee affirms that meeting the needs of the poorest countries and peoples should remain the primary and overriding objective of the Canadian aid program. (page 91)**

### **Response**

The government agrees that its aid program should focus primarily on the poorest countries and peoples. Close to 80% of its bilateral assistance goes to low income countries. The government has accepted the United Nations target of 0.15% of gross national product for the least developed, and 1985 disbursements were close to this figure.

## **Conclusion/Recommendation**

**66. Because women are economically vulnerable, we recommend that direct assistance to women in developing countries be given priority. The issue of aid effectiveness cannot be addressed properly without discussing the vital role of women in the development process. The development community has only recently begun to understand this crucial issue. Development experts argue that tied aid is a major constraint in meeting the dual goals of aiding the poorest people and integrating women into the development process. Women are often the farmers, the providers of health care, the unofficial heads of households. It is absolutely essential that they be consulted on appropriate development technologies. CIDA has begun to implement a policy framework called Women in Development. The Committee recommends that the government provide sufficient funds and staff to allow CIDA to implement the Women in Development policy framework and to achieve its stated targets. (page 91)**

### **Response**

The government is committed to placing a high priority on the key role of women in development. This commitment is being integrated into the government's overall aid programing. As stated in the recommendation, women are often the agents of development in areas such as health care, nutrition, food supply and education. Sufficient resources will be devoted to this area to make an effective impact. The Minister for External Relations has set a five-year Plan of Action to involve women in all stages of the development process. The *Africa 2000* initiative also explicitly envisages an allocation of \$25 million in support of projects which will directly benefit women in the Third World.

## **Conclusion/Recommendation**

**67. Official development assistance is still hobbled by the sometimes parochial and self-seeking nature of national aid programs. An example of this, which is by now part of development lore, concerns the 15 different and incompatible types of irrigation pumps supplied by aid donors to Kenya. We recommend that Canada press for closer cooperation among aid donors and remain a strong supporter of multilateral approaches and institutions that encourage such cooperation. In general, we affirm the Canadian tradition of treating multilateral and bilateral aid channels as complementary and mutually reinforcing. (page 92)**

### **Response**

Canada is a leader among aid donors in seeking improved donor coordination. In cooperation with others, Canada has persuaded the World Bank to make a number of improvements



in the coordination process and in its cooperation with the International Monetary Fund. Canadian funding has helped the United Nations Development Program improve its coordination of aid programs for the smaller developing countries. The government is monitoring these developments to ensure continuing improvement. The government supports multilateral aid channels in recognition of their ability to handle major problems and to complement the expertise Canada can deploy through its bilateral programs.

### **Conclusion/Recommendation**

**68. We did not conduct an in-depth evaluation of the Canadian aid program. That task is being carried out by the House of Commons Standing Committee on External Affairs and International Trade. As the committee defines its work program, we urge careful examination of several issues we have identified but not resolved. How can the administrative burden associated with aid be reduced? To what extent and in what ways can people and authority be transferred to the field? How can the costs associated with tied aid be reduced and the benefits to developing countries increased? How can people, from aid experts to the Canadian public, participate more effectively in improving the quality of Canada's development assistance? (page 92)**

### **Response**

The government would welcome an examination of these important questions, and others, by the House of Commons Committee on External Affairs and International Trade in the course of its hearings on Official Development Assistance.

### **Conclusion/Recommendation**

**69. Non-governmental organizations, both voluntary and business, should be involved to the maximum extent possible in the planning and execution of Canada's official development assistance programs. They should, in fact, constitute the heart of expanded and revitalized technical assistance programs. (page 92)**

### **Response**

Canada already disburses significantly more ODA funds through the voluntary sector than any other major donor.

The government intends to continue involving to the maximum extent possible non-governmental organizations, both voluntary and business, in the development process. This policy thrust is already evident in the increased emphasis placed on using the private sector for execution of CIDA programs, and through the kind of partnership which was built with the non-governmental organizations' community in responding to the crisis in Africa.

### **Conclusion/Recommendation**

**70. To encourage partnership in international development, it has been suggested that the government and voluntary organizations should establish "development offices" in developing countries where Canada has aid programs but no embassy or in regions of developing countries remote from the capital and Canadian Embassy. Development offices would offer non-diplomatic functional support bases for both official development assistance and voluntary organizations. We urge the government and voluntary organizations jointly to consider this proposal and other practical measures for strengthening their partnership. (page 93)**

## **Response**

Canada has established about 15 field support units in developing countries. Their role is similar to the proposed development offices. These units provide technical and administrative support to Canadian aid programs and, in some instances, services to interested non-governmental organizations. The government is examining the possibility of adding other units where local circumstances warrant. The government welcomes suggestions for encouraging partnership with any interested non-governmental organizations in international development and hopes that the Standing Committee on External Affairs and International Trade will address this question in the course of its review of Canadian aid policy.

## **Conclusion/Recommendation**

**71. The committee received a proposal for establishing a Canadian Industrial Cooperation Agency and we commend it for further consideration by the government and the House of Commons Standing Committee on External Affairs and International Trade. In essence such an agency would provide the means for small- and medium-sized Canadian companies to assist their counterparts in the Third World in a variety of ways, including management contracts, technical agreements and joint ventures. An example of the sort of project the agency might support is the "Industrial Incubator" approach of Fanshawe College in London, Ontario. (page 94)**

## **Response**

The government considers that this would be a fruitful area for further study by the House of Commons Standing Committee on External Affairs and International Trade. CIDA is currently studying various means for improving its industrial cooperation activities and the Conference Board of Canada has also begun a major study of this question. The mandate for the proposed agency contains a number of common elements with CIDA's Industrial Cooperation Program, and it may be preferable to achieve the proposed objective through changes to existing programs rather than through the establishment of a new agency.

## **Foreign Students**

### **Conclusion/Recommendation**

**72. We believe that foreign students constitute an important asset for Canada that has not been sufficiently recognized in terms of improving trade opportunities, increasing cultural contacts and more generally for foreign policy. (page 96)**

## **Response**

The government recognizes the benefits that accrue both to Canada, as host, and to the home countries of foreign students studying in Canada. The important issue of foreign students is currently being reviewed by the government, bearing in mind distinct federal and provincial responsibilities. The number of CIDA sponsored students has increased more than fourfold in the last five years and programs are currently being explored that could significantly increase this number. The government also intends to assist South African refugees through a special scholarship program in cooperation with the Commonwealth Fund for Technical Cooperation.

## **Conclusion/Recommendation**

**73. We recommend that the federal government prepare a statement of national goals and objectives as they relate to foreign students, and we would encourage the provinces to state their goals and objectives in this area. These statements should then be used as the basis for discussion at a First Ministers' Conference, with the aim of promoting the greatest possible harmony between federal and provincial goals and objectives. (page 96)**

## **Response**

The government recognizes the importance of this issue and has already undertaken an in-depth study to come up with a definite statement of goals and objectives as recommended by the committee. The principal questions to be taken up with the provinces have been identified; discussions could begin as soon as provincial officials have completed their own studies on the matter.

## **Conclusion/Recommendation**

**74. We were impressed by arguments that Third World countries need to develop their own institutions of higher education. At the same time, it is not feasible for them to establish a full range of graduate studies. We recommend that Canada's assistance be concentrated in the graduate field. (page 97)**

## **Response**

Such a policy would not necessarily serve the interests of developing countries. Technical vocational training is also critical. Canada has no deliberate policy of concentrating on graduate studies, but rather identifies the most suitable levels and institutions according to the needs of individual countries and projects. At the present time 63% are sponsored at the post-graduate level and 37% at the undergraduate or community college level. While Third World countries need to develop their own institutions of higher education there is often a greater need for other levels of education and technical vocational training. In certain specialized fields it remains more economical for developing countries to send a small number of students and trainees abroad.

# Promoting Human Rights

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## **Conclusion/Recommendation**

**75. We want to affirm what so many Canadians proclaimed before the committee: that the international promotion of human rights is a fundamental and integral part of Canadian foreign policy. (page 99)**

## **Response**

The government affirms that the international promotion of human rights is a fundamental and integral part of Canadian foreign policy.

## **Human Rights Protection**

## **Conclusion/Recommendation**

**76. The committee believes that a basic standard is available to trigger and guide Canadian human rights policy, namely the appearance of a pattern of systematic, gross and continuous violations of basic human rights. (page 100)**

## **Response**

The government uses the standard of systematic, gross and continuous violations of basic human rights in considering its overall foreign policy orientation and implementation.

## **Conclusion/Recommendation**

**77. The committee joins witnesses in recommending that Canada seek re-election to the United Nations Human Rights Commission and, in any case, follow its work actively. Particular attention should be paid to protecting and strengthening the position of the Commission within the United Nations system. We recommend further that Canada work to strengthen the UN Working Group on Indigenous Populations. Native peoples throughout the world have been among the earliest and most cruelly abused victims of the denial of human rights. (page 100)**

## **Response**

Canada will seek re-election to the Commission on Human Rights and to other human rights bodies.

Through Canada's Permanent Mission in Geneva and an observer delegation, it contributes to the work of the UN Working Group on Indigenous Populations and has been particularly active in its standard-setting exercises. Canada intends to contribute to a Voluntary Fund that has been set up to assist some indigenous representatives from poorer countries to participate in the Working Group.

## **Conclusions/Recommendations**

**78. The committee recommends strongly that an even closer collaboration with voluntary organizations become a central feature of the government's approach to human rights. (page 101)**

**79. We recommend that the government immediately investigate the most effective means of creating a Human Rights Advisory Commission. (page 101)**

## **Response**

Over the past decade there has been increased collaboration between the government and the non-governmental organizations which work in related and complementary areas. This collaboration takes such forms as annual consultative conferences and meetings in preparation for Canadian participation in the United Nations Commission on Human Rights and with Amnesty International in preparation for the United Nations General Assembly. During the year there are many informal meetings as well. Through the working of the newly established House of Commons Standing Committee on Human Rights more extensive collaboration is to be expected. The government will consider this recommendation on a Human Rights Advisory Commission when there is greater clarity concerning the interests and activities of the Standing Committee and their means of liaison with the Canadian groups concerned.

## **Conclusion/Recommendation**

**80. We recommend that the Department of External Affairs follow the example of the Netherlands Ministry for Foreign Affairs in establishing in-service training and refresher courses in human rights for all its officers. (page 101)**

## **Response**

The Department of External Affairs will begin regular training in human rights prior to officers being posted abroad and for returnees working as geographical desk officers and those administering policy on export controls.

## **Conclusion/Recommendation**

**81. A House of Commons Standing Committee on Human Rights has just been created. As it begins to develop the international side of its mandate, we recommend that the committee examine with particular care alleged international cases of gross and systematic violations of human rights, especially where they involve countries where Canada has large development assistance programs or significant trade relations. The Human Rights Committee should work closely with the Standing Committee on External Affairs and International Trade. At the same time, we urge the External Affairs committees of both the Senate and the House of Commons to keep human rights issues on their agendas and to place them in the broader context of Canada's overall foreign policy. The human rights findings and recommendations of these committees could form an important element in Cabinet consideration of the eligibility list for official development assistance if the committees requested a comprehensive response to their reports from the government, as House of Commons committees are empowered to do under Standing Order 99. (page 101)**

## **Response**

The government will certainly take into account the reports on human rights of these committees when considering Canadian development assistance programs and other aspects of its foreign policy. In particular these reports could form an important element in the Cabinet's consideration of the eligibility list for official development assistance.

## **Conclusion/Recommendation**

**82. Visits abroad by the Prime Minister, other Cabinet Ministers and parliamentarians are among the most promising opportunities for expressing human rights concerns using a judicious blend of public pressure and private persuasion. We expect and encourage the government to take advantage of such opportunities, as indeed the Prime Minister did successfully on a recent trip to China and South Korea, the Secretary of State for External Affairs did on an earlier trip to the Soviet Union, and the Minister of External Relations did on her trip to Central America in the fall of 1985. In blending human rights concerns with trade, diplomatic and aid discussions, Canada can convey the message that human rights are an integral, not a peripheral, part of its international relations. (page 102)**

## **Response**

The government will continue to use a judicious blend of public pressure and private persuasion in expressing human rights concerns during visits abroad when there are prospects of such representations being productive.

## **Conclusions/Recommendations**

**83. We endorse the following recommendations of the 1982 Report of the Sub-Committee on Canada's Relations with Latin America and the Caribbean:**

**83a. Canadian development assistance should be substantially reduced, terminated, or not commenced in cases where gross and systematic violations of human rights make it impossible to promote the central objective of helping the poor.**

**83b. Where countries systematically violate human rights or otherwise do not qualify for official development assistance, Canada should seek through international organizations to extend humanitarian assistance and to support those struggling for human rights.**

**83c. Where countries have a poor human rights record but not so extreme as to justify the termination of aid, Canada's development assistance should be channelled mainly through the private sector and particularly through non-governmental organizations that work directly with the poor. In addition, it should be the policy of the Canadian government in such cases to direct a portion of its assistance to organizations that are struggling to maintain and protect civil and political rights.**

**83d. Where countries that qualify for Canadian assistance are showing improvement in their respect for human rights this should be encouraged by a substantial increase in assistance. (page 102)**

## **Response**

The government agrees that gross or systematic violations of human rights must be given proper weight in Canadian development assistance policy. It also considers that economic development is a fundamental element in promoting the human rights of the poor in developing countries. Therefore, in taking human rights into account, the government would not wish to give undue weight to human rights violations where these did not fundamentally jeopardize the delivery of assistance to those most in need. The government has, in the past, suspended or not commenced assistance where gross violations have been accompanied by serious security problems, as in Uganda and Guatemala. It will continue to follow this approach. The government will also seek to support the victims of human rights abuses through appropriate international organizations, and where it is more effective the government has and will channel assistance through Canadian non-governmental organizations.

Careful consideration will be given to whether and, if so, how the government could work productively through non-governmental organizations involved in maintaining and protecting civil and political rights. The government agrees that eligible countries, such as the Philippines, that have improved human rights records should be encouraged through increased development assistance.

## **Conclusion/Recommendation**

**84. We recommend that Canada use its voice and vote at meetings of international financial institutions to protest systematic, gross, and continuous violations of human rights. (page 103)**

## **Response**

The government is examining this recommendation carefully. The key issue is how to further fundamental human rights interests without seriously impairing, through further politicization, the effectiveness of multilateral financial institutions in their critical task of bringing about needed development and adjustment in developing countries. These institutions must be sensitive to the impact of human rights situations on prospects for social-economic development, and take fully into account the potentially positive effect of development projects in improving conditions for vulnerable groups. The government would welcome a detailed examination of the issues involved by the Standing Committee on External Affairs and International Trade and the Standing Committee on Human Rights.

## **Human Rights Development**

### **Conclusions/Recommendations**

**85. The committee is convinced that, while strengthening its approach to human rights protection, Canada should move forward and create a positive human rights development program as well. Through cooperative programs of financial support, exchange, research and technical assistance, Canada should contribute to the long-term development of political, civil and cultural rights as it now contributes to long-term economic and social development through the aid program. (page 103)**

**86. Canada is not – and should not be – in the business of exporting its own institutions. It can and should be equipped to share its experience and to cooperate with others as they develop their own institutions. Such programs would enjoy the active support, or at least the acquiescence, of partner country governments and peoples. (page 104)**

## **Response**

The government recognizes that there may well be interest in Third World countries in seeking advice from countries like Canada in building institutions that guarantee human rights and would be prepared in such cases to offer support. Canada will, for example, respond favourably to Haiti's request for developing procedures for democratic elections. CIDA's bilateral and non-governmental organizations' programs provide funding for initiatives in specific countries. Nevertheless, further development of programs requires detailed study because of the difficulty of establishing the proper criteria for extending support. The government would also want to minimize the possibility of appearing to interfere in the domestic affairs of another country, a problem identified in the committee's report itself.

## **Conclusion/Recommendation**

**87. We recommend that the government consider establishing an International Institute of Human Rights and Democratic Development with carefully prepared guidelines for supporting activities by non-governmental organizations. To ensure that the Institute is sensitive to the varying national perspectives on democratic development, particularly in the Third World, we recommend that its board of directors include international representation, on the model of the International Development Research Centre. Funding for the Institute should be provided as a small fraction of official development assistance funds. (page 105)**

## **Response**

The government welcomes and accepts the recommendation for an institute which would have as its aim the development and strengthening of democratic institutions and human rights in developing countries. Design and establishment of the institute will require care to ensure that it is effective. The government therefore intends to establish a consultative mechanism to provide advice on how to proceed. Funding will be available from official development assistance allocations to support the institute which would focus on the Third World in its activities.

## **Assisting Refugees**

### **Conclusion/Recommendation**

**88. We think it particularly important that Canada remain generous in providing sanctuary to Central American refugees that are the victims of repression and violence. We strongly support the government's decision to extend an oral hearing on questions of merit to all claimants. (page 107)**

## **Response**

Canada is widely known for its generous provision of sanctuary to refugees and oppressed persons from Central America and intends to maintain this policy. (The government itself sponsored 3,000 refugees in 1986.) The new refugee status determination system that will shortly come into effect provides for an oral interview for applicants.

### **Conclusion/Recommendation**

**89. The government should press for Canadians to be appointed as senior officials of the United Nations High Commission for Refugees. With adequate representation, Canada should**



**support the UNHCR in updating international refugee programs and coming to grips with outstanding policy questions, such as the definition of "refugee" under international agreements and the rights and responsibilities of host countries. (page 107)**

## **Response**

Canada continues to look for vacancies in the senior positions of the United Nations High Commission for Refugees and will keep pressing the UNCHR to give Canada adequate representation in the organization. In any case, Canada intends to take an active role in supporting the UNHCR in updating international refugee programs and coming to grips with outstanding policy questions.

## **Conclusion/Recommendation**

**90. We strongly urge Canadian support for refugee income generation projects, such as the one for Afghan refugees in Pakistan, to assist refugees to be as self-supporting and productive as possible while seeking their repatriation or permanent resettlement. (page 107)**

## **Response**

Canada supports the extension of income generating projects for Afghan refugees in Pakistan and will elsewhere encourage and support similar projects which have the concurrence of the host.

## **Afghanistan**

## **Conclusion/Recommendation**

**91. The committee recommends that Canada continue to give high priority to providing humanitarian and medical assistance to Afghan refugees in Pakistan and that it strongly support the efforts of the International Red Cross and the United Nations High Commission for Refugees in particular. In its bilateral relations with the Soviet Union, Canada should take every opportunity to raise the issue of Afghanistan and make clear that Soviet occupation and devastation of that country constitute a serious obstacle to improved relations. (page 108)**

## **Response**

Canada will continue to respond favourably to the United Nations High Commission for Refugees and the International Red Cross' programs for Afghan refugees in Pakistan. During the current fiscal year, CIDA provided \$4 million to the UNHCR and \$475,000 to the ICRC. In addition, \$14 million worth of food aid was delivered to Afghan refugees. At the same time, Canada does not hesitate to remind the Soviet Union of Canadian views on Soviet actions in Afghanistan. Two recent instances where Canada made known its views on Afghanistan were the speech made by the Secretary of State for External Affairs to the United Nations General Assembly in September 1986 and the visit of the Soviet Foreign Minister to Canada in early October 1986.

## South Africa

### **Conclusions/Recommendations**

**92. If the Commonwealth Group of Eminent Persons had reported that significant but insufficient progress was occurring in dismantling apartheid, the Committee had agreed to recommend that Canada take the lead in preparing a further Commonwealth action plan consisting of specific sanctions such as those listed in clause 7 of the Commonwealth Accord of October 1985. (page 110)**

**93. Now that the Group of Eminent Persons has reported – as we feared it would – that no significant progress is occurring in dismantling apartheid, Canada should move immediately to impose full economic sanctions, seek their adoption by the greatest possible number of Commonwealth members, and promote similar action by non-Commonwealth countries. (page 110)**

### **Response**

The government is in the forefront of major industrialized countries in applying economic sanctions. It could foresee the possibility of implementing full economic sanctions on its own if there is no significant progress in eliminating apartheid and if more effective concerted action is not forthcoming. In the meantime, the government has adopted a step-by-step approach to the imposition of limited sanctions as a more fruitful tactic that will strike at apartheid without destroying the South African economy on which the blacks depend. It also provides time for concerted action with our allies and the public and gives us influence with other Western countries which the immediate unilateral application of full economic sanctions would not.

### **Conclusion/Recommendation**

**94. In any event, we strongly urge establishment of a black South African human rights and democratic development program. Canada established a scholarship program for black South Africans in 1983 and has since expanded it. We strongly support this approach and encourage further efforts to assist in building black social, economic and political institutions towards the day when black South Africans will exercise their full rights as citizens. (page 110)**

### **Response**

The government has a \$7 million educational assistance program over three years to develop future black leadership, a \$1 million program for families of political detainees, a \$350,000 program for promoting the economic development of blacks and support groups working for peaceful dismantlement of apartheid as well as supporting various non-governmental organizations' efforts in this area. The government is also exploring other avenues of assistance to support black social, economic, and political institutions, particularly through technical and financial assistance and programs of exchange.

### **Conclusion/Recommendation**

**95. We encourage the government to expand direct contacts at the highest levels with black political organizations in South Africa. Bearing in mind that lifting the ban on the African**

**National Congress (ANC) and releasing from prison its leader Nelson Mandela are two of the steps called for in the Commonwealth Accord, such high level contacts should certainly include the ANC. (page 110)**

## **Response**

The government believes that expanding dialogue with high level representatives of black political organizations in South Africa, including the African National Congress, should be part of a Canadian strategy of encouraging the replacement of the apartheid system with one where all South Africans can live in freedom, equality, and harmony. The Secretary of State for External Affairs has already met with ANC officials and has indicated his willingness to meet with them again. Part of the purpose of such a dialogue is to encourage non-violent solutions and an understanding on the part of black leaders of the strength of the Western commitment to promoting the dismantling of apartheid.

## **Conclusion/Recommendation**

**96. Canada should continue to provide generous amounts of direct assistance and support international efforts, such as those of the Southern African Development Coordination Conference, to help South Africa's vulnerable neighbours cope with the economic difficulties that international sanctions directed at South Africa will create for them as well as to overcome punitive measures that the South African Government might direct against them. (page 110)**

## **Response**

Canada now provides close to \$100 million each year to vulnerable countries in the region, bilaterally and through the Southern Africa Development Coordination Committee (SADCC). Funds are also channelled through private groups and international organizations. Our objective is to reduce the dependence of these countries on South Africa. The government plans to increase its disbursements to SADCC over the next five years and is consulting with Commonwealth partners regarding the most effective assistance to the Front Line States.

## **Central America**

### **Conclusion/Recommendation**

**97. A majority of the committee believes that it must be stressed that U.S. policy has been designed, in part, to counter other foreign military intervention in Central America and that Canada should oppose outside intervention in Central America by all countries. (page 112)**

## **Response**

The government disapproves of both the export of revolution and third party intervention in Central America. It has strongly backed the regionally-based Contadora initiative. Canada supports the idea of a dialogue between Honduras and Nicaragua and the resumption of dialogue between the USA and Nicaragua, as well as talks between the government of Nicaragua and its opposition.

## **Conclusion/Recommendation**

**98. A majority of the committee opposes the proposal for immediate establishment of a Canadian embassy in Managua but urges the government to monitor the opportunities that might arise. (page 114)**

## **Response**

The government will continue to monitor its need for additional representation in the light of the evolving situation and the need to promote Canadian interests. At the present time it is more cost effective to service Nicaragua from the Embassy in San José, Costa Rica. Its recently increased staff will permit even more frequent visits to Nicaragua by Canadian officials.

## **Conclusion/Recommendation**

**99. While Canadian influence over the security policies of other countries is limited, Canada has a special opportunity to offer direct, practical, and desperately needed help to the hundreds of thousands of refugees in Central America. We would urge two Canadian initiatives: establishment of a "Refugee Watch" program with other countries and non-governmental organizations to provide greater security in the refugee camps, and active support for economic development and self-sufficiency programs for refugees. The government should also strengthen Canada's capacity to monitor human rights situations in Central America, paying particular attention to the circumstances in each country and the views of Canadian non-governmental organizations in these countries. Canada should promote cooperative programs of democratic and human rights development and support elements in these countries favouring progress in human rights. (page 114)**

## **Response**

Canada supports and endorses the work of the United Nations High Commission on Refugees and would not wish to undermine or preempt the UNHCR in its work. Canada does recognize that this work could be strengthened and will discuss the idea of a refugee watch program in the camps with the multilateral organizations and non-governmental organizations concerned with improving the plight of the refugees.

Canada supports economic development and self-sufficiency programs for refugees.

There has been an improvement of late in the monitoring of human rights situations in Central America through Canada's posts and more frequent contacts with non-governmental organizations working in the area. For example, on the Guatemala situation Canadian officials have contacts with the Peace Brigades International that allows Canada to observe the activities of the Grupa de Apoyo. The new Guatemalan Human Rights Advocate has visited Canada and there are consultations with the Interchurch Committee for Human Rights in Latin America. Reporting on civil and human rights records of major offenders is an integral part of our political relations program at our posts.

Promoting effective cooperative programs of democratic and human rights development is a desirable objective but where it involves support for non-governmental organizations in recipient countries its implementation requires careful study.

# Improving Canada-United States Relations

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## Conclusion/Recommendation

**100. The committee recommends that the government not miss any opportunity to emphasize to the government of the United States the importance of advance consultation. As a corollary, Canada should establish its own high standard for consulting the United States. Consultation in both directions should go far beyond simply giving advance information and should provide time for dialogue, reflection and policy adjustment. (page 120)**

## Response

Both governments recognize the obligation to consult on all appropriate questions and have undertaken to do so. Continuing efforts to improve consultation are being made through the new annual meetings between the President and the Prime Minister, quarterly meetings between the Secretary of State for External Affairs and the Secretary of State, ministerial meetings, and daily contacts between officials.

## Conclusion/Recommendation

**101. The effective management of relations with the United States is impossible unless there is a consistent effort made to achieve internal coordination of Canadian policies by all the parties concerned. (page 121)**

## Response

Formal mechanisms for coordination as well as ad hoc consultations exist at all levels of the federal and provincial governments including first ministers, ministers, deputy ministers and working levels. Mechanisms also exist to consult and coordinate with the private sector. The government is committed to ensuring that these mechanisms function effectively.

## Conclusion/Recommendation

**102. It is important that Canada's case be made at every level of the U.S. system and that imagination be used in the search for allies in the United States. A combination of persuasive diplomacy and private sector pressure appears to have the greatest effect. Effective coordination, patient persuasion, force of example, and constant reiteration of the problem are the keys to success. (page 122)**

## Response

A sustained effort is made by the government to identify and cooperate with sympathetic interests in the United States, both in the government and the private sector, so as to influence at all levels United States' decisions affecting Canada.

# **A Northern Dimension for Canadian Foreign Policy**

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## **Conclusion/Recommendation**

**108. The Arctic region is rapidly becoming an area of international attention. Canada's huge stake in this region requires the development of a coherent Arctic policy, an essential element of which must be a northern dimension for Canadian foreign policy. (page 127)**

## **Response**

The government recognizes the importance of developing a coherent set of policies for the Arctic, including foreign policy. The major, closely interlinked components of policy will be: a) buttressing sovereignty over Arctic waters; b) modernizing northern defences; c) preparing for commercial use of the Northwest Passage, and d) expanding circumpolar relations, including contacts among northerners. Consistency between these foreign policy components and the government's domestic Arctic policy objectives is necessary to ensure the development of a truly coherent Arctic policy.

## **Conclusion/Recommendation**

**109. Canada should give priority to achieving an acceptable land settlement in the North and encourage efforts to find governmental structures that would support Inuit cultural autonomy within the Canadian federation. Support should be given to the development of renewable resources, particularly fishing. Abroad, Canada should make strenuous efforts to resist campaigns, especially in Europe, to ban the import of fur products. (page 128)**

## **Response**

The government agrees that a land settlement acceptable to all parties concerned is a necessity. It also agrees that further efforts must be made to preserve indigenous culture and improve economic options for indigenous people. The Inuit people are integral to the affirmation of Canadian sovereignty; their social stability deserves a high priority.

While the government agrees on the need to protect renewable resources in the North, its experiences with the seal campaign have shown there are limits to its effectiveness in such activities. Based on these experiences, the government recognizes that Inuit and other native groups are often their own best advocates in acting to protect their resource-based economy. Accordingly, the government will encourage and assist these groups to promote a greater public understanding of the interest and traditional resource management practices of Canada's native people.

## **Conclusion/Recommendation**

**110. The committee considers that an Arctic exchange program with the Soviet Union is an effective way to increase Canadian knowledge of the North as well as provide a basis for improving East-West relations. We recommend that the existing exchange programs be properly funded. (page 128)**

## **Response**

The government believes that its existing Arctic Exchange Program is a unique and valuable arrangement, providing contacts between scientists of both countries, and giving Canadian scientists improved access to Soviet research and experience in the Arctic. The Department of Indian and Northern Affairs is now committed to strengthening the funding structure of the Canada-USSR Arctic Sciences Exchange Program. Officials from both governments will be meeting early next year to review past programs and future cooperation in areas such as economic development, protection of the environment, and exchanges among indigenous people involved in traditional pursuits.

## **Conclusion/Recommendation**

**111. We recommend a concerted program to develop cooperative arrangements with all northern states. (page 130)**

## **Response**

Canada will explore ways of expanding our bilateral and multilateral relations with all northern states in areas of mutual interest, including trade, security, native people, environment, economic development, education, health, science and technology. This will be effected through visits, bilateral discussions and, where necessary, formal agreements.

The government is considering possible options for expanding relations with Northern states, including a high-level delegation or symposium.

## **Conclusion/Recommendation**

**112. We recommend that Canada pay particular attention to developing good relations with Greenland. Subject to the agreement of the Government of Denmark, we urge the opening of a Canadian consulate in Greenland. (page 130)**

## **Response**

The government has been gradually expanding its contacts with Greenland over the last few years and is actively considering new means of further developing relations, including the appointment of an honorary consul in Nuuk. The opening of a consulate is not considered cost effective at this time.

## **The Question of Sovereignty**

### **Conclusions/Recommendations**

**113. We recommend that the government of Canada renew its efforts to ensure the agreement of the United States to Canada's claim to the Northwest Passage. (page 132)**

**114. Unless the United States agrees to recognize Canada's claim, the committee's preferred course of action, at this time, is a deliberate decision to allow time to pass rather than pressing for a decision by the International Court of Justice. (page 132)**

## **Response**

Since the September 10, 1985 statement by the Secretary of State for External Affairs on Canada's claim to the Northwest Passage, discussions with the United States have been underway. At this stage it would be premature to comment on alternatives.

## **Defence Questions**

### **Conclusion/Recommendation**

**115. The committee recommends that the possibility of equipping the Canadian navy with diesel-electric submarines be reviewed in the context of a general examination of the country's naval forces and, more generally, of Canada's defence policy. (page 134)**

## **Response**

The government will carefully consider what type of new submarines will best meet the national requirements of Canada's defence policy.

### **Conclusion/Recommendation**

**116. We recommend that Canada, in cooperation with other Arctic and Nordic nations, seek the demilitarization of the Arctic region through pressure on the United States and the Soviet Union, as well as through a general approach to arms control and disarmament. (page 135)**

## **Response**

The government will strive to limit excessive militarization of the Arctic in the interest of strategic stability and in the context of our associated arms control and disarmament effort, and will seek out new ways of building trust in the circumpolar North. However, given the use of the northern seas by the Soviet fleet to reach the world's oceans and the size of the forces it has stationed in the Arctic, there seems no likelihood of the Soviet Union's cooperation at this time. Accordingly, singling out the Arctic for demilitarization does not seem practicable.



# The Case for Constructive Internationalism

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## Conclusions/Recommendations

**117. We conclude that Canada's activities abroad should be guided by an approach based on constructive internationalism. This would impart both a vision and sense of purpose to Canadian foreign policy. (page 137)**

**118. Constructive internationalism recommends itself to us, not because it conjures up nostalgia for an imagined golden age of Canadian foreign policy, but because it most accurately describes the stance that Canada should take towards a difficult and uncertain international environment. (page 137)**

**119. Canada has a great deal more to gain from a posture of confident idealism than from one that is mean-spirited and ungenerous to the world at large. (page 137)**

**120. A major objective of Canadian foreign policy should be a broad effort to strengthen the effectiveness of international institutions. (page 138)**

**121. Constructive internationalism fulfills twin purposes: orienting Canadians to the external environment in a manner that appears most likely to serve their interests, and responding to the aspirations manifested by the hundreds of Canadians that appeared before the committee for an active and productive international role. A fuller realization of these aspirations depends on the government finding ways to devolve opportunities to the non-governmental sector for international activity by Canadians and encouraging the volunteer streak that runs so markedly through the Canadian psyche. (page 139)**

## Response

The government warmly endorses the committee's recommendations on constructive internationalism. Continuing efforts will be made to support and, where appropriate, to refurbish international organizations. Bringing about needed reforms within the United Nations' system will remain a priority, but a corresponding effort will be made in more restricted groups such as the Economic Summit, the Commonwealth and la Francophonie.

The government judges that the best opportunity for voluntary initiatives within the private sector will arise from informed judgments about Canadian interests.

Accordingly, the Department of External Affairs and CIDA will seek to do more in providing Canadians with a flow of information and interpretation on world affairs. This can be done, for example, through an improved academic liaison and information program. On this basis, a strengthened dialogue among the public, Parliament, and the government on Canada's international relations will be carried out.