

# Canada in the World

## Canadian Foreign Policy Review

### 1995

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## SUMMARY

The world is changing rapidly. Influence depends increasingly on the strength of economic relations, while security issues, some of a new order, continue to challenge us. The measure of our success in this world will be our ability as a society to effectively focus our international efforts in a spirit of shared enterprise.

- Canada occupies a position of leadership among the open, advanced societies which are becoming increasingly influential as world power is dispersing and becoming more defined in economic terms.
- Canada's geographic location gives it an important advantage as new poles of political and economic power emerge in the Pacific and Latin America.
- Canada's cultural heritage gives it privileged access to the anglophone and francophone worlds as well as to the homelands of Canadians drawn from every part of the globe who make up its multicultural personality.
- Canada can further its global interests better than any other country through its active membership in key international groupings, for example, hosting the G-7 Summit this year and the APEC Summit in 1997.
- Canada's history as a non-colonizing power, champion of constructive multilateralism and effective international mediator, underpins an important and distinctive role among nations as they seek to build a new and better order.

Canada, thus, is in a privileged position to influence change and to benefit from opportunities as we move toward the end of the twentieth century. The Government will exercise that influence responsibly to protect and promote Canada's values and interests in the world.

Based on wide consultations, it is clear that Canadians want to remain actively involved in the world, although they recognize the financial constraints we face. In response to Canadians' aspirations and to meet the challenges of an evolving world, the Government will pursue foreign policy to achieve three key objectives:

- The promotion of prosperity and employment;
- The protection of our security, within a stable global framework; and
- The projection of Canadian values and culture.

These objectives are interrelated and mutually reinforcing. They will guide decisions on priorities and on the allocation of resources.

- The promotion of prosperity and employment is at the heart of the Government's agenda. International markets present tremendous opportunities for Canadians: we can compete with the best in the world. In order to assist Canadians to do so, the Government will work to build a supportive domestic economic policy framework; to gain access for our goods and services abroad; to reinforce an open, fair and predictable set of rules governing international trade and investment; and to provide means to ensure that Canadian firms are able to take advantage of opportunities abroad.

The Government will also work to reinforce global prosperity. When other parts of the world prosper, we benefit in many ways. Prosperity helps to anchor international stability and enables progress towards sustainable development. More prosperous people are able to maintain more mature and mutually beneficial economic partnerships with Canada, becoming increasingly open to our values and thus more active partners in building the international system.

- The promotion of global peace as the key to protecting our security remains a central element of our foreign policy. Stability and security are prerequisites for economic growth and development. However, the threats to security now are more complex than before. A whole range of issues that transcend borders - including mass migration, crime, disease, environmental degradation, overpopulation, and underdevelopment - have peace and security implications at the regional or global level.

Our own security, including our economic security, is increasingly dependent on the security of others. More than ever, the forces of globalization, technological development, and the scale of human activity, reinforce our fundamental interdependence with the rest of the world. We need to address security issues in an integrated fashion and to draw on all available foreