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**Government Response to the  
Recommendations of the Special Joint  
Parliamentary Committee  
Reviewing Canadian Foreign Policy**

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OTTAWA, Ontario  
K1A 0G2

February 7, 1995

The Honourable Allan J. MacEachen, P.C.  
The Honourable Jean-Robert Gauthier  
Co-Chairs  
Special Joint Committee reviewing Canadian Foreign Policy  
Parliament of Canada  
OTTAWA  
K1A 0A6

Dear Co-Chairs:

We are pleased to forward to you, in the attached document, the Government's comprehensive response to each recommendation of the Report of the Special Joint Committee reviewing Canadian Foreign Policy entitled *Canada's Foreign Policy: Principles and Priorities for the Future*.

On behalf of the Government, we would like to express our appreciation for your work and that of the Special Joint Committee in producing such a substantive and thoughtful report. Your observations and recommendations have been thoroughly reviewed by the Government and have contributed significantly to shaping the Government's *Foreign Policy Statement*, which is also enclosed with this letter. The Government looks forward to an even closer working relationship with Parliament in months and years ahead to ensure that policy formulation continues to receive public input and that the implementation of foreign policy is subject to ongoing assessment.

As you will note, the Government agrees with the main directions advanced in your report to guide Canadian Foreign Policy. Moreover, the Government agrees with the overwhelming majority of your many useful recommendations.

The Government shares the Committee's assessment of the growing importance of international affairs to the daily well-being of Canadians. Foreign affairs are more and more the concern of all Canadians, as expressed individually or through partners such as the provinces, the private sector, NGOs and other Canadian institutions.

Your report, and the Government's *Statement*, reflect the deeply-held values which Canadians want to see carried forward by Canada abroad. Canadians want an active and independent foreign policy. The Government's *Statement* notes, as did your report, the important changes that have occurred in the world, as well as the specific challenges and the opportunities facing Canada. The Government agrees that it must be selective in its interventions. For this reason, and given fiscal constraints, the Government will address its foreign policy objectives through reallocation of resources. In light of these factors, the Government has decided to focus Canada's foreign policy on three key objectives: **promoting prosperity and employment; protecting our security, within a stable global framework; and projecting Canadian values and culture.**

Allow us to elaborate on these objectives in the order laid out in your report.

On **security**, the Government embraces the need to adopt a broader concept of security encompassing both military and non-military factors. Serious threats to collective, shared security over the longer term derive from global environmental, demographic, migration, ethnic, health, and development trends. The Department of Foreign Affairs and International Trade will establish an office dedicated to the management of global issues, reporting to an assistant deputy minister, to bring greater coherence to Canada's policies relevant to the broad non-military global security agenda.

As announced in the Defence White Paper, peacekeeping will be a primary international contribution of the re-balanced Canadian Armed Forces. Canada will support reform of the UN and the UN Security Council (the Committee has made helpful suggestions in this regard) and will seek membership on the Security Council for the 1999-2000 term. Canada will remain active in NORAD, NATO and the OSCE and in the security dialogue affecting Latin America, the Asia-Pacific, and Africa. Further details are provided in the *Statement*.

On **trade policy**, the Government will continue to build a multilateral trading system based on rules and not power relationships. The Government will pursue unfinished business from the Uruguay Round. As suggested by the Committee, it will pursue appropriate linkages between trade policy and issues such as human rights, the environment, and labour standards. In some cases, these can be engaged directly at the WTO; in other cases, further study and consensus-building is required at the OECD or in other institutions such as the ILO.

The Government will vigorously defend our trading interests vis-à-vis the United States. It will, as suggested by the Committee, seek to multilateralize relations where possible, for example, through expansion of the NAFTA and by encouraging work now underway on a Free Trade Agreement of the Americas (FTAA). The Government will seek agreement on trade remedy laws through the NAFTA Working Groups on Subsidies/Countervail and Antidumping. Furthermore, the Government will explore the creation of a NAFTA-EU Free Trade Agreement, as announced by the Prime Minister in France shortly after the tabling of the Committee's report, and supports APEC's call for free trade in the Asia-Pacific region by 2020.

The Government will continue with its Trade Team Canada approaches used in Asia last year and in Latin America earlier this year.

The Government will lead Halifax Economic Summit discussions this June on the reform of institutions of global economic governance, including the International Financial Institutions (IFIs), and will push for a long-term approach to their positive evolution. To increase transparency and accountability, the Government intends to prepare annual reports on Canada's participation in all multilateral development banks (building on the current practice of submitting reports on the Bretton Woods institutions and the EBRD) and will make available to Parliamentary Committees briefings by Ministers and officials.

On **international business development**, the Government has carefully reviewed the proposal to establish a joint public-private consortium. It has concluded, however, that the valuable links between the Trade Commissioner Service and the remainder of the Department of Foreign Affairs and International Trade outweigh the benefits which might arise from a public-private consortium centred on the Trade Commissioner Service. Nevertheless, as the *Statement* attests, the Government will extensively reform its international business development approaches in the spirit of the Committee's recommendations. Furthermore, as suggested by the Committee, and as the *Statement* makes clear, the Government will pay greater attention to emerging markets in Asia-Pacific and in the Americas and will concentrate financial support on Small and Medium-sized Enterprises. Marketing Canada's cultural and educational products will be an integral part of its strategy. The Government will also work with the provinces and the private sector to reinforce the international orientation of Canadian business.

On the **environment and sustainable development**, the Government will maintain an active approach in line with the commitments made at the Earth Summit in Rio. In addition to existing priorities (internationally agreed rules on high seas fishing; internationally agreed rules on sustainable management of forests; trade rules that support sustainable development; the North American environmental agenda, including transboundary issues and implementation of the North American Agreement on Environmental Cooperation; slowing global climate change; implementing the Environmental Industries Strategy; applying environmental assessment guidelines), the Government will accord greater priority to circumpolar cooperation and reform of international institutions addressing sustainable development. The Government will seek ratification of the UN Convention III on the Law of the Sea once it has reviewed domestic legislation to ensure its conformity with the provisions of the Convention.

On **development assistance**, the Government agrees with the need for improvements in each of the areas identified by the Committee. The Government has responded with concrete steps to clarify the mandate and program priorities for Official Development Assistance. In addition, it will strengthen development partnerships, improve effectiveness, and better report results to Canadians. These measures will be directed at strengthening the sense of purpose, the effectiveness, and the accountability of the program.

The Government believes that the measures we have put in place to ensure a clear mandate and stable goals for ODA, to strengthen accountability and to provide a stronger role for Parliament, make a legislative mandate to guide ODA unnecessary.

In keeping with the three key objectives for foreign policy, the Government believes that the purpose of Canada's ODA should be to support sustainable development in developing countries in order to reduce poverty and to contribute to a more secure, equitable and prosperous world. This statement of purpose allows the ODA program to play an important role in addressing the broader security agenda, while restating our basic commitment to poverty alleviation and economic and social justice (the three are, of course, inter-related as the Committee has pointed out).

Canada's ODA will concentrate on the following six program areas and involve activities at the local, institutional, and policy level: basic human needs (its share to increase to 25% of ODA as suggested by the Committee); women in development; infrastructure services; human rights, democracy, and good governance; private sector development; and the environment. The Government is committed to making progress towards the 0.7% ODA/GNP target when Canada's fiscal situation permits but, given current fiscal realities, it must be stressed that all Government programs are being reviewed, and Canada's ODA program is no exception.

The Government congratulates the Committee for its ground-breaking work concerning the projection of Canadian **culture and learning** abroad and agrees with the stress placed on the importance of culture and learning. The Committee's detailed recommendations, and the studies prepared for it will serve as valuable points of reference for the Government as it works with interested provinces and others to advance Canadian objectives in this area.

In this regard, Québec's and New Brunswick's special positions within la Francophonie are assets for Canadian foreign policy. Canadians told the Committee they want their governments to work together to promote the creative talent and learning of Canadians abroad. The Government agrees.

Respect for **human rights** has been and remains a priority area of concern and action for Canadians. From the drafting of the Universal Declaration of Human Rights to that of the recently concluded Convention on the Rights of the Child, Canada has been in the vanguard of those fighting to uphold human freedoms and dignity.

The Government reaffirms its commitment towards the International Centre for Human Rights and Democratic Development. This Centre will continue to play an important role in the advancement of Canadian objectives.

The Government regards respect for human rights not only as a fundamental value, but also as a crucial element in the development of democratic societies at peace with each other. The essential challenge is to decide how we can best influence other governments to respect basic human rights. Our ultimate aim is not to punish countries and innocent populations whose

governments abuse human rights but rather to change behaviour and to induce governments to respect their peoples' rights. Responses to specific situations require careful balancing of many considerations, above all the effectiveness of the means of influence at our disposal.

Canadian efforts to support human rights will rely on a variety of means, including dialogue and co-ordinated efforts through multilateral fora.

Development assistance is a constructive way to address human rights, democracy and governance issues. Canada will continue to work with a broad range of partners, including governments, NGOs, and multilateral organizations to promote our objectives. Assistance will support such activities as peace and reconciliation initiatives, human rights education, widening access to legal remedies, strengthening legislatures and judicial systems and increasing the capacity of organizations and other representatives of civil society to participate fully and effectively in decision-making in their countries.

High profile aid and trade measures may play a role in responding to gross, systematic, and persistent violations of internationally agreed human rights standards. Canadian assistance, for example, must not reward or give the impression of rewarding such government behaviour. This can be done in a number of ways, as the Committee has suggested. The Government will consider its actions on a case-by-case basis. In addition, trade in sensitive goods, such as military exports, must not be allowed to bolster repression. Canadian leadership in this area is demonstrated by our controls on the export of military goods, which are among the most restrictive of Western countries. These controls deny export permits when, among other reasons, the goods are destined to a country where they may be used to abuse human rights or where there are actual or imminent hostilities.

Punitive bilateral action in isolation from other countries, however, usually presents the least effective means of achieving results. In the case of trade, it may hurt Canada more than it will change the behaviour of offending governments. Multilateral action, based on international standards and procedures, afford both legitimacy and increased leverage. In this connection, it is only very rarely the case that promoting human rights and pursuing trade are mutually exclusive objectives. Indeed, trade and growing economic prosperity often nurture a more open society. Experience points to the effectiveness of exposing closed countries to the international community and its values in terms of increasing pressure for the respect of human rights. Nevertheless, in extreme cases and where deemed effective, multilaterally-agreed trade sanctions may play a role in applying pressure to change egregious behaviour, as was the case in South Africa. Canada is prepared to work hard on consensus multilateral approaches.

Canada will continue to lead on human rights issues at the UN, the OSCE, Commonwealth, la Francophonie, and the OAS. These fora often provide the most effective means for influencing governments. At the IFIs and in various aid donor groups, Canada will also emphasize the need to consider a recipient's commitment to good governance. In particular,

Canada will seek concerted action with others to influence governments which spend large sums on arms rather than on education and housing for their people.

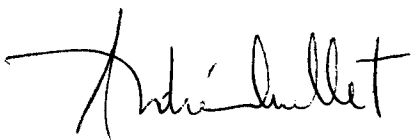
This review of foreign policy does not represent an end. Rather, it is the beginning of an on-going process.

In the future, the Government will conduct annually a National Forum on Canada's International Relations, keeping in mind the helpful suggestions that the Committee has made. Based on the model of its regular consultations with the business community through the ITAC and SAGIT processes and with partners in the NGO/human rights community, the Government will expand and institutionalize this process by establishing a series of active consultations with other groups and individuals interested in the international dimensions of economic relations, development and political affairs. The Government has also decided to create a mechanism within the Department of Foreign Affairs and International Trade to stimulate public consultations and research on foreign policy issues.

The Government will continue to consult Parliament regularly, through special debates and other means, when major foreign policy issues arise, and for advice in updating the directions of our foreign policy. The Government looks to the relevant Standing Committees to open channels of public consultation. In keeping with the Committee's suggestion, we would be pleased to schedule informal consultations between ourselves and the relevant Parliamentary Committees.

In closing, we would like again to thank the members of the Special Joint Committee for their exceptional contribution to the development of our foreign policy and in helping to ensure that this policy is one which Canadians can be proud of.

Yours sincerely,



Honourable André Ouellet  
Minister of Foreign Affairs



Honourable Roy MacLaren  
Minister for International Trade

c.c. Members of the Special Joint Committee reviewing Canadian Foreign Policy

Attachments (a/ Government Response to the Recommendations of the Special Joint Committee reviewing Canadian Foreign Policy b/*Foreign Policy Statement*)

# **Government Response to the Recommendations of the Special Joint Parliamentary Committee reviewing Canadian Foreign Policy**

The following document contains the Government's response to each recommendation of the Report of the Special Joint Parliamentary Committee reviewing Canadian Foreign Policy, entitled *Canada's Foreign Policy: Principles and Priorities for the Future*.

In the Committee's report, the recommendations were not separated from the text nor were they numbered. In this document, they have been numbered in the order in which they appear in the Committee's report, with the aim of ensuring that the response is comprehensive.



## **LIST OF ACRONYMS**

ABM -	Anti-ballistic missile
AEPS -	Arctic Environmental Protection Strategy
APEC -	Asia-Pacific Economic Cooperation
ARF -	ASEAN Regional Forum
ASEAN -	Association of Southeast Asian Nations
CANARIE -	Canadian Network for the Advancement of Research, Industry and Education
CCW -	Convention on Chemical Weapons
CEE -	Central and Eastern Europe
CFSI -	Canadian Foreign Service Institute
CHS -	Committee on Hemispheric Security
CIDA -	Canadian International Development Agency
CJTF's -	Combined Joint Task Forces
CSCE -	Conference on Security and Cooperation in Europe
CTBT -	Comprehensive Test Ban Treaty
DFAIT -	Department of Foreign Affairs and International Trade, Canada
DTA's -	Double Taxation Agreements
EBRD -	European Bank for Reconstruction and Development
EDC -	Export Development Corporation
FEARO -	Federal Environmental Assessment Review Office (now called the Canadian Environmental Assessment Agency - CEAA)
FIPA's -	Foreign Investment Protection Agreements
FITT -	Forum for International Trade Training
FSU -	Former Soviet Union
FTA -	Free Trade Agreement
FTAA -	Free Trade Area of the Americas
GATT -	General Agreement on Tariffs and Trade
GNP -	Gross National Product
GPT -	General Preferential Tariff
IDRC -	International Development Research Centre
IFI's -	International Financial Institutions
ILO -	International Labour Organization
IMF -	International Monetary Fund
ISO -	International Organization for Standardization

ITAC - International Trade Advisory Committee  
 ITBP - International Trade Business Plan  
 IWGF - Intergovernmental Working Group on Forests

NAAEO - North American Agreement on Environmental Cooperation  
 NAFO - Northwest Atlantic Fisheries Organization  
 NAFTA - North American Free Trade Agreement  
 NATO - North Atlantic Treaty Organization  
 NGO's - Non-governmental Organizations  
 NORAD - North American Aerospace Defence Command  
 NPT - Non-Proliferation Treaty

OAS - Organization of American States  
 OAU - Organization of African Unity  
 ODA - Official Development Assistance  
 ODIHR - Office for Democratic Institutions and Human Rights  
 OECD - Organization for Economic Cooperation and Development  
 OSCE - Organization for Security and Cooperation in Europe (formerly the CSCE)

RCI - Radio Canada International

SAGIT - Sectoral Advisory Group on International Trade  
 SILIC's - Severely-indebted low-income countries  
 SME's - Small and medium-sized enterprises

UNCED - United Nations Conference on Environment and Development  
 UNCLOS III - United Nations Convention on the Law of the Sea III  
 UNCTAD - United Nations Conference on Trade and Development  
 UNEP - United Nations Environmental Program

WEU - Western European Union  
 WTO - World Trade Organization

# **Chapter 1**

## **Rethinking the Foreign Policy Agenda**

- 1.1 We should like to emphasize the need to ensure that the resources for the instruments of foreign policy, including the foreign service, be appropriately allocated and commensurate with the objectives of foreign policy that will emerge from this report.**

**Response**

*The Government agrees that the resources at its disposal for pursuing Canada's objectives internationally must reflect the importance of the issues at stake. However, it is also necessary to operate within the confines of the diminishing financial resources available in current circumstances. The central objective of the Program Review now under way is to match resources with priorities in a situation that demands both restraint and innovation.*

*The Foreign Policy Review process is dedicated to ensuring effective pursuit of Canada's central objectives in a rapidly evolving international environment, at a time when the resources available to Government are limited.*

*The Government will keep its foreign operations under constant review to ensure that they stress our engagement in areas of long-term importance, and also that domestic and international policies are managed so as to maintain our capacity for effectively influencing world affairs and responding to change in the international environment. The Government will adjust the allocation of available resources in accordance with evolving policy priorities, and will focus these on its three central foreign policy objectives:*

- *promoting prosperity and employment;*
- *protecting our security, within a stable global framework; and*
- *projecting Canadian values and culture.*

## **Chapter 2**

# **Strengthening Shared Security**

- 2.1 The Committee is convinced of the need to adopt a broader concept of security, encompassing both military and non-military factors. The Committee further recommends that this concept be reflected both in the establishment of a high-level government mechanism, such as a Cabinet committee, and in a restructuring of the relevant Standing Committees of Parliament, in order to ensure that the various elements of security are addressed in an integrated manner.**

**Response**

*The Government agrees on the need to adopt a broader concept of security. In addition to taking into account traditional military threats, security policy must include recognition of threats to stability, democracy and sustainable development as well as the threats posed by such factors as environmental degradation, overpopulation, involuntary population movements and organized international crime.*

*The Department of Foreign Affairs and International Trade (DFAIT) will establish a senior-level office for global issues, reporting to an assistant deputy minister. This office will be designed specifically to help bring greater coherence to the Government's capacity for addressing internationally such issues as the global environment, population growth, international migration (including refugee issues), international crime, human rights, democratization, preventive diplomacy and post-conflict peacebuilding.*

*The Government will encourage the relevant Standing Committees of Parliament to address effectively the entire spectrum of security issues.*

**2.2 The Committee believes that steps should be taken without delay to enlarge the Security Council to make it more representative, and that the Council should adopt more transparent methods of work that would facilitate communication between Council members and countries that are not on the Council but have specific interests or concerns to express.**

**Response**

*The Government agrees with and has given vigorous support to reform of the Security Council so that it functions with optimum cohesion, effectiveness and credibility. A number of improvements have already been made and the Council is operating more effectively today than in most earlier periods. However, more can be done to improve existing procedures without enlarging the Security Council, a step that would require reform of the Charter of the United Nations (UN).*

*In particular, Canada is working with other like-minded member states to ensure:*

- 1) that there is greater consultation between Council members and those non-members who have a particular interest in issues considered by the Council; and*
- 2) that relevant regional players participate in Council debates.*

*Canada has been instrumental in expanding Security Council deliberations on peacekeeping operations to include consultations on a continuing basis with countries that contribute troops.*

*Canada is seeking a seat on the Security Council for the 1999–2000 term in order to play an important role in guiding the UN into the next millennium. Should Council membership reform become a viable option, the Canadian objective will be to ensure that the reform increases the opportunity for Canada to have a seat at the table.*

**2.3 The Committee favours the establishment of clear and consistent criteria for UN intervention, and a closer integration of political, economic and military measures at each step of any UN peace operation, with the emphasis on prevention. It also favours strengthening the capability of the Secretariat to provide early warning and to co-ordinate the national force contributions and other participants in peace operations. At the same time, it would welcome the decentralization of peace operations regionally where possible, so that if the Security Council decided that intervention was necessary, it could authorize a regional organization to undertake a specific operation under UN auspices.**

### **Response**

*The Government agrees. Canada is committed to reforming the UN system in a way that will permit the organization to respond more effectively to emerging threats to peace. Until now effective UN action has been constrained. There has been little consensus on the basis for timely intervention; indeed, the UN has been called on to respond to diverse situations, and that diversity underscores the difficulty of identifying hard and fast criteria. Nevertheless, the Government recognizes the need to work with our UN partners in developing workable principles that will guide UN action. The Government set out similar considerations in the 1994 Defence White Paper.*

*A second problem for the UN has been that once the decision to intervene has been taken, the means for implementing UN objectives have only rarely been readily available. Of particular concern is the need for prompt deployment of suitable forces at the outset of a mission as well as the need for adequate numbers of properly equipped forces in theatre, as the mandate of UN missions changes. In addition, the UN continues to suffer from the lack of adequate and readily available financial resources.*

*The Government believes that all of these problems require prompt attention. We are advancing proposals to provide the UN with financial resources that do not depend on contributions from member governments.*

*In April 1994, Canada organized a brainstorming session for senior UN officials and representatives of the major troop-contributing countries to sketch out further ways of improving the planning, preparation and conduct of UN peacekeeping operations. As announced by the Minister of Foreign Affairs at the United Nations General Assembly in 1994, Canada is now leading a major study of options for enhancing the UN's rapid-reaction capability. The study will be tabled at the General Assembly in the fall of 1995.*

*The Government also agrees fully on the need for greater efforts on early warning and, especially, prevention. The international community must be able to anticipate conflict if it is not always to be condemned to coping with its consequences. We must find innovative ways of providing early warning and then heading off crises. In this regard, Canada has submitted*



*to the Secretary General a list of eminent Canadians available for preventive diplomacy missions.*

*The Government agrees on the important role that regional organizations can play in a security system under UN auspices. Canada supports the efforts of the UN Secretary General in encouraging regional organizations such as the Organization for Security and Co-operation in Europe (OSCE, formerly the CSCE), the Organization of American States (OAS) and the Organization of African Unity (OAU) to accept more of the international peacekeeping burden under the rules established by the United Nations.*

**2.4 The Committee believes that the primary international role of the Canadian Forces should be to support peacekeeping operations, but it recommends a more selective approach to Canadian involvement, based on an evaluation of the Canadian interests engaged and on criteria which would emphasize those capabilities and skills, both military and civilian, at which Canadians excel. Training for UN peacekeeping operations should become a major thrust of Canadian policy.**

### **Response**

*The Government is committed to the active continued and effective engagement of the Canadian Forces in international peacekeeping operations. Recent experiences show that only adequately armed and equipped peacekeeping forces, trained and prepared for combat, can successfully respond to threats, armed attacks and other dangerous situations that can arise. The Government intends to provide the armed forces with what they require to fulfil their peacekeeping function.*

*The Government agrees, however, that Canada cannot be everywhere and do everything; it intends to be selective in its peacekeeping involvement. In the Defence White Paper, the Government set out various factors that will be taken into account in considering the deployment of Canadian resources on multilateral operations to support peace and stability. As the Committee recommends, the Canadian contribution will stress those capabilities at which we excel. Canada will continue to contribute mine-clearing skills and other forms of expertise to assist in post-conflict peacebuilding. Canadian expertise will continue to be offered in the planning and preparation of peacekeeping operations and in the logistic support for them, even in circumstances when Canadian troops might not be available to participate in the peacekeeping contingent itself.*

*Our extensive experience in peacekeeping and related operations strongly suggests that personnel deployed on such missions require a combination of different skills. Basic combat training is essential but it must be supplemented with knowledge of the country of operations, its people and their culture. This combination of skills has always been required, but contemporary peacekeeping operations require personnel that have a wider and deeper base of knowledge than ever before. That is why the Government is committing significant resources to establish the Lester B. Pearson Peacekeeping Centre at former Canadian Forces Base Cornwallis, in Nova Scotia. The Centre will offer relevant courses to peacekeepers from all nations and will conduct research in support of international peacekeeping. It will ensure that Canadian expertise, derived from 40 years of practical experience, will be available to future peacekeepers.*

*It is also clear that support for democratic structures, functioning legal systems and free media can maintain peace when social systems are under pressure. Mediation and effective*

*policing can do the same if normal structures give way. Similarly there are enormous challenges for civilian intervention when peace is restored after conflict.*

*That is why the Government is committed to ensuring that its own resources for peace are allocated to a range of objectives, and why it is encouraging a more diversified approach to peace operations in the UN. The participation of the RCMP in restoring peace and democracy in Haiti is a key instance of this determination, as is the role of Canadian electoral observers there, in South Africa and elsewhere. The Government has also provided the UN with a roster of Canadian experts for civilian roles in UN operations, and it is encouraging the Cornwallis training centre to incorporate into its programs specific human rights training components for both military and civilians.*

**2.5 The Committee considers that Canada should remain an active member of NATO. At the same time, we should encourage NATO to continue moving to a collective security role for the whole of Europe, in co-operation with the Partnership for Peace participants. In keeping with this approach, Canada should encourage a closer working relationship between NATO and the UN, and should restructure its assigned forces, in consultation with its allies, to better support NATO peacekeeping operations under UN or OSCE auspices. It should also urge the OSCE to strengthen further those of its institutions that deal with conflict prevention and resolution, and the procedures that pertain to them, so as to enable them to take more timely and effective action.**

### **Response**

*The Government agrees. Canada is committed to remaining an active member of NATO and working within the Alliance to ensure that it can meet the challenges of today and tomorrow, not those of the past. The disappearance of the Soviet bloc removes a central preoccupation for the Alliance. It does not, however, eliminate the value of collective defence co-operation between the countries of the Atlantic Community, particularly in a world characterized by instability and uncertainty.*

*Moreover, a new generation of problems threatens the security of Europe. Ethnic and other social tensions exist in many parts of Central and Eastern Europe (CEE) and the former Soviet Union (FSU). The process of political and economic reform is an arduous one and its outcome uncertain. The military arsenal of the former Soviet Union is only gradually being destroyed, and the need to maintain legitimate control over it is a growing source of concern.*

*All these problems could have serious implications for our own security, and the Government believes that NATO can and must evolve to help address these challenges. The Alliance has the diplomatic weight, technical expertise and military capabilities that could be applied to assist in providing a greater sense of security to all European states. Extending the vocation of the Alliance in this manner without creating new divisions in Europe will undoubtedly be a challenge, but we must pursue every feasible opportunity.*

*The Government believes that if NATO is to succeed in playing this new role, we must ensure that transparency, co-operation and coherence exist between the Alliance and other European institutions, such as the OSCE and the Western European Union (WEU). In the same vein, NATO must ensure that its role is consonant with the emergence of a broader international security regime that would be developed under the auspices of the UN.*

*Canada's engagement with NATO must be seen within this evolving context. Canada has been one of the strongest proponents of the Partnership for Peace program — a first step toward the eventual expansion of the Alliance — as part of a foundation for a broader European collective security system that includes Russia and the other members of the FSU.*

*Canada also strongly supports a special dialogue on future European security structures with the Russian Federation to ensure that its security concerns are reflected in NATO's evolution.*

*The Government also agrees that NATO, the OSCE and the UN must develop a better capacity for working together to manage the whole spectrum of challenges to stability in Europe. Canada strongly supports the NATO concept of Combined Joint Task Forces (CJTFs) as an effective and less expensive means of organizing Alliance defence and making NATO resources available for peacekeeping and other operations in addition to its existing mandate. Canada will continue pressing to ensure that established NATO command, logistics, and other military and organizational assets are available to assist the UN and the OSCE in the planning, preparation and conduct of peacekeeping and other humanitarian missions.*

*In this context, the Government also agrees on the importance of strengthening the OSCE's capacity for resolving and preventing conflict. At the Budapest OSCE Review Conference in December, Canada worked hard to improve the operation of the OSCE Conflict Prevention Centre. With other countries, Canada is working actively to establish an OSCE peacekeeping capability, and it is ready to share Canadian peacekeeping expertise with the OSCE Secretariat in Vienna in order to assist in planning for a proposed OSCE peacekeeping operation in Nagorno-Karabakh. Canada strongly supports the work of the OSCE High Commissioner on National Minorities and the OSCE Office for Democratic Institutions and Human Rights (ODIHR). Canada is also calling for new areas of intervention for the OSCE, particularly including the monitoring of communications media to help prevent these from becoming propaganda instruments that contribute to instability and conflict.*

**2.6 The Committee recommends that Canada be prepared to renew the NORAD agreement, but should press for a further shift of emphasis from air defence to global space surveillance. Canada should require prior consultations on any move to abrogate the Anti-Ballistic Missile (ABM) Treaty or to place weapons in space.**

**Response**

*The Government agrees with the Committee that Canada negotiate a further renewal of the NORAD agreement, taking into account changes in the threat to North America, new technologies and future challenges.*

*Canada will continue to oppose abrogation or weakening of the 1972 Anti-Ballistic Missile (ABM) Treaty and the deployment of weapons in space. Canada welcomes the decision of the U.S. Government to adhere to the strict interpretation of the ABM Treaty. The Government has followed with interest the evolution of U.S. defence policy and strategy in recent years toward an emphasis on ground- and sea-based theatre missile defence systems.*

*For now, Canada is interested in gaining a better understanding of missile defence through research and in consultation with like-minded countries. In the future, Canada's potential role in ballistic missile defence will be determined not in isolation but in conjunction with the evolution of North American and possible NATO-wide aerospace defence arrangements. Canadian involvement in ballistic missile defence would also have to be cost-effective and affordable, make an unambiguous contribution to Canada's defence needs, and build on missions the Forces already perform, such as surveillance and communications.*

*Canada will continue to engage the United States in discussion of these issues, both within and outside the NORAD context.*

**2.7 The Committee welcomes the efforts of Organization of American States (OAS) members to increase their co-operation on security matters within the broader UN framework. It supports Canada's initiative to create a special OAS committee to discuss security issues.**

**Response**

*The Government agrees. The Government is deeply committed to building a new relationship with other states in this hemisphere, a relationship that underlines Canada's role as a full partner. That commitment extends to common efforts to ensure peace in the region through the application of UN-sanctioned principles. The OAS Special Committee on Hemispheric Security (CHS) was proposed by Canada and meets at OAS headquarters in Washington. Canada co-sponsored and participated in an OAS experts meeting on confidence- and security-building measures; held in Buenos Aires in March 1994, this was the first such meeting in the Western Hemisphere. Canada looks forward to the follow-up Regional Conference to be held in Santiago later this year.*

*Canada is promoting a broader concept of co-operative security within the OAS, taking into account a diverse range of security challenges ranging from internal conflict and narco-terrorism to pollution and environmental degradation. Within the CHS, Canada is working to enhance OAS co-operation with the UN. In addition, Canada is working to build support for the development of a regional register of conventional arms transfers and military expenditures, and support for conflict prevention and resolution mechanisms. At the initiative of Canada, the CHS is also examining the effects of the indiscriminate use of land mines in certain parts of the hemisphere. Canada is pressing for a CHS review of the Inter-American Defence Board to improve that body's functioning, transparency and financial accountability. Canada supports strengthening the CHS by making it a Permanent Committee of the OAS, with a regular and focused work program; this will further contribute to OAS efforts to build security, promote democratic institutions, and enhance respect for human rights and the rule of law within the hemisphere.*

*As a follow-up to the decisions taken at the recent Miami Summit of the Americas, the OAS will also conduct work on democratic development and good governance.*

**2.8 The Committee considers that Canada should support initiatives such as the Association of South-East Asian Nations (ASEAN) regional forum to develop a co-operative security dialogue in the region, with a view to working gradually toward regional security arrangements. As a Pacific country, Canada should play an active role in these developments, should demonstrate that it has security interests to protect in the Pacific, and should provide a more visible naval presence there.**

**Response**

*The Government agrees with the Committee and has taken and will continue to take measures to demonstrate our commitment to the creation of an inclusive, co-operative security dialogue in the Pacific. Canada has been instrumental in promoting the concept of Asian-Pacific regional security dialogue. Canada has championed the development of a regional dialogue concept that became the ASEAN Regional Forum (ARF). It is pressing forward the work of ARF now that the body has been established. Canada prepared discussion papers on non-proliferation and conflict prevention for the inaugural meeting of the Forum in the summer of 1994, and it is preparing additional expert papers on these and other issues at the request of the Forum. Canada is also helping to organize an ARF peacekeeping workshop planned for March 1995.*

*As indicated in the Defence White Paper, the Government intends to maintain a visible naval presence in the Pacific. HMCS Vancouver visited Japan and the Republic of Korea in 1994, and Canada is planning to send two ships to the ASEAN region in the summer of 1995.*



**2.9 It is the Committee's view that Canada should do everything possible, in co-operation with like-minded countries, to expand adherence to the Non-Proliferation Treaty (NPT) and to reinforce the NPT regime, to support indefinite extension of the Treaty, to press for further major reductions in the arsenals of the nuclear powers and to continue the campaign for a total nuclear test ban. Canada should press for universal reporting to the UN Register of Conventional Arms, and should improve and expand the Register to include domestic procurement. It should also advocate the prohibition of weapons sales to countries which do not report to the Register, as recommended by the Canadian Committee for the 50th Anniversary of the UN. Special efforts should be made to control the production and the import and export of land mines.**

### **Response**

*The Government agrees with the Committee concerning the Nuclear Non-Proliferation Treaty. Nuclear proliferation continues to be a grave threat to international security. The NPT is the world community's instrument for containing the danger; universal adherence to its provisions is critical to our security. However, indefinite extension is being made difficult by the perception of some states that the Comprehensive Test Ban Treaty (CTBT) negotiations are not proceeding fast enough. Other issues that some states have linked with their extension decision include the development of legally enforceable assurances not to use or threaten to use nuclear weapons (called negative security guarantees) and an early start to negotiations on a convention to halt the production of fissile material for explosive purposes (a "cutoff" convention). Many parties to the NPT consider that the treaty is discriminatory and that its indefinite extension would perpetuate a perceived inequality between states possessing nuclear arms and those without such weapons.*

*The NPT regime will therefore face difficult challenges in the future even as the Treaty's importance grows in a world moving away from the control of nuclear superpowers. Canada will continue to do everything possible to encourage universal adherence to and indefinite extension of the NPT. Canada is actively engaged with both nuclear weapons states and non-weapons states to build consensus for an indefinite extension of the Treaty. We are preparing for joint efforts with like-minded states, such as South Africa and Japan, to encourage moderate and pragmatic consideration of the NPT question. Canada's special relationship with Ukraine supported the successful international efforts to convince that country to accede to the NPT.*

*We are working hard to achieve a lasting and verifiable comprehensive nuclear test ban, and are leading international efforts to begin negotiations on a cutoff of the production of fissile material for weapons purposes; for example, Canada hosted an international cutoff seminar in January 1995. The Government also agrees on the danger posed by the proliferation of conventional arms, and is currently studying ways in which this issue can be addressed effectively by the international community.*

*Canada was one of the first to advocate the UN Arms Register, and strongly supports it. We continue to report domestic military production. In 1994 we led the fight to include domestic production and to make additional improvements to the Register. Canada will continue to encourage universal voluntary reporting to the Register; we believe that, over time, the success of the Register as a confidence-building measure will encourage wider participation. In pursuing multilateral efforts to ensure universal adherence, Canada will keep under review the effectiveness of advocating the prohibition of arms exports to non-reporting states and other efforts to force reluctant states to provide information to the Register.*

*The Government agrees on the importance of controlling the spread and use of land mines. Canada has not exported any antipersonnel land mines since 1987, and is working to strengthen the UN Convention on Certain Conventional Weapons (CCW), particularly Protocol II on the use of land mines, in preparation for the Review Conference in October 1995. Canada is studying ways of broadening the scope of the CCW to cover internal conflicts (where most antipersonnel land mines are used) and to provide a verification regime that would further enhance the effectiveness of the Convention. Canada is also working with other interested countries to establish additional effective international controls on the transfer and use of land mines.*

**2.10 The Committee believes that Canada's continued contribution to international security is essential, both for Canada's interest and for Canada's reputation as a respected member of the international community. The Committee recommends that consideration be given to a more specialized configuration for the Canadian Forces, to better support peacekeeping operations. The Committee cautions, however, against undue fine-tuning of Canadian Forces capabilities.**

**Response**

*The Government agrees with the Committee that Canada can and must continue to contribute to international security in a manner commensurate with our stature and resources. As outlined in the Defence White Paper, the Government is committed to increasing the number of Canadian Forces personnel available for international peacekeeping operations. Beyond this, to help ensure that all available expertise is fully used, the Government is helping to establish an international peacekeeping training centre at Cornwallis, Nova Scotia. At the same time, the Government is convinced that only multi-purpose combat-capable forces can form the solid base necessary for successful peacekeeping, and it will guard against undue fine-tuning of Canadian Forces capabilities, as the Committee advises.*

## **Chapter 3**

# **Building Shared Prosperity**

**3.1 The Committee recommends that the federal government, in consultation with the provinces, and taking their views into account, seek an efficient way to devolve some responsibilities for trade promotion to a more arm's-length and preferably joint public-private consortium, which would offer businesses, particularly small and medium-sized enterprises, access to real-time market intelligence and marketing strategies. Such a body should give special attention to the difficulty of opening new markets; more funds should be allocated when the market is distant and when it requires the knowledge of difficult foreign languages or unfamiliar societies. User fees might be charged on the basis of ability to pay. While traditional markets should be maintained, greater efforts should be deployed to seek out new markets aggressively.**

**Response**

*The Government agrees with the need to further the involvement of the provinces and the private sector in Canadian international business development, to provide business with access to real-time market intelligence and marketing strategies, and to shift resources to emerging markets.*

*In keeping with these objectives, the Government intends to:*

- *pursue efforts to rationalize international business development activities via the "Trade Team Canada" approach, which would seek to increase synergy and reduce duplication among different jurisdictions and private-sector institutions;*
- *merge DFAIT's business development programs to focus on small and medium-sized enterprises (SMEs) and to provide more flexibility for shifting resources to emerging and challenging markets (as a first step, some of Canada's international business development resources have already been shifted to emerging markets such as Asia and Latin America, and additional re-allocation of resources is planned);*
- *ensure greater provincial and private-sector involvement in the development and priority setting of the annual International Trade Business Plan (ITBP);*
- *convert the ITBP into a strategic, resource-allocating tool;*
- *provide training for Trade Commissioners in improved techniques of market intelligence and information gathering and delivery, along with other professional courses to improve standards of client service; and*

*provide more client access to and departmental use of technology; for example, an electronic bulletin board has been developed by DFAIT and representatives from the private sector.*

*The Government has carefully reviewed the proposal to establish an arm's-length agency for pursuing Canada's international business development aims. It agrees that its approach to business development must be as sensitive as possible to market demands. It will continue to ensure that all possibilities for private-sector involvement in the effort are actively pursued. It intends, however, to maintain the present structure in view of the valuable trade-political links stemming from the Trade Commissioner Service's integration within the Department of Foreign Affairs and International Trade, the increasing convergence of trade policy and international business development activities, and the importance of having a strong commercial/economic influence on Canada's foreign policy.*

*The Government believes that a fee for service should not be implemented at this time as it might act as a disincentive to first-time exporters. The Government is, however, examining other avenues for greater cost recovery and cost sharing with the private sector.*

**3.2 To strengthen Canada's position in the North American context, the Committee recommends that:**

**3.2A Canada should insist that the trilateral dispute-settlement process be fairly applied, and should continue to push aggressively for the successful completion of the negotiations on subsidies and antidumping codes in NAFTA by 1996, as originally foreseen, with the aim of adopting common rules to replace the current trade remedy laws of the NAFTA members;**

**3.2B if these negotiations are unsuccessful, the Canadian Government should review its options.**

**Response**

*The Government will ensure that the trilateral dispute-settlement process embodied in Chapter Twenty of the North American Free Trade Agreement (NAFTA) is applied fairly. This dispute settlement process represents a significant improvement over the earlier Canada-U.S. Free Trade Agreement (FTA) procedures. A consensus roster, the reverse panel selection process, scientific review boards and controls over excessive retaliation provide effective means for enforcing the rules of the agreement. The Government will also undertake to ensure that any improvements to the dispute settlement process are incorporated into future negotiations on Chilean accession to the NAFTA and into negotiations to meet the objective, recently set by hemispheric leaders, of establishing the Free Trade Area of the Americas (FTAA).*

*The Government agrees fully with the need to establish effective subsidy and anti-dumping disciplines between the NAFTA partners. On December 2, 1993, the Prime Minister announced that Canada, Mexico and the United States had agreed to seek solutions that reduce the possibility of disputes concerning the issues of subsidies, dumping and the operation of trade remedy laws regarding such practices. Pursuant to the trilateral agreement, two working groups have been set up: one for subsidies/countervail and the other for anti-dumping. The Government places a high priority on this process and will work hard for progress by December 1995 in reducing the possibility of disputes with the United States, and for sustained steady movement toward comprehensive reform thereafter.*

**3.2 To strengthen Canada's position in the North American context, the Committee recommends that:**

**3.2C the government should in addition make clear that the cultural exemption provision of NAFTA should not be interpreted in a way that may be prejudicial to the concerns of Canada's cultural communities.**

**Response**

*Fundamental to Canada's sense of purpose and identity is the continuing existence of a dynamic, unique space of our own in the North American cultural environment. Consequently, the preservation of the cultural industries exemption was a critical objective achieved by Canada during the NAFTA negotiations, as was the "grandfathering" of several existing measures of support.*

*NAFTA provides that any measures adopted or maintained with respect to cultural industries shall be governed exclusively in accordance with the FTA. We retain the right to maintain existing cultural support measures or to implement new ones. However, the FTA provides that the United States can retaliate with measures of "equivalent commercial effect" if Canada takes actions that would have been inconsistent with FTA obligations were it not for the cultural exemption clause. In practice, this provision provides scope for supporting cultural industries by implementing measures that not only are consistent with Canada's international obligations but also do not trigger the right under the exemption to take countermeasures.*

*It is important that domestic and international policies regarding the full range of Canadian interests be balanced, complementary and mutually reinforcing. Many Canadian companies compete successfully with U.S.-based and other foreign cultural businesses in domestic and international markets. The strong trend toward business alliances and co-productions has also helped Canadian firms. The Government must therefore balance all these considerations in choosing the appropriate policy instruments for protecting and promoting Canadian culture.*

*The Government is committed to the development and continued growth of Canada's cultural industries. The Government has already introduced a number of innovative measures that highlight its commitment to a dynamic cultural industries sector.*



**3.2 To strengthen Canada's position in the North American context, the Committee recommends that:**

**3.2D the government should also seek wider support in multilateral forums for generally accepted codes which would establish a better and fairer common law of trade in these areas.**

**Response**

*The Government agrees. Multilaterally, Canada has been one of the most active participants in the General Agreement on Tariffs and Trade (GATT), and the creation of the World Trade Organization (WTO) has been a priority for the Government. The Government intends to continue to pursue the development of comprehensive and precise rules regarding subsidies, dumping, and anti-dumping and countervailing duty procedures, and it will continue to take initiatives to ensure greater commonality and fairness in the trade remedy field.*

*International rule-making in this area will not come easily: entrenched special interest groups in major markets have been using trade remedies as their protectionist instrument of choice, and trade remedy practices have spread to many developing countries in recent years. The Government is addressing this challenge by implementing a multi-faceted strategy that emphasizes greater and wider coalition-building multilaterally between reform-minded countries, and intensified effort in the NAFTA context. This work at different levels and in different forums is naturally reinforcing and strengthens the rules-based multilateral system, which remains the bedrock of Canadian trade policy.*

*As regards culture, Canadian interests are fully protected through exemptions for cultural industries negotiated in the FTA, NAFTA and the GATT/WTO.*

**3.3 To enhance Canada's long-term trading position globally, the Committee recommends that:**

**3.3A the government should reaffirm the principle of a rules-based multilateral system as the preferred option for Canadian trade policy, should ensure that existing bilateral and regional trading arrangements are complementary to multilateral objectives, and should carefully consider the implications for present and future multilateral trading arrangements of entering into any new bilateral or regional negotiations.**

**Response**

*The Government agrees and strongly reaffirms that a rules-based multilateral system is the preferred option for Canadian trade policy. The Government has adopted Bill C-57 (An Act to Implement the Agreement Establishing the World Trade Organization), which reaffirms that such a system remains the cornerstone of Canadian trade policy. The Government will also continue to ensure that Canada's bilateral and regional trading arrangements are complementary to our multilateral objectives.*

*The GATT and the WTO establish an internationally agreed set of rules and procedures for the conduct of international trade. The NAFTA is fully consistent with GATT requirements for free trade, and further elaborates and adapts rules and procedures for the particular circumstances of our largest and most important trading relationship. The NAFTA complements our multilateral objectives by not raising barriers to other countries and by lowering barriers to trade in a number of areas not addressed by the GATT.*

*The Government believes that bilateral and regional arrangements can provide opportunities for addressing issues on which agreement has not yet been reached in multilateral forums. It is convinced that progress made in bilateral and regional agreements tends to stimulate further trade liberalization multilaterally. We have built bridges within North America through the FTA and the NAFTA. The Government is now building hemispheric links, starting with Chile's accession to the NAFTA and the initiation of work on establishing a Free Trade Area of the Americas (FTAA). The Government is also exploring strengthened trade and economic ties with the Pacific Rim and the European Union (EU).*

*Opportunities in the Asia-Pacific region are being pursued vigorously, and reflecting this commitment is the recent Jakarta Declaration, issued by the Asia-Pacific Economic Co-operation forum (APEC), to eliminate trade and investment barriers in the region within 25 years. Similarly, the Communiqué issued at the conclusion of the Summit of the Americas demonstrates Canada's commitment, shared with other countries in the hemisphere, to pursue liberalization of trade and investment throughout Latin America and the Caribbean.*

**3.3 To enhance Canada's long-term trading position globally, the Committee recommends that:**

**3.3B Canada should work with others to ensure that the new World Trade Organization (WTO) operates in a way that is genuinely universal and multilateral, with the widest possible membership consistent with generally accepted standards.**

**Response**

*The Government agrees and will continue to work to ensure that the WTO will operate in a way that is genuinely universal and multilateral, with the widest possible membership consistent with generally accepted standards. The Uruguay Round negotiations, carried out over seven and a half years, involved more than 100 different participants from around the globe. In all, 125 have now signed the resulting WTO Agreement and 81 ratified the Agreement by January 1, 1995 (including Canada), thereby becoming original members. It is expected that the remaining parties will carry out their ratification procedures during a transition period.*

*Moreover, Canada and other interested parties are working hard to enable key economies such as China, Taiwan and the Russian Federation, as well as some 20 others including Ukraine, to join the GATT/WTO as full members of the multilateral trading system. These economies will be subject to the same full range of rights and obligations as current members.*

**3.3 To enhance Canada's long-term trading position globally, the Committee recommends that:**

**3.3C Canada should urge that the WTO give early attention to such items as agricultural export subsidies, the environment and labour standards, and above all the general question of trade remedies, and the particular question of the worrisome proliferation of antidumping actions.**

**Response**

*The Government agrees that the WTO should give early priority to trade remedies and agricultural export subsidies. The Government strongly advocates increased international disciplines on the use of agricultural export subsidies, and has been pursuing initiatives intended to lead to a global ban on their use. Through the WTO, Canada will seek the support of all countries in working toward this goal.*

*The relationship between the environment and the trading system has already been the focus of discussion within the GATT, the Organization for Economic Co-operation and Development (OECD) and other organizations. Canada and its WTO trading partners agreed to create a WTO Committee on Trade and Environment to examine these issues further and to make recommendations as to whether modifications to multilateral trade rules are required.*

*With Canada's support, the International Labour Organization (ILO) and the OECD have embarked on an examination of the relationship between internationally recognized labour standards and the multilateral trading system. Given the complex and potentially divisive nature of the issues, the work in these forums will be developed further to ensure that it is introduced effectively in the WTO.*

*Canada is committed to ensuring that the WTO is able to control the growing recourse to trade remedy measures, including anti-dumping action. This is particularly important because in absolute terms and on a year-to-year basis, more anti-dumping investigations have been initiated. The rise is due to an increase in the number of countries that have enacted trade remedy laws, rather than greater resort to this form of protection by traditional users.*

*The Government's approach to the United States and the EU on trade remedies will continue to seek the primacy of law over unilateral action by encouraging adherence to an agreed set of rules and procedures for the conduct of trade that is improved over time.*

**3.3 To enhance Canada's long-term trading position globally, the Committee recommends that:**

**3.3D Canada should take advantage of opportunities in all forums to pursue the principle of broader rules-based trade liberalization.**

**3.8 The Committee recommends that the government, in preparing its approach to the question of reform of the Bretton Woods system in the run-up to the Halifax summit of the G-7, should develop a strategy, involving the World Trade Organization and the Organization for Economic Co-operation and Development (OECD) as well as the international financial institutions, designed to maintain a proactive Canadian role in working toward a rules-based global economy. This strategy should be tabled in Parliament and considered by the appropriate standing committees.**

**Response**

*The Government will continue to pursue the principle of broader rules-based trade liberalization in all forums in which Canada participates and which provide us with essential leverage, including the NAFTA, APEC, the OECD, the Group of Seven leading industrialized nations (G-7) and the Quadrilateral Trade Ministers Conference. In this regard, the June 1995 G-7 Economic Summit in Halifax, along with work undertaken by the Quadrilateral Trade Ministers before the Summit, provides an important opportunity to pursue further rules-based trade and investment liberalization. At the Halifax Summit, Canada will seek agreement that the key trading powers commit themselves to early consolidation of the WTO system and to accelerating the preparatory work required to identify the key future issues.*

*In the preparations for and during the Halifax Summit, Canada will also seek to co-ordinate activities and enhance co-operation between the major industrialized economies, with the aim of equipping the Bretton Woods system to meet the challenges of the 21st century. Setting "rules of the game" and building a rules-based global economy are crucial to Canada and integral parts of the reform process.*

*Ministers will brief members of the appropriate Standing Committees on prospects for the Halifax Summit, and will seek their views at an appropriate date.*

- 3.4 Given Canada's involvement in regional trade, the Committee recommends that Canada should follow a two-track policy of supporting the expansion of NAFTA through the accession of new members, and at the same time strengthening its political and economic presence in Latin America and developing trade relations with Mexico and with other selected trading partners.**

**Response**

*The Government agrees. The Prime Minister's recent visit to Latin America, accompanied by the Minister for International Trade and the Secretary of State (Latin America and Africa), underscores Canada's commitment to building closer relations with the region. Canada fully supports expanding NAFTA to countries or groups of countries willing and able to accept its obligations. As a result, at the conclusion of the Summit of the Americas, Canada, the United States and Mexico announced the start of the process that will lead to Chile's accession to NAFTA. Moreover, over time Canada seeks to extend NAFTA membership to include other hemispheric partners and will soon engage in preliminary discussions with other countries in this regard. NAFTA expansion, however, will be only one dimension of intensified relations with the region.*

*Canada's involvement with the states of the region continues to be cemented through our active participation in the Organization of American States (OAS) — in areas as diverse as human rights, democratic development, regional security, technical co-operation, narcotics control and, more recently, environmental issues. On many of these issues Canada is consistently looked to for leadership in the OAS, and is often considered a counterbalance in the equation between the United States and the rest of the region. In addition, our closer contacts with the countries of the hemisphere on a variety of foreign policy issues have facilitated valuable strategic alliances in other international forums, including the United Nations. Other important institutional and economic ties with Latin America include Canadian membership in the Inter-American Development Bank, Foreign Investment Protection Agreements (FIPAs) with Argentina and Uruguay, and Double Taxation Agreements (DTAs) with Brazil, Argentina and several Caribbean countries.*

- 3.5 We recommend that the government pursue trade opportunities actively in the Asia-Pacific region. Success will depend upon Canada's ability to achieve greater market access and to develop initiatives that result in the greatest comparative advantage to Canadian exporters.**

**Response**

*The Government agrees. The Prime Minister's recent visit to several countries of the region, accompanied by the Minister for International Trade and the Secretary of State (Asia-Pacific), underscores Canada's commitment to building closer relations with the region. We will pursue trade and investment liberalization in the Pacific, mindful of our key market access concerns and of the need for full consistency with GATT/WTO agreements. Canada was a founding member of APEC and actively supported APEC's call for free trade in the region by the year 2020. APEC is a forum for accelerated progress on Uruguay Round market access commitments and a workshop on specific "new" areas (e.g., standards, customs practices, trade/environment). At the same time, Canada is prepared to launch concerted, high-level bilateral approaches to resolve long-standing and severe trade irritants with selected partners, as a supplement to global and APEC approaches.*

*We will reappraise our Asia-Pacific business development programming with priorities assigned as follows:*

- *building on the "Trade Team Canada" concept, as best seen recently in China, to engage provincial governments and business associations in projecting more effectively Canada's capacity and willingness to do business in the region;*
- *encouraging a stronger and more visible Canadian business presence in Asia-Pacific markets;*
- *targeting fairs and commercial missions activity with a view to concentration on sectors/countries of highest potential for Canadian exporters;*
- *devising programs that respond to the circumstances and the attributes of Canadian SMEs;*
- *revitalizing the investment dimension of our business development effort to focus on its role in trade, technology and industry in Canada, and on the potential for third-country co-operation; and*
- *working in close association with the business community in Canada to ensure that our efforts reflect the best possible sense of where our competitive advantage lies.*

*We will devise a commercially attractive and cost-effective approach to technology acquisition as well as a coherent science and technology strategy for Asia-Pacific — one suitably reflective of national R&D and industrial development priorities, and co-ordinated with existing programs. This will associate our private, public and research communities with the dynamics of innovation and scientific development in Asia-Pacific. It will thereby help strengthen our industrial base, our research capabilities, and trade and investment prospects.*

*We will encourage an expanded and co-ordinated effort in specific sectors. We will aggressively seek to preserve market shares of traditional agricultural and resource products. In value-added sectors we will concentrate on tourism, energy, environment, infrastructure, informatics, building materials, processed food and consumer products, and education/training services. These are Canadian sectors of excellence, and Asian markets for them can spur industrial growth and job creation in Canada.*

*We will also seek adjustment in related and supporting policies and programs in such areas as air transport, visas and export finance, with the aim of reinforcing promotional efforts.*



**3.6 The Committee recommends that the government develop, as part of an overall integrated trade strategy, a long-term plan for creating and promoting an international orientation for business in Canada, in co-operation with interested provincial governments. Academic and cultural institutions as well as the business community should also be involved in this strategy. We further recommend that the government seek a shared commitment with the provinces on a plan to create exchanges, scholarships and other programs designed to develop a new class of outward-looking Canadian entrepreneurs.**

**Response**

*The international business environment is passing through a period of accelerating change. This new environment is typified by: the liberalization of trade and investment rules domestically and through international instruments (e.g., the WTO, the NAFTA); the emergence of many new competitors for market share and quality investments; the significantly increased mobility of investment capital; and the accelerated pace of technological change, which both facilitates these other changes and is sustained in part by them. The new environment puts a premium on adaptable human resources equipped with a global, dynamic vision of markets.*

*The Government supports the Committee's recommendation. With the provinces, it will explore new ways of building upon existing programs to develop a more international orientation for business education in Canada.*

*The Canadian Foreign Service Institute (CFSI) will play its part. It is now mandated to upgrade the skills of employees of the Department of Foreign Affairs and International Trade. CFSI provides regular training in a wide spectrum of international subjects including trade promotion, trade policy and foreign languages. As part of the Institute's next five-year business plan, it will broaden its programs to include other federal government departments, provincial governments and the private sector.*

*The Forum for International Trade Training (FITT) provides international business skills training to the business community across Canada. FITT will continue to grow and change to meet the educational needs of the international business community.*

*The Department of Foreign Affairs and International Trade has established centres for international business studies in the business faculties of eight Canadian universities. The centres provide educational services for a growing number of students, and educational and consulting services for Canadian business. They also encourage practical research to support these educational programs, with the aim of furthering international business development.*

**3.7 The Committee, in agreement with the strongly-expressed values of Canadians, recommends that the Government of Canada should use whatever channels may be most effective to protest abuses of human rights, labour standards and/or environmental protection, whenever they occur, and should work closely wherever practical with other partners to bring about an amelioration of these situations in a manner compatible with the orderly evolution of a rules-based multilateral trading system. The use of trade sanctions in a multilateral context should be considered in appropriate circumstances.**

### **Response**

*Human rights have been and remain a priority area of concern and action for Canadians. From the drafting of the Universal Declaration of Human Rights to that of the recently concluded Convention on the Rights of the Child, Canada has been in the vanguard of those fighting to uphold human freedoms and dignity. (See the response to recommendation 5.11 for a more complete statement on human rights).*

*International respect for **labour standards** is important in and of itself but also because it helps promote the economic security of Canadians. Principal Canadian objectives with respect to labour are to develop a deeper understanding of the relationships between labour standards and international trade through work in the OECD and the ILO, and to involve organized labour, industry and the provinces in the development of a comprehensive Canadian position on the issue. With respect to **environmental protection**, work under way at the OECD, the UN Environment Programme (UNEP), the UN Conference on Trade and Development (UNCTAD) and the International Organization for Standardization (ISO), as well as with Canadian stakeholders, is directed at the strengthening of international standards and compliance mechanisms. Canada and its WTO trading partners have also agreed to create a WTO committee on trade and the environment to make recommendations on the linkages between the two issues.*

*Punitive action in isolation from other countries, however, often presents the least effective means of achieving results and, in the case of trade, may hurt Canada more than it will change the behaviour of offending governments. Multilateral action, based on international standards and procedures, affords both legitimacy and increased leverage. In this connection, it is only very rarely the case that promoting human rights and pursuing trade are mutually exclusive objectives. Indeed, trade and growing economic prosperity often nurture a more open society. Experience points to the effectiveness of exposing closed countries to the international community and its values as a way of increasing pressure for the respect of human rights. Nevertheless, in extreme cases and where deemed effective, multilaterally agreed trade sanctions may play a role in applying pressure to change egregious behaviour, as was the case in South Africa. Canada is prepared to work actively on building consensus for multilateral approaches. In addition, trade in sensitive goods, such*

*as military exports, must not be allowed to bolster repression. Canadian leadership in this area is demonstrated by our controls on the export of military goods; these are among the most restrictive of Western countries. The controls deny export permits, among other reasons, if the goods are destined for a country where they may be used to abuse human rights or where there are actual or imminent hostilities.*

*To succeed, specific proposals to link labour and environmental standards to the trading system must have widespread international support. Unilateral trade-based actions against countries on environmental or labour grounds would violate existing multilateral trading rules; they would put at risk our key objectives of improving international compliance and strengthening the rules-based multilateral system; and they would open Canada to the unilateral actions of others, thereby jeopardizing our prosperity and our ability to sustain standards appropriate to Canadian circumstances.*

**3.9 The Committee recommends further that any review of the operations of the international financial institutions should be comprehensive and should include the question of a clear division of labour between the World Bank and the Fund, as well as their relations with other institutions such as the regional development banks. The review should focus particular attention on making their operations more efficient, transparent, accountable and responsive to issues of human rights, social equity, environmental sustainability and public input. To strengthen this process for Canadians, the Committee recommends that the responsible Canadian ministers as well as Canada's executive directors of the Bank and the Fund and the regional development banks be invited to appear once a year before the parliamentary committees on foreign affairs and finance to report on the activities of these institutions.**

### **Response**

*The Government agrees with the recommendation that the review of the operations of international financial institutions (IFIs) must include all relevant aspects of governance and portfolio management. The IFIs face major challenges including: the need to facilitate adjustment to rapidly increasing trade, investment and technology flows across national boundaries; the emergence of a more competitive marketplace in which many developing countries are participating more effectively; concerns about exchange rate volatility and the adequacy of rules governing international currency and other transactions; and the revolutionary shift away from state-run command economies in much of the former communist world. The IFIs are among the key instruments at our disposal for ensuring that this great transformation takes place effectively. Moreover, Canada has been in the forefront of efforts at the World Bank to improve portfolio quality and to make the Bank's operations more efficient, transparent, responsive and accountable to member governments, the public and non-governmental organizations (NGOs). This leadership will extend to international financial institutions and various aid donor groups, where Canada will emphasize the need to consider a recipient's human rights and good governance commitment.*

*In all of the multilateral development banks, we will continue to urge that priority be placed on the environment, poverty alleviation and good governance. The banks are slowly responding but much remains to be done. All the banks have developed and implemented environmental assessment guidelines. We will continue to press actively for application of these policy priorities.*

*The Government will make available to Parliamentary Committees briefings by Ministers and officials. The Minister of Finance submits annual reports to Parliament on the operations of the International Monetary Fund (IMF), the World Bank and the European Bank for Reconstruction and Development (EBRD). The Minister of Foreign Affairs intends to submit annual reports on the other multilateral development banks of which Canada is a member.*

**3.10 While Canada has already responded with some positive debt relief measures, the Committee concludes that consideration should be given to further measures, bilateral and multilateral, to alleviate the continuing debt crisis of the poorest countries, notably in Sub-Saharan Africa. Such measures should not, however, be at the expense of funds for long-term development aid.**

**Response**

*The Government agrees with the thrust of the recommendation.*

*Within the G-7 and the Paris Club (the forum dealing with official bilateral debt — e.g., amounts owing to the Canadian International Development Agency, the Export Development Corporation and the Canadian Wheat Board), Canada has long pushed for greater levels of debt relief for severely indebted low-income countries (SILICs), which include, notably, many countries in sub-Saharan Africa. The Paris Club recently reached agreement on an improved approach. This allows for debt forgiveness for these poorest countries of as much as 67 per cent (up from 50 per cent); and for the first time it includes forgiveness on the whole stock of debt of eligible countries, determined on a case-by-case basis. The new approach is part of efforts to implement policies that will bring long-term economic viability.*

*Canada's participation in multilateral debt relief initiatives, such as Paris Club operations, is covered by allowances for general contingencies, set up in 1990. Accordingly, these initiatives are not undertaken at the expense of Official Development Assistance (ODA).*

*The World Bank is examining the issue of the growing debt owed by the poorest countries to multilateral institutions. Canada will press for innovative ways of assisting the SILICs to manage this component of their debt burden.*

*Canadian bilateral ODA is provided on a grant-only basis. Canada continues encouraging other countries to forgive or convert ODA debt, and to provide new ODA resources on a grant or near-grant basis only.*

# **Chapter 4**

## **Sharing Sustainable Development**

**4.1 The Committee is convinced that sustainable development is of key importance as an overarching foreign policy theme.**

**Response**

*The Government agrees. Canada will continue to strengthen the capacity of its Canadian and international partners to address the linkages between environmental sustainability and social development. To be implemented effectively, sustainable development must fully integrate environmental, economic and social (including political-cultural) considerations. In addressing any specific issue — either domestic or, as appropriate, in international institutions or agreements — each of these elements of sustainable development must be considered in a balanced manner.*

*The incorporation of sustainable development into Canadian foreign policy stems from a recognition that basic national and global interests are at stake. The effects of unsustainable practices can be seen in Canada — for example, in the collapse of the East Coast fisheries — and in other parts of the world. Responding to the challenge of sustainable development is often possible only in concert with other nations. Canada alone cannot stop the concentration of airborne pollutants in its Arctic; it cannot single-handedly battle the effects of acid rain on its lakes and forests; and it needs a stable and equitable trading system to pursue opportunities for economic growth. Similarly, Canada is affected by poverty, environmental degradation, population growth and migration in the developing world — for example, through increased pressure for development assistance, refugee flows or diminished opportunities for trade.*

*A principal thrust of Canada's international sustainable development agenda aims at developing a global framework of legally binding rules and standards as well as voluntary standards, as appropriate, to guide sustainable development. The components of that framework are sectoral or functional — e.g., forests, marine resources, climate change and trade — with the rules for each recognizing the links of one to the other through co-ordinated institutional approaches. Some components are already in force in the form of international environmental conventions; others, such as the NAFTA or the Uruguay Round agreements, incorporate environmental considerations into trade agreements. A new Convention on Desertification has been negotiated and signed, and Canada is preparing for its effective implementation once it enters into force. There nevertheless remain gaps, notably in the area of forests and fisheries, and these are areas of priority for the immediate future. This is a broad and challenging agenda, and the time frame for completing a co-ordinated framework must be measured in years if not decades.*

*Environmental assessment of Canadian policies, programs and projects remains a key tool in promoting sustainable development internationally. Under the Canadian Environmental Assessment Act, environmental assessments will be conducted of new Canadian foreign*

*policy, development assistance and international trade policy initiatives; in addition, the environmental effects of Official Development Assistance (ODA) projects financed by Canada will be assessed for economic, health, social and biophysical impacts.*

*Canada's ODA program is a key instrument for supporting sustainable development in developing countries. It contributes directly to bilateral and NGO initiatives that address sustainable development. It supports the Global Environment Facility, a mechanism that helps developing countries tackle global environmental issues. And it has played an active role in strengthening the capacity and commitment of multilateral institutions, including the international financial institutions and specialized agencies, to pay greater attention to the social and ecological dimensions of development.*

*At Rio, Canada promised to honour and implement the outcomes of the United Nations Conference on Environment and Development (UNCED), known as the Earth Summit. The Government understands the global imperative for long-term change in all spheres of activity to safeguard the interests of generations to come, and is committed to action both at home and in concert with other nations.*



**4.2 The Committee believes that we need to maintain a proactive approach to sustainable development in our foreign policy. We recommend the following items be included on the foreign policy agenda:**

**4.2A to strengthen the capacity of bilateral, regional and multilateral institutions to address sustainable development, and to make these institutions more efficient and accountable.**

**Response**

*The Government agrees.*

*Canada is working closely with a wide range of international and regional institutions to implement sustainable development; these include the United Nations, the World Bank, the Asia-Pacific Economic Co-operation forum (APEC), the Organization for Economic Co-operation and Development (OECD), the Organization of American States (OAS), and the newly established North American Agreement on Environmental Co-operation (NAAEC). Most multilateral development banks have also become more active, through lending programs and operations, in advocating and supporting sustainable development. Canada pursues this goal as well in the context of its participation in the G-7.*

*Moreover, Canada is supporting a number of programs and projects in developing countries - mainly through the Canadian International Development Agency (CIDA) and the International Development Research Centre (IDRC) — with the objective of strengthening institutional capacities to meet sustainable development goals.*

**4.2 The Committee believes that we need to maintain a proactive approach to sustainable development in our foreign policy. We recommend the following items be included on the foreign policy agenda:**

**4.2B to strengthen the linkage between trade and sustainable development through the World Trade Organization. We are confident that clear international standards and accepted rules can make a significant contribution to sustainable development while minimizing the current tendency to use the environment as an excuse to erect protectionist trade barriers. The International Institute for Sustainable Development has produced a useful set of principles to guide further work in this area.**

### **Response**

*The Government agrees.*

*The overarching objective of trade and environment discussions is to ensure that trade and environmental policies in all countries support the objective of sustainable development. More specifically, the goal is to ensure that trade policies do not contribute to environmental degradation or restrict legitimate environmental action, and that environmental policies do not unnecessarily restrict our trading opportunities. The International Institute for Sustainable Development's Trade and Sustainable Development Principles could be a useful foundation for these important discussions.*

*The focus of the Government's efforts to address trade and environmental concerns through the development of trade rules is and will continue to be the WTO's newly created Committee on Trade and the Environment. The mandate of this Committee includes making recommendations on whether modifications to the provisions of the multilateral trading system are required to enhance the positive interaction between trade and environmental policies and to ensure that environmental programs will not be developed for protectionist purposes. This analysis will, among other things, contribute to a better understanding of the issues involved.*

*In addition to the work of the WTO, many trade and environmental issues will need to be resolved through improved and expanded international co-operation, and through international standards-setting. The Government will pursue this in organizations such as UNEP, UNCTAD, the OECD, and the ISO.*

**4.2 The Committee believes that we need to maintain a proactive approach to sustainable development in our foreign policy. We recommend the following items be included on the foreign policy agenda:**

**4.2C to foster mechanisms to ensure the close co-ordination of domestic and international policies on sustainable development, including the development of action-oriented consultative mechanisms with stakeholders.**

**Response**

*The Government agrees and is working with a broad range of federal, provincial and non-government bodies through a consultative group on the UN Commission on Sustainable Development, as well as with other sector-specific consultative bodies, to develop policy recommendations related to issues such as forests, biodiversity, agriculture, human settlements and climate change. Canada produces an annual report for the Commission on Sustainable Development, a document that integrates information related to all issues covered by Agenda 21 and other recommendations arising from UNCED. Other mechanisms will be set up as required to deal with specific issues. For example, in May 1994 the Government created a Task Force of the International Trade Advisory Committee to provide advice on trade and environmental issues.*

*In the context of international assistance, for many years CIDA has been engaged in broad-based consultations with Canadian stakeholders on the Agency's policies and programs. Specifically, in the field of the environment CIDA has annual consultations with Canadian environmental NGOs and the private sector, including the Canadian Exporters Association.*

*The Government will continue to seek a close working relationship with other levels of government as well as with stakeholders such as business, non-government organizations and specialized institutions across Canada. As part of a federal-provincial initiative to harmonize environmental management in Canada, discussions are currently under way to develop processes and mechanisms that would better involve provinces in the preparation, negotiation and implementation of new international environmental agreements.*

*Where possible, representatives from groups other than government will also continue to participate in special meetings, workshops and delegations to international gatherings. The latter have included the sessions of the Commission on Sustainable Development; meetings of the Intergovernmental Working Group on Forests (IWGF), sponsored by Canada and Malaysia; and the negotiation of the conventions on climate change, biodiversity and desertification.*

*Such consultations will help to ensure coherence between Canada's domestic and international policies — something that the Government views as a requirement for sustainable development.*

**4.2 The Committee believes that we need to maintain a proactive approach to sustainable development in our foreign policy. We recommend the following items be included on the foreign policy agenda:**

**4.2D to accord priority status to the implementation of the environmental industries strategy.**

**Response**

*The Government agrees that implementing the Environmental Industries Strategy should be a priority. Approved in October 1994, the Strategy seeks to increase the industry's growth rate and exports while also responding to government objectives of a clean environment and a strong, internationally competitive economy. It will be implemented over four fiscal years and its programs will fall into three areas: supporting Canadian industry, funding new initiatives to develop and commercialize innovative environmental technologies, and improving access to domestic and global market opportunities for environmental companies. The principal departments/agencies involved in implementing the strategy are Environment, Industry, Natural Resources, Foreign Affairs and International Trade, and CIDA.*

*An Environmental Industries Sector Advisory Group for International Trade is being established. Specific programs for training trade officers in market applications of environmental technologies are being put into place as are programs to improve delivery of foreign market intelligence and information. To accelerate dissemination of these market opportunities, the Environmental Industries Sector Expert Group is being strengthened. In addition, various directories and databases on Canadian environmental products and services are being updated.*

**4.2 The Committee believes that we need to maintain a proactive approach to sustainable development in our foreign policy. We recommend the following items be included on the foreign policy agenda:**

**4.2E to pursue the sustainable development agenda agreed at the Earth Summit in Rio, including the implementation of global environment conventions and the development of further agreements related to forestry, fisheries and the circumpolar region.**

**Response**

*The Government agrees with the Committee on the need to pursue the sustainable development agenda agreed at the 1992 Earth Summit in Rio. Canada was the second industrialized nation to sign and ratify the Framework Convention on Climate Change, and the first industrialized nation to sign and ratify the Convention on Biological Diversity. Both conventions have now come into force. Canada participated actively in the negotiation and recent conclusion of the Convention on Desertification. Canada is now working to ensure the effective implementation of the conventions on Climate Change and Biological Diversity; and it will do the same with respect to the more recent Convention on Desertification once it enters into force and has been ratified by Canada. Canada also played a major role in the negotiation of the Montréal Protocol on Ozone-Depleting Substances, and continues to provide leadership in the ongoing discussion on updating and strengthening the Protocol.*

*Moreover, CIDA, the IDRC and the International Institute for Sustainable Development have each developed specific programs to further the aims of Agenda 21.*

*The Government also agrees with the Committee's recommendation to give priority, inter alia, to forests, fisheries and circumpolar co-operation.*

**I. Forests**

*Canada has a large stake and responsibility in protecting the long-term health of its forests. Over the past four years, in the absence of internationally agreed rules on sustainable forest management, Canada and other countries with forest product industries have faced difficulties in responding to the growing consumer pressure for forest products from sustainably managed forests. Canada nevertheless is meeting these new challenges.*

*Domestically, federal and provincial governments are implementing the Guiding Principles on Forests, adopted in Rio, through initiatives such as the National Forest Strategy, the establishment of 10 "Model Forests" (working-size forests managed on sustainable principles) across the country, and provincial codes of practice.*

*Internationally, Canada has pursued agreement on the need for internationally recognized rules on sustainable forest management; ideally, we would like to see these rules embodied in an International Forests Convention. Specific efforts to build the necessary international consensus include the "Montréal Process" for developing criteria and indicators for sustainable forest management in boreal and temperal forests; this was begun through a workshop organized under the auspices of the Organization for Security and Co-operation in Europe (OSCE). Through the International Partnerships Program of the Green Plan, Canada is supporting the establishment of Model Forests in Russia, Mexico and Malaysia. With Malaysia, Canada recently sponsored the Intergovernmental Working Group on Forests (IWGF), an international experts process involving 32 governments, 10 non-governmental organizations and 5 international organizations. The report of the IWGF sets out a wide number of options for international co-operation aimed at renewing the global forest dialogue and advancing the goal of sustainable forest management around the world; these include proposals for innovative approaches to mobilizing financial resources.*

## *II. Fisheries*

*The state of groundfish stocks in the Northwest Atlantic has continued to decline precipitously, even with the moratoriums put in place by both Canada and the Northwest Atlantic Fisheries Organization (NAFO). The impact on over 400 Atlantic Canadian communities has been devastating. Although the environmental factors are not well understood, it has become clear that they have played a major role in the situation.*

*Canada has taken drastic measures within its jurisdiction (the 200-mile Fisheries Zone) in the form of 14 moratoriums covering virtually all commercially significant groundfish stocks. We have also implemented legislation that permits the arrest of flag-of-convenience and stateless vessels that fish the areas of the Grand Banks beyond our 200-mile zone in contravention of NAFO conservation measures. This new legislation has been effective in achieving the withdrawal of such vessels from those fisheries.*

*Internationally, Canada is concentrating its efforts on gaining international agreement on rules governing the management of high-seas fisheries to include recognition of the special interests of coastal states such as Canada in straddling stocks. These efforts have met with some success, and a draft convention was tabled for discussion at the August 1994 session of the UN Conference on Straddling Fish Stocks and Highly Migratory Fish Stocks. Canadian efforts over the next year will be devoted to developing a final text.*

III. Circumpolar (see also response to recommendation 4.6)

*Canada's Arctic is not only a fragile ecosystem but also a sink for airborne pollutants from as far away as the Southern Hemisphere. The inhabitants of Canada's North (largely Aboriginal peoples) are already being affected.*

*Reducing threats to the Arctic environment cannot be restricted to Arctic-related initiatives. Canada's efforts in international forums on climate change, the long-range transport of air pollutants and the dumping of low-level radioactive waste are driven in part by the dangers posed to the Arctic environment.*

*Canada and the seven other circumpolar nations (Denmark for Greenland, Finland, Iceland, Norway, Russia, Sweden and the United States) have signed a Declaration on the Protection of the Arctic Environment and are implementing an Arctic Environmental Protection Strategy (AEPS). In all AEPS meetings three Aboriginal groups participate as observers: the Inuit Circumpolar Conference, the Saami Council and the Russian Association of Peoples of the North. Canada will host the next AEPS ministerial meeting in 1996.*

*Canada is also pursuing the establishment of an Arctic Council to create a forum for high-level political attention to circumpolar issues.*

*The recent appointment of a Circumpolar Ambassador emphasizes the Government's intention to raise Canada's profile on circumpolar issues, to consult with interested Canadians — particularly Northern governments and Aboriginal groups — and to provide new impetus to the Canadian Arctic agenda.*

**4.2 The Committee believes that we need to maintain a proactive approach to sustainable development in our foreign policy. We recommend the following items be included on the foreign policy agenda:**

**4.2F to ensure that relevant foreign policies are assessed for their potential impact on sustainable development.**

**Response**

*The Government agrees. Sustainable development must fully integrate environmental, economic and social (including political-cultural) considerations. In addressing any specific foreign policy issue, each of these elements of sustainable development must be considered in a balanced manner. As regards the environmental dimension of sustainable development, DFAIT's Environmental Management Plan gives priority to environmental assessments of policy and program initiatives. DFAIT proposals for policy and program initiatives are systematically screened for possible environmental impact. Officials initiating a policy or program proposal for consideration by ministers are accountable for applying the Cabinet Guidelines on policy and program assessments. In recent years the Department has completed reviews of the NAFTA (1992) and the Uruguay GATT Round (1994). Together with DFAIT's corporate commitment to applying sustainable development considerations in day-to-day management of the Department, this experience has provided a solid basis for meeting impact assessment requirements under the new Canadian Environmental Assessment Act.*

*The purpose of Canada's Official Development Assistance program is to support sustainable development in developing countries. In this regard, CIDA's Policy for Environmental Sustainability commits the Agency to assessing the environmental implications of its program and policy proposals. DFAIT, CIDA and the Federal Environmental Assessment Review Office (FEARO) have collaborated in preparing a specific procedural regulation for the environmental assessment of projects outside Canada under the new Canadian Environmental Assessment Act.*



**4.2 The Committee believes that we need to maintain a proactive approach to sustainable development in our foreign policy. We recommend the following items be included on the foreign policy agenda:**

**4.2G to address the linkages between sustainable development, poverty, democracy and governance.**

**Response**

*The Government agrees. There is a growing international consensus that sustainable development can be achieved only through an integrated approach that recognizes the fundamental linkages between the economic, environmental and social (including political-cultural) dimensions of society. The Government will seek to address sustainable development issues in a coherent manner. As part of that effort it will examine linkages with such key questions as migration, international organized crime, human rights and democratization, relations with developing countries (including poverty, governance and democracy), conflict prevention and post-conflict peacebuilding. As indicated in the response to recommendation 2.1, an office dedicated to the management of Global Issues will be created within DFAIT. This office will work closely with many other agencies of Government such as CIDA and the departments of National Defence, Environment, Citizenship and Immigration, and Justice.*

*CIDA's Framework for Sustainable Development addresses the issues of environmental sustainability, human rights, democratic development, good governance and poverty alleviation. CIDA will continue to ensure that these Canadian foreign policy concerns are considered when formulating strategic planning documents, and are integrated into the Agency's projects and programs.*

**4.3 The Committee recommends that Canada ratify UNCLOS III (United Nations Convention III on the Law of the Sea) without further delay.**

**Response**

*The Government agrees. During the foreign policy debate in March, the Minister of Foreign Affairs announced that Canada would ratify the Convention soon. The Government is reviewing domestic legislation to bring it into conformity with the provisions of the Convention, with a view to proceeding with Canadian ratification.*

**4.4 The Committee recommends that Canada continue to participate actively in the Northwest Atlantic Fisheries Organization and work to strengthen its effectiveness.**

**Response**

*Canada was the prime mover when NAFO was organized after the extension of national fisheries jurisdictions to 200 miles, and since then it has been an active participant in every activity of that organization. Indeed, Canada considers that the existence of such a regional organization is essential for the proper exploitation and conservation of the fish stocks that are immediately adjacent to its own exclusive fishing zone.*

*Canada is determined to seek NAFO adoption of better operational and institutional mechanisms so that the organization's overall performance and usefulness are improved. The convention now being developed by the UN Conference on Straddling Fish Stocks and Highly Migratory Fish Stocks is expected to rely heavily on regional organizations such as NAFO for the conduct and control of high-seas fishing.*

**4.5 We suggest that technical co-operation in oceans management should be developed as an important activity for Canadian aid.**

**Response**

*The Government shares the Committee's view that Canada can play an important role in helping developing countries to manage ocean resources. In its revised policy framework for development co-operation, the Government has identified the environment as a priority. Technical co-operation in oceans management will be pursued as a specific element of this priority area.*

**4.6 We recommend that the government work urgently with other states to establish the Arctic Council. One of the first priorities of the Council should be to deal with threats to the Arctic environment.**

**Response**

*The Government agrees that the creation of an Arctic Council is a priority. The Arctic Council would bring together the governments of eight Arctic countries: Canada, Denmark (Greenland), Finland, Iceland, Norway, Russia, Sweden and the United States.*

*Canada envisages the Council evolving as an umbrella organization encompassing the activities of existing Arctic organizations and initiatives, and the Government believes that the participation of Aboriginal people is essential to the Council's success. The Arctic Council should address sustainable development in the Arctic, including economic, environmental, social and cultural issues.*

*The new Ambassador for Circumpolar Affairs, Mary Simon, will reinvigorate discussions and consultations with the seven other Arctic countries, as well as with northerners, with a view to establishing an Arctic Council.*

## **Chapter 5**

# **Reforming International Assistance**

- 5.1 The Committee affirms that the primary purpose of Canadian Official Development Assistance is to reduce poverty by providing effective assistance to the poorest people, in those countries that most need and can use our help.**
- 5.2 The Committee recommends that the Canadian aid program apply sustainable development as its basic policy framework, with a primary focus on the development of the human potential.**

**Response**

*The Government agrees with the Committee's emphasis on poverty reduction and sustainable development. We share the Committee's assessment that efforts to better define the ODA mandate should take into account the increasing diversity of developing countries. We also agree that there is no single approach to the vital objective of poverty reduction, and that we must rely on an array of programs and policies working together in an integrated fashion. CIDA has recently developed a policy paper on poverty reduction; this will guide programming in the six ODA priorities (see response to recommendation 5.4 for details) to help address the root causes of, and the structural factors determining, poverty. This paper is available to the public.*

*The Government believes that poverty and sustainable development objectives can be combined in the following statement of purpose:*

*The purpose of Canada's Official Development Assistance is to support sustainable development in developing countries in order to reduce poverty and to contribute to a more secure, equitable and prosperous world.*

**5.3 Compared to the current total of less than 20%, the Committee recommends that support for basic human needs should account for a minimum of 25% of ODA.**

**Response**

*The Government agrees. Support for **basic human needs** will become a key priority for Canada's ODA program. Assistance will be provided for basic human needs in primary health care, basic education, family planning, nutrition, water and sanitation, and shelter. In addition, Canada will continue to respond to emergencies with humanitarian assistance. The Government is committed to increasing support for basic human needs, and will allocate 25 per cent of ODA to this priority.*



**5.4 The Committee recommends these six program priorities for Canada's Official Development Assistance: basic human needs; human rights, good governance and democratic development; the participation of women; environmental sustainability; private sector development; and public participation.**

**Response**

*The Government agrees with the first five priorities recommended by the Committee. Accordingly, Canadian Official Development Assistance will concentrate on:*

- ***basic human needs** — supporting efforts to provide primary health care, basic education, family planning, nutrition, water and sanitation, and shelter, as well as responding to emergencies with humanitarian assistance;*
- ***women in development** — supporting the full participation of women as equal partners in the sustainable development of their societies;*
- ***human rights, democracy and good governance** — increasing respect for human rights including children's rights, supporting democracy and responsible government, and strengthening civil society;*
- ***private-sector development** — promoting sustained and equitable economic growth by supporting private-sector development in developing countries; and*
- ***the environment** — helping developing countries protect their environment and contribute to addressing global and regional environmental issues.*

*Public participation is indeed of key importance, but it is distinct in nature and calls for a different approach. The Government believes that public participation is an integral part of other program priorities, and should be considered along with measures to strengthen consultation and communication.*

*Canada has much to offer to help developing countries deliver environmentally sound infrastructure services - for example, in rural electricity and communications — with an emphasis on poorer groups and on building capacity. The Government therefore believes that*

- ***infrastructure services** should also be a program priority for ODA. Infrastructure services are essential to economic growth and human development. This is an area that corresponds well with Canadian capabilities and experience.*

*CIDA will ensure that detailed policies are in place for each of the six program priorities.*

- 5.5 The Committee recommends that Parliament adopt legislation that spells out the basic principles to guide Canadian Official Development Assistance.**
- 5.6 The Committee recommends that the House of Commons Standing Committee on Foreign Affairs and International Trade or the Senate Foreign Affairs Committee hold regular reviews of Canadian ODA, including CIDA's performance, and that every effort be made to engage as many Canadians as possible in these reviews.**

### **Response**

*The Committee's report indicates that the objective of these recommendations is to ensure a clear mandate and stable goals for ODA, to strengthen accountability and transparency, and to provide a stronger role for Parliament. The Government agrees with the intent of the recommendations.*

*However, a legislated mandate for ODA would not necessarily address these objectives and could hamper programming by reducing flexibility. It could also limit the range of responses that might be required to meet fast-changing conditions in developing countries. The Government does not rule out the possibility of future legislation governing ODA. For the time being, however, the Government will adopt the following measures in response to both recommendations:*

- *The single statement of purpose and the six program priorities identified in the Government's Policy Statement address directly the need for a clear mandate and stable goals for the ODA program.*
- *The Government welcomes an enhanced role for Parliament in reviewing ODA, including regular reviews of CIDA's performance. Concerns over accountability and transparency, both to Parliament and to the public, will be met in part through revisions to Part III of the Main Estimates. The aim will be to establish clearer objectives for programs and projects, to specify realistic expectations of results, and to prepare regular progress reports for the relevant committees of Parliament as well as Canada's ODA partners and the general public. Comprehensive efforts are already under way to enhance CIDA's performance review and management functions.*

- 5.7 The Committee recommends that any functions of CIDA found to be essentially Canadian trade promotion activities be transferred to the Department of Foreign Affairs and International Trade or to the Export Development Corporation where they belong.**
- 5.8 It is entirely appropriate for the CIDA private sector development program (which we have recommended as a program priority) to encourage trading relations with Canada.**

**Response**

*The Government agrees with these recommendations and is committed to ensuring the developmental focus of CIDA activities involving the private sector.*

*We share the Committee's assessment that measures to enhance trade in developing countries can exert a strong positive impact on development. We believe that the Canadian private sector is an important development partner for CIDA and, in line with the emphasis of the Committee, we will work to foster developmentally beneficial long-term relationships between Canadian and developing-country private sectors through trade, investment and technology transfer. In this context, CIDA is preparing a detailed policy on private-sector development.*

*The CIDA Industrial Co-operation Program (CIDA INC) provides a unique opportunity for the Canadian private sector to contribute to poverty reduction and sustainable development. The participation of Canadian companies generates significant benefits for the private sector in developing countries. The program is well regarded by developing countries, other donors and international organizations. The Government will take steps to sharpen the development focus of CIDA INC and to ensure greater co-ordination between CIDA, the Export Development Corporation (EDC) and the Department of Foreign Affairs and International Trade (DFAIT). To that end, CIDA INC will be required to engage in regular project-by-project consultations with DFAIT and the EDC.*

**5.9 The Committee affirms that it is not part of the mandate of CIDA to promote Canadian exports, although there are particular circumstances where aid and trade objectives are complementary. The Committee also recommends additional untying of Canadian aid, in concert with other donors. Specifically, the government should work through the Development Assistance Committee of the OECD to lower the proportion of tied aid to 20% by the year 2000.**

**Response**

*The Government shares the view that private-sector partnerships supported by CIDA must reflect the objective of supporting sustainable development in developing countries. Canadian business and industry have a lot to offer developing countries, and Canadian goods and services have been used to great benefit in Canada's development assistance program. The Government believes that current untying authorities, carefully applied, provide CIDA with sufficient flexibility and do not impede programming effectiveness. Tied aid provisions help build relations of mutual benefit between Canada and developing countries. In this regard the Government is conscious of the need to ensure that Canadian goods and services are appropriate and competitively priced.*

*Canada has long been active in international discussions on tied aid and related questions of cost-effectiveness, aid dependency and technical co-operation. Canada is committed to working with the Development Assistance Committee of the OECD and others to ensure the effective use of ODA resources.*

**5.10 The Committee recommends that, in supporting structural adjustment programs, CIDA should pay special attention to their effects on the poor and to the provision of assistance to protect vulnerable groups. In addition, CIDA should broaden its own aid conditionality to include the reduction of excessive military expenditures and the increased transparency of government operations. CIDA should also press for the reform of structural adjustment programs so as to make poverty reduction a central objective of development.**

**Response**

*The Government agrees. We share the view that further measures are warranted to improve structural adjustment programs, to broaden aid conditionality and to promote greater transparency.*

*We will work with international agencies, developing countries and affected groups to ensure that structural adjustment programs integrate objectives for poverty reduction, environmental protection, gender equality and human rights. CIDA will continue its long-standing commitment to help vulnerable groups cope with the effects of adjustment.*

*Excessive military spending impedes the attainment of development objectives and diverts resources from social priorities. In collaboration with other donor countries, Canada will consider collective actions that could influence changes in spending practices.*

*Transparency in government operations is an essential aspect of good governance. The Government will continue to support this objective through policy dialogue and technical co-operation.*

**5.11 The Committee affirms that human rights, good governance and democratic development are universal values that should find central expression in Canadian foreign policy, influencing and guiding other areas of policy. Canada should seek to promote the global respect of these values through a wide range of instruments, including dialogue and programs of co-operation. In the case of countries whose governments are responsible for serious violations of human rights, Canada should work with others to change such behaviour, resorting where necessary to measures up to and including the termination of bilateral assistance. In such cases, Canada should continue to provide assistance to the poor and vulnerable groups through non-governmental organizations.**

### **Response**

*The Government agrees with the Committee's assessment that human rights, good governance and democratic development are universal values that should find central expression in Canadian foreign policy (see also the response to recommendation 3.7).*

*The Government therefore reaffirms its commitment to the International Centre for Human Rights and Democratic Development. This Centre will continue to play an important role in the advancement of Canadian objectives.*

*The Government regards respect for human rights not only as a fundamental value, but also as a crucial element in the development of democratic and prosperous societies at peace with each other. The essential challenge is to decide how we can best influence other governments to respect basic human rights. Our ultimate aim is not to punish countries and innocent populations whose governments abuse human rights, but rather to change behaviour and to induce governments to respect their peoples' rights. Responses to specific situations require careful balancing of many considerations — above all the effectiveness of the means of influence at our disposal. Canadian efforts to support human rights will rely on a variety of means, including dialogue and co-ordinated efforts through multilateral forums.*

*Development assistance is a constructive way to address human rights, democracy and governance issues. As one of six priorities for ODA, assistance in this area will support such activities as peace and reconciliation initiatives, human rights education, widening access to legal remedies, strengthening legislatures and judicial systems, and increasing the capacity of organizations and other representatives of civil society to participate fully and effectively in decision making in their countries. Canada will continue to work with a broad range of partners, including governments, NGOs and multilateral organizations to promote our objectives.*

*High-profile aid and trade measures may play a role in responding to gross, systematic and persistent violations of internationally agreed human rights standards. Canadian assistance,*

*for example, must not reward or give the impression of rewarding such government behaviour. This can be achieved in a number of ways, as the Committee has suggested. The Government will consider its actions on a case-by-case basis.*

*Canada will continue to lead on human rights issues at the UN, the OSCE, the Commonwealth, la Francophonie and the OAS. Canada was instrumental in creating at the UN the office of High Commissioner for Human Rights, with a broad mandate for promotion, protection, prevention of human rights abuses of the kind that presage conflict, and co-ordination of human rights activities throughout the UN system. These forums often provide the most effective means for influencing governments. At the international financial institutions and in various aid donor groups, Canada will also emphasize the need to consider a recipient's commitment to good governance. In particular, Canada will seek concerted action with others to influence governments that spend large sums on arms rather than on education and housing for their people.*

**5.12 The Committee believes that Canadian assistance continues to be too dispersed and recommends that a greater share of ODA should go to fewer countries, bearing in mind the primary purpose of the aid program. In choosing its list of recipients, Canada should maintain the current high share of assistance to Africa, review the balance of ODA allocations for other regions, and work closely with other donors to strengthen the co-ordination and complementarity of international assistance as a whole.**

**Response**

*The Government agrees that the effectiveness of ODA can be enhanced by concentrating on a more limited number of priorities and achieving greater targeting and co-ordination of assistance.*

*Canada does, however, have important interests in all areas of the world. The Government believes that a major portion of ODA resources should be focused on a limited number of countries, with programs maintained in other countries through low-cost, administratively simple delivery mechanisms.*

*The Government is in full agreement that Africa should continue to receive the highest proportion of ODA. Regional allocations will be reviewed on a regular basis.*

*Within the OECD and other consultative groups as well as with other donors, Canada will continue to play a lead role in improving the co-ordination and coherence of development assistance. The Government will take steps to strengthen consultations with Canadian development partners and also to ensure greater co-ordination between the various foreign policy instruments that have a bearing on development.*



**5.13 The Committee recommends that Canada maintain active programs of assistance to the countries of Central and Eastern Europe, and the former Soviet Union. The Committee further recommends that funding for these programs not be at the expense of ODA priorities outlined above.**

**Response**

*The Government agrees with the recommendation that Canada maintain active programs of assistance to Central and Eastern Europe (CEE) and the former Soviet Union (FSU), and that it ensure such programs are not funded at the expense of ODA priorities.*

*Canadian interests are directly engaged in ensuring the successful transformation of the region to democracy and market economies. The establishment of open and prosperous market economies in the region will generate important trade and investment opportunities for Canada, yielding direct benefits to the Canadian economy. Second, the integration of the region's economies into the global economic and trade systems will contribute to a more prosperous world economy and economic gains for all. Third, the promotion and maintenance of stability in the region contributes directly to enhanced international security and stability.*

*The Canadian program utilizes a combination of programming approaches to ensure that Canada's assistance can respond to rapidly changing regional circumstances and Canadian interests. In the first and most common instance, potential Canadian partners initiate project proposals. In the second, the assistance program develops projects in response to Canadian government initiatives and requests from recipient governments. In both instances program delivery is based on partnership: projects are implemented by the Canadian private sector, business and trade associations, NGOs, academic institutions, ethnic communities and all levels of government. Federal funds are a catalyst: they leverage significant project contributions from Canadian and recipient-country partners. The result is a program significantly larger than federal funding alone could sustain.*

*To maximize effectiveness in changing conditions, the roles of DFAIT (which now administers the program) and CIDA will be reorganized. Policy direction will remain with DFAIT while program delivery will be transferred to CIDA. This new function for CIDA corresponds well with the activities it is conducting elsewhere in the world. There will be close co-ordination between the two organizations over the continued development and execution of the program.*

**5.14 The Committee recommends that Canada continue to be responsive to requests for emergency assistance but set eligibility criteria for emergency assistance to ensure that long-term development assistance remains the primary focus of the aid program.**

**Response**

*The Government agrees with the need for a structured response to the provision of emergency assistance. The Government's approach will include support for emergency prevention and preparedness, as well as the provision of basic health, nutrition, shelter and other necessities to the victims of crises. Humanitarian assistance for the support and resettlement of refugees and displaced persons will also be provided as the necessary first step toward rehabilitation and a resumption of development.*

*Long-term development assistance will remain the primary purpose of the aid program.*

**5.15 The Committee recommends that the share of allocations to partnership programs be maintained, and even increased, where partners have a clearly demonstrated record of effectiveness and efficiency. CIDA should also be guided by the strength and depth of the Canadian support base as measured by such things as the commitment of volunteers to the organization and the ability to generate matching contributions.**

**Response**

*The Government recognizes that Canadian non-governmental partner organizations can play an important role in policy development as well as in the planning and delivery of Canadian development assistance.*

*However, any decision as to the relative share of ODA allocations to NGO partners must take into account the severe fiscal situation that the Government and CIDA itself face. Preference will be given to those partners who demonstrate the most effectiveness and efficiency, and who provide programming that is complementary to the objectives of the Government in promoting sustainable development. In addition, special attention will be paid to supporting partners who can contribute their own financial resources and the time of volunteers, or who allow young people to serve abroad.*

**5.16 The Committee recommends that the government commit itself to stabilizing ODA at the present GNP ratio and seek to make progress towards the 0.7% target when Canada's fiscal situation permits.**

**Response**

*The Government remains committed to an active and effective Official Development Assistance program as a vital element of Canadian foreign policy. Given present-day fiscal realities, however, all government programs are being reviewed and Canada's ODA program is no exception. The Government is committed to making progress toward the target of 0.7 per cent when Canada's fiscal situation permits.*

**5.17 Recognizing that expanded trade opportunities are more important than aid to many developing countries, the Committee also recommends that the government seek opportunities to open Canadian markets further to developing countries, particularly the least developed.**

**Response**

*The Government fully agrees with the importance the Committee attaches to the role of open trading regimes in fostering development. Canada is very much an open economy and the trade-related commitments made in the Uruguay Round will open it further. Under the Uruguay Round Agreements, Canada has made a commitment to eliminate tariffs in a number of key sectors and to reduce remaining tariffs by an average of 40 per cent.*

*Canada extends a preferential tariff rate, the General Preferential Tariff (GPT), to certain imports from most developing countries. The Government is conducting a full review of the GPT scheme in areas such as reducing tariff rates and enlarging product coverage, with a view to providing further benefits for the least developed countries (LDCs) and keeping in mind the potential impact on affected industries.*

*As regards non-tariff barriers, the Uruguay Round Agreements provide that the Multi-Fibre Arrangement quota system (covering textiles and clothing imports from developing countries) will be phased out over a 10-year period. At the end of the period the only remaining protection for that sector will be tariffs, which are also being reduced as part of the Round's tariff commitments.*

*In addition, Canada will seek opportunities for extending technical assistance to help developing countries participate effectively in new trade arrangements (such as the WTO and the NAFTA).*

**5.18 The Committee recommends the establishment of broader-based consultations on development co-operation, including the participation of Parliamentarians.**

**Response**

*The Government agrees with this recommendation. A wide range of partners inside and outside Canada play a vital role in Canada's ODA program. Their contribution is essential to providing the range of expertise, knowledge and resources required to meet diverse challenges of development.*

*To succeed, development assistance must be a collective endeavour, and this requires a corresponding commitment to information sharing and ongoing consultation.*

*A broad range of consultations are held each year with CIDA's partners including development NGOs, business associations, universities and colleges, and environmental groups. A schedule of consultations is prepared and published on a regular basis. The Government will also work to strengthen its consultative process on development co-operation. This will include future meetings of the National Forum on Canada's International Relations.*

## **Chapter 6**

# **Projecting Canadian Culture and Learning Abroad**

- 6.1 The Committee strongly recommends that international cultural, scientific, and educational affairs should be treated as a fundamental dimension of Canadian foreign policy.**
- 6.6 The Committee recommends that the Government of Canada, with the collaboration of interested provinces, give high priority to developing a strategy for Canada's international cultural, scientific, and educational relations. Such a strategy should consider regulations and other means, including joint ventures with the private sector, of producing and distributing Canadian cultural output at home and abroad. The strategy should address the specific circumstances and proposals, as outlined in John Ralston Saul's paper and the Hon. Serge Joyal's report, regarding the major cultural industries such as publishing, music, art, sports, television, motion pictures, and theatre. The strategy, once completed, should be referred to the Foreign Affairs Standing Committees of Parliament.**

### **Response**

*The Government agrees. We fully intend to pursue cultural, scientific and educational relations as key components of Canada's foreign relations. In a period of economic globalization, when societies are increasingly open to the competitive pressures of the international economy, the role of culture as a binding force becomes of vital importance. At the same time, as knowledge (in the form of technology, organization and innovation) is becoming a key element in international competitiveness, education plays a critical role as a contributor to prosperity.*

*Canada has unique advantages. Our culture is highly diversified and recognized internationally for its excellence and dynamism; it also helps give all Canadians a sense of shared identity. At the same time, our educational institutions are among the best in the world; as sources of research and centres for innovation and learning, they are increasingly aware of the role they play in enhancing our international competitiveness. The Government intends to support both sectors in the most effective and cost-efficient way possible.*

*Canada's cultural foreign policy seeks to:*

- *make Canada a leader in the new world economy by projecting the image of a country that is unique, creative, innovative and hence competitive;*
- *protect our cultural sovereignty;*
- *undergird the Canadian identity by exhibiting its most creative aspects on the international scene; and*



- *promote the growth and vitality of the culture and education sectors, and thereby help create jobs.*

*In this spirit, the Government believes in the promotion of all aspects of Canada's multi-faceted cultures. In the past year, the Government has taken numerous initiatives to extend Canada's cultural presence abroad and increase the impact of ongoing international cultural marketing efforts. Recently, the Government:*

- *created a Canada-U.S.-Mexico Creative Artists' Residencies Program;*
- *sponsored a conference on Canadian education and the Asia-Pacific region in Vancouver from March 9 to 11;*
- *signed film, television and video co-operation agreements with Japan, Chile, Sweden and Brazil ;*
- *signed a Memorandum of Understanding on Cultural Co-operation with Hong Kong;*
- *appointed the first-ever Minister (Cultural Affairs) at the Canadian Embassy in Paris; and*
- *organized a major Canadian cultural festival in Mexico City, marking the 50th anniversary of the establishment of diplomatic relations between Canada and Mexico.*

*Ongoing international cultural initiatives include:*

- *film, television, and video co-production agreements with 26 countries, generating more than \$300 million of business per year in each of the last three years;*
- *museological agreements with France and Mexico to facilitate co-operation and exchanges, and to position Canadian technology and expertise in these markets; and*
- *programs to assist in the development and commercialization of cultural products in collaboration with the private sector — for example, the Sound Recording Development Program, the international marketing assistance component of the Book Publishing Industry Development Program, and the international distribution component of the Publication Distribution Assistance Program.*

*Future activity in the international cultural field will be made more central in the management of foreign policy and operations. As a first step, the Cultural Affairs Bureau of DFAIT, whose functions were being eliminated by the last Government, has been reinforced and will henceforth report to the Assistant Deputy Minister responsible for global issues.*

*Further steps are under active consideration to enhance this critical dimension of Canadian foreign policy. In developing strategy at the federal level, DFAIT will work closely with the Department of Canadian Heritage and with cultural agencies.*

*This undertaking will take into account the contributions made by witnesses before the Special Joint Committee and the many useful suggestions brought forward in the Committee's report.*

*Regular consultations with the Foreign Affairs Committees of Parliament will be welcomed.*

- 6.2 The Committee further recommends that Canada's international cultural, scientific, and educational foreign policy seek to:**
- 6.2A affirm Canada's cultural sovereignty.**
- 6.7 As suggested in the Chapter on trade, the Government of Canada should use the cultural industries exemption provided under the NAFTA and the FTA to introduce regulatory and any other measures to protect and promote Canadian cultural industries.**
- 6.8 The government should seek alliances with like-minded countries in future international negotiations to recognize the need to protect and promote national cultures.**

**Response** (see also response to recommendation 3.2C)

*The Government agrees. The continuing existence of a dynamic, unique space of our own in the North American cultural environment is fundamental to Canada's sense of purpose and identity.*

*The Government will continue to work closely with like-minded countries that recognize the need to protect and promote their national identity and cultural values. Within the G-7 and at the Miami Summit of the Americas, Canada obtained recognition by all participants (including the United States) that governments have an important role to play in promoting "diversity of content, including cultural and linguistic diversity" in the emerging global information society.*

*Canada is negotiating an enlarged agreement with the Council of Europe allowing Canada to participate fully in all activities of the Council relating to culture and cultural heritage. Canada has also established a mechanism for annual policy consultations with the EU on cultural matters. In addition, Canada's participation in cultural activities within la Francophonie and the Commonwealth provide it with opportunities to strengthen relations with like-minded countries.*

*When necessary, the Government has negotiated exemptions for Canadian cultural industries within the WTO, FTA and NAFTA.*

**6.2 The Committee further recommends that Canada's international cultural, scientific, and educational foreign policy seek to:**

**6.2B assist Canada in becoming a major participant in the global knowledge- based economy.**

**Response**

*The Government agrees. Canada's participation in the global knowledge-intensive economy is not only a foreign policy issue. It involves other levels of government, the private sector, institutions of higher education, NGOs and others. The Government recently released a Government-wide action plan, Building a More Innovative Economy, which focuses on four interdependent areas for action:*

- *building a healthier marketplace;*
- *expanding trade;*
- *building efficient infrastructure; and*
- *technology — innovating instead of falling behind.*

*A key component of the Government's plan to build a more innovative economy is the task of transforming today's telephone, cable and computer networks into a fully integrated system — the information highway. The United States, Europe and Japan have launched massive programs to build their information highways. Our present information infrastructure and networks would soon become inadequate without rapid development. The Government will adopt a series of policies and programs to encourage the builders and users of the information highway.*

*One element of this strategy is to give Canadians access to competitive regional and global mobile satellite facilities enabling them to tap into wireless telecommunications services (cellular telephones, paging, broadcasting). These initiatives will clear the way for new radio-based services such as digital broadcasting, personal communications devices, advanced mobile satellites and wireless cable TV.*

*Another element is to extend the Canadian Network for the Advancement of Research, Industry and Education (CANARIE). The Government will support CANARIE's business plan to speed the development of key parts of the information highway, including inter alia the creation of a high-speed experimental network to test advanced networking technologies, and an increase in the speed and reach of the Canadian Internet network.*

*Expanding SchoolNet — a joint federal, provincial and territorial initiative to electronically connect schools, libraries, community colleges, universities and hospitals in Canada — is*

*another element of the strategy, one that will provide Canadians with valuable and exciting electronic services in the global information economy.*

*While Canada is strong in science, many of the new technologies needed by our industry come from abroad. The Government will therefore seek to foster:*

- the acquisition of newest best-practice technologies by industry;*
- awareness of Canadian science-and-technology capabilities by potential foreign partners and investors of venture capital;*
- participation of Canadian businesses in international R&D alliances; and*
- a framework of international rules that allow unfettered access to international technology opportunities.*

*The Government will also encourage and promote institution-to-institution links between Canadian cultural and educational institutions and their counterparts abroad. Science and Technology Counsellors are stationed in a number of Canada's major missions abroad to promote exchanges and collaboration in the field of science and technology. In addition, over the next five years a network of up to 10 education centres will be established in the Asia-Pacific region to promote Canadian educational institutions.*

**6.2 The Committee further recommends that Canada's international cultural, scientific, and educational foreign policy seek to:**

**6.2C contribute to the vitality of the arts and higher education;**

**6.2D promote the export of Canadian cultural and educational products.**

**Response**

*The Government agrees. International activities are essential to the vitality of Canadian arts and higher education. The International Cultural Relations program of DFAIT provides financial assistance enabling Canadian artists and scholars to reach international standards of excellence, and making it possible to showcase Canadian accomplishments on the international scene.*

*The promotion of Canadian cultural, heritage, and educational products, services and expertise is an integral part of the Government's International Business Development Program. Cultural industries have been identified as one of our priorities. We will continue to support the international co-production strategy of the Canadian film and television industry. At the same time we will assist exporters of cultural and educational products to participate in specialized trade fairs and missions. Increasingly, the Government is working closely with industry to enhance opportunities for Canadian cultural exports to the United States and beyond.*

*The Government already supports the production (via the Canada Council) and the distribution of Canadian publishing through a number of programs. Given the excellence of Canadian cultural and educational products, it will be important to champion our creative talent as never before. For this reason, one can expect that Canada's cultural and educational industries will continue to grow at double the rate of the rest of the labour market in Canada.*

**6.2 The Committee further recommends that Canada's international cultural, scientific, and educational foreign policy seek to:**

**6.2E facilitate the transfer of knowledge.**

**Response**

*The Government agrees. It is furthering this objective through its initiatives to promote the liberalization of trade and investment, and to conclude cultural and science-and-technology agreements.*

*Through active consultations with the provinces and the private sector, the Government seeks continually to adapt programs and procedures to the changing international environment; it also works to identify opportunities for enhanced information and R&D exchanges as a basis for increased competitiveness. The Government will examine ways of enhancing results in this area, in co-operation with the provinces.*

**6.3 The Committee encourages the government to seek the collaboration of interested provinces in the implementation of Canada's international cultural, scientific and educational foreign policy, through the effective use of mechanisms such as the Federal-Provincial Consultative Committee on Education-Related International Activities.**

**Response**

*The Government agrees. It intends to work with other levels of government in all areas of mutual interest.*

*The federal system has shown remarkable flexibility in accommodating the changes needed to manage federal-provincial relations in the field of international relations, as evidenced most recently by the "Trade Team Canada" approach. Similarly, Québec's and New Brunswick's position in la Francophonie are assets for Canadian foreign policy and further examples of federalism's flexibility.*

*With regard to consultative mechanisms, the Government regularly conducts high-level consultations with the provinces (such as the periodic First Ministers' conferences). The Government is renewing its Memorandum of Understanding with the Council of Ministers of Education of Canada, an agreement that forms the basis for ongoing consultations in the area of international higher education. Other mechanisms are helping to examine priorities in their respective areas of responsibility; these include the meeting of ministers responsible for culture and historical resources, and the Federal-Provincial-Territorial Sport Committee. Support for international tours by Canadian artists is co-ordinated with the provinces through ongoing working-level contacts, and all provinces are invited to take part in official bilateral cultural consultations.*

*The Government is prepared to explore other mechanisms for collaboration and consultation with all provinces.*



- 6.4 The Committee recommends that the Government of Canada give careful consideration to the creation of scholarship and exchange programs that would involve the private sector in an essential way, to allow Canadian students to spend short, though meaningful, periods in centres of higher learning beyond the United States and traditional European destinations, and to allow students from those countries to do the same in Canada. It would be useful if such programs included provisions for keeping track of their alumni.**

**Response**

*The Government agrees that Canada's capacity to compete in the global knowledge-based economy will depend, in great part, on the next generation developing the knowledge and skills necessary to deal with other cultures and to operate effectively in foreign environments. To this end, Canada operates the Government of Canada Awards program on a reciprocal basis with Japan, France, Germany, Italy and Mexico. In addition, a Canadian initiative resulted in the introduction of the Commonwealth Scholarship and Fellowship Program over 30 years ago. Canada continues to offer more awards under this program than most other Commonwealth countries. Canadians are the recipients of over 120 Commonwealth scholarships annually. Last year, the Government also renewed the Canada-China Scholarly Exchange Program under which up to 20 students are exchanged annually. Nonetheless, it is clear more needs to be done.*

*The Government, through close co-operation between the Department of Foreign Affairs and International Trade and the Department of Human Resources Development, is negotiating with the European Union a program of educational co-operation that will involve both universities and colleges and address some of the barriers to academic mobility. The program should ensure the participation of European countries beyond the traditional academic destinations of Britain and France. Similarly, Canada has been aggressively pursuing North American co-operation in higher education, research and training, and is now negotiating a program with the United States and Mexico which will support student mobility among the three countries. Finally, it is working toward being in a position to participate within the next two years in the program of University Mobility in Asia-Pacific. Apart from positioning Canadians to participate fully in the global economic community, such scholarship programs are also a fundamental means of ensuring that future foreign leaders will be aware of the sophisticated offerings of the Canadian marketplace.*

*The Department has also been attempting to trace alumni of the Government of Canada scholarship program. A few years ago a tracer study was undertaken for the Commonwealth Scholarship and Fellowship Program. We will analyze the capacity to maintain an ongoing tracking system for foreign scholars studying in Canada under such programs to build strong alumni relationships for the future.*

**6.5 The Committee wishes to encourage the Canadian universities which are home to a sizeable number of foreign students to adopt the practice, widespread in other countries, of keeping track of foreign students when they return to their home country, by corresponding with them regularly, by encouraging the formation of alumni groups in foreign countries and by inventing new means of staying in touch.**

**Response**

*Many Canadian universities have already recognized the importance of maintaining ongoing contact with their foreign alumni and are implementing effective ways to do so. For its part, the DFAIT is drawing the recommendations of the Committee to the attention of the Association of Universities and Colleges of Canada, the Association of Canadian Community Colleges, and the Canadian Bureau for International Education so that they may bring them to the attention of their membership. In addition, DFAIT will seize other opportunities to encourage Canadian universities and colleges to follow-up on this recommendation. Canada's missions abroad will assist universities and colleges in this effort where practical.*

**6.9 The Committee also recommends that the Government of Canada dedicate itself to the promotion of a vibrant Canadian culture by increasing its support for creative artists and creative scholars, and to the development of the means necessary for the distribution at home and abroad of what these artists and scholars create.**

**Response**

*The Government agrees. The vitality of Canada's cultural and academic community is largely dependant upon its access to, and success on, the international stage. In this light, the Government recognizes the leading role it must take in support of Canada's international cultural industries and educational services. Canada has opened Canadian Education Centres in Taipei and Seoul. The Government will expand the network to include Malaysia, China, Indonesia, Vietnam, Thailand, Singapore, Hong Kong, the Philippines and, subject to specific marketing studies, most probably Tokyo, due to their remarkable success. This model, with variations as required, may be expanded to other regions of the world. The Government is examining ways to strengthen further its capacity to market effectively both cultural industries and educational services.*

- 6.10** In addition, the Committee recommends that the Government of Canada seek the co-operation of interested provincial governments to increase support for the "internationalization" of education, that is, support for academic and student mobility, institutional exchanges, and the development of international research and development networks.
- 6.13** The Committee therefore recommends that the government give careful consideration to programs that will assist Canadian scholars, academics and institutions of higher education in their international exchanges where these will be of benefit to Canada.

**Response**

*The Government has enjoyed excellent relations with the provinces, through the Council of Ministers of Education of Canada (CMEC), in the area of education-related international activities. The CMEC has been invited to participate in meetings on North American co-operation in higher education, research and training as well as in round tables leading to strengthened co-operation in education with the European Union. It has similarly been represented at education-related meetings of APEC. Occasionally, individual provinces have also had representatives at these meetings. The Government intends to build on this co-operation as it addresses the requirement for the "internationalization" of higher education.*

*Canada is currently negotiating a program of cooperation in education and training with the European Union and a similar program with the United States and Mexico, as indicated in the response to recommendation 6.4. In addition, we expect to be able to participate within the next two years in the program of University Mobility in Asia Pacific.*

**6.11 The Committee therefore recommends that the government reaffirm the lead role of the Department of Foreign Affairs and International Trade in developing international cultural, scientific, and educational policy at the federal level. It further recommends the consolidation of relevant program monies currently dispersed throughout the Department within an expanded International Cultural, Scientific and Educational Branch. Finally, it recommends that the government review the programs of the Department of Foreign Affairs and International Trade and the relevant programs of other Departments and agencies with a view to consolidating the relevant programs under Foreign Affairs. It also recommends that Canadian diplomats be given the incentives and the tools necessary to become effective salespersons for Canadian culture, science, and education.**

**Response**

*The Government agrees that DFAIT should exercise the lead role in further developing international cultural, scientific and educational policy at the federal level. As a first step, the Cultural Affairs Bureau of DFAIT, whose functions were being eliminated by the last Government, has been reinforced and will henceforth report the Assistant Deputy Minister responsible for global issues. Programs relevant to these issues will be identified within DFAIT, with a view to increasing their effectiveness as part of the Government's international cultural relations strategy. The incentives and tools necessary for Canadian diplomats will also be examined as part of the strategy.*

**6.12 The Committee recommends that the government continue to give strong support to the promotion of Canadian studies abroad.**

**Response**

*The Government agrees. In part through Government support to date, there are Canadian studies programs in universities in about 35 countries. Most of these countries are represented in the 20 national and multinational Canadian studies associations around the world with more than 6000 members. The associations and their members make an important contribution to knowledge and understanding of Canada in their own countries. They reach current and future decision makers and opinion formers through their work. They also contribute to research and dialogue in international and domestic areas of priority interest to Canada. The Government intends to give priority to encouraging teaching, research and publication about Canada by faculty in foreign universities. In addition to the International Council for Canadian Studies, our emphasis will be G-7 countries and those priority countries in the developed and developing world where there are Canadian studies associations.*

**6.14 The Committee recognizes the importance of programs such as Radio Canada International (RCI) and the Canada Council translation programs for Canadian literature abroad. Every effort should be made to exploit more fully the potential of RCI in particular to project Canada abroad.**

**Response**

*The Government takes note of this recommendation that every effort be made to exploit the potential of Radio Canada International and Canada Council translation programmes.*

*Indeed, by portraying Canada and Canadian values abroad, RCI can play an important role in promoting international peace and understanding. Dialogue and compromise; promoting democracy, human rights, economic and social justice; caring for the environment; safeguarding peace; and respect for diversity are values which RCI is eminently well-placed to project abroad.*

*Moreover, RCI and other free media, have an important role to play in ensuring truth, transparency, and justice through the interplay of free and diverse sources of information.*

# **Chapter 7**

## **Where Canada Fits In**



**7.1 The Committee recommends that Canadian policy be driven by the need to protect our vital interests: the preservation of Canadian sovereignty and independence, and the capacity to play the sort of active and independent role in the world that Canadians demand. We believe that such a policy requires a commensurate allocation of resources to the instruments to implement it, be they in the Department of Foreign Affairs and International Trade and its missions abroad, other government departments engaged abroad, or in Parliament.**

**Response**

*The Government agrees that Canadian policy should be driven by the need to protect our vital interests. The Government is strongly committed to meeting its fiscal objectives and to applying sound financial management to government operations. Priorities will be set with fiscal constraints in mind. Reallocation of resources will be made on this basis. Operational adjustments are also being made — including a better use of technology — to enhance the efficiency of program delivery. Further substantive actions in this direction are expected to emerge from the comprehensive program review.*

**7.2 Given the substantial powers now being exercised by the U.S. Congress, particularly in trade matters affecting Canadian interests, it is necessary to find effective ways to bring Canadian concerns directly to the attention of Congressmen and Senators. We believe the Canada-U.S. Inter-Parliamentary Group has this potential. However, Parliament should revise its selection procedures to ensure that future delegations comprise Parliamentarians chosen for their knowledge of specific items on the agenda. The Group should also work closely with the relevant standing committees and the Minister of Foreign Affairs.**

**Response**

*The Government agrees that it is extremely important for Canada to promote vigorously its interests in the U.S. Congress. Our Embassy in Washington has established a special unit for Congressional relations to ensure that Congressional leaders are aware of Canadian positions on specific U.S. legislative measures. The Ambassador will continue to meet regularly with Congressional leaders and other U.S. decision makers. All Canadian offices will be called upon to play an increasing advocacy role with Congressional Representatives and Senators in their territory as well as with state legislators.*

*The annual meeting of the Canada–United States Inter-Parliamentary Group is a very useful mechanism for the exchange of views on bilateral issues. More frequent and well-prepared meetings on specific sectors or issues would be welcome. The Department of Foreign Affairs and International Trade is prepared to liaise closely with the Parliamentary Group to assist in preparations for the meetings and to provide substantive briefings on the issues.*

**7.3 The Committee recommends that the government set policy and program priorities on the basis of objectives that reflect Canadian interests, values, and comparative advantages. Within regions, we should seek strategic bilateral partnerships, based on a combination of a country's regional importance, its political or cultural ties with Canada, and its potential contribution to the achievement of Canada's objectives.**

**Response**

*The Government agrees with the approach of the Committee and will establish its program priorities to serve the global objectives of foreign policy. Bilateral relations and multilateral associations will serve as means for the achievement of objectives, and will receive priority according to the degree to which these objectives are furthered.*

**7.4 The Committee reaffirms Canada's commitment to the goal of a rules-based international system, built on expanding the application of international law, and on making multilateral institutions more effective, better managed and more democratically accountable. For this purpose the Committee recommends a strategy of "directed multilateralism", that is, a strategy which gives priority to those institutions that best serve Canadian interests. This should be combined with vigorous bilateral co-operation with like-minded countries best situated to help advance the common cause. Beyond the Commonwealth and la Francophonie, the targets for this strategy should include the United Nations (UN) and the specialized agencies, the World Trade Organization (WTO), the International Financial Institutions and the Group of Seven (G-7). Canada should actively promote the early establishment of the WTO. It should also promote urgent and thoroughgoing reform of the UN system and the Bretton Woods institutions. The relevant standing committees of Parliament should reassess Canada's membership in the various multilateral institutions, with a view to making recommendations about its future participation.**

### **Response**

*The Government agrees with the Committee and is committed to the goal of a rules-based international system, built on expanding the application of international law, and on making multilateral institutions more effective, better managed and more democratically accountable. The Government will continue to take initiatives toward the realization of this goal.*

*At the same time, the Government recognizes that participation in multilateral institutions is not an end in itself but a means to an end. Canada will give priority to the institutions that can best meet our objectives. These are to promote prosperity and employment; to protect our security within a stable global framework; and to project Canadian values and culture.*

*Within multilateral institutions, Canada will not remain confined to traditional partnerships. Instead, it will seek alliances with countries on the basis of shared interests and objectives, according to the issues under consideration.*

*As suggested by the Committee, an important Canadian objective is reform of the United Nations system, especially its peace and security function. Also important is early consideration by the WTO of unfinished business (e.g., agricultural export subsidies, trade remedy laws) and new issues (e.g., competition policy, environment, labour). In addition, the Bretton Woods institutions and the regional development banks are central to world development. The Government will pursue their reform through the upcoming Halifax Economic Summit.*

*The Government welcomes the intent of the relevant Standing Committees to examine further Canada's membership in various multilateral institutions.*

# **Chapter 8**

## **The Democratization of Foreign Policy**

**8.1 One proposal made in this context is for a "Centre for Foreign Policy Development" that would identify priorities for analysis and contribute to the public debate.**

**Response**

*The Government agrees that there should be greater dialogue among Canadians about their foreign policy and Canada's international relations in general. The Government has met and will continue to meet its commitment to engage Parliament in debate on major foreign policy issues.*

*The first National Forum on Canada's International Relations, held last March, was another major step in this direction. The Forum is to be an annual event; the next one will be held in the spring in Toronto, on the general theme of reforming international institutions. On the model of its regular consultations with the business community through the International Trade Advisory Committee (ITAC) and Sectoral Advisory Groups on International Trade (SAGIT) processes, and with partners in the NGO-human rights community, the Government will expand and institutionalize this process by establishing active consultations with other groups and individuals interested in the international dimensions of economic relations, development and political affairs*

*The Government also believes that dialogue must be a process that goes on throughout the year across the country. For that reason the Government has decided to create a new mechanism for foreign policy consultations and outreach within the Department of Foreign Affairs. Its function will be to stimulate public consultation and research on foreign policy issues, bringing together government practitioners, experts, Members of Parliament and citizens. In addition, it will ensure that the Government engages Canadians in all aspects of its foreign policy on a systematic basis.*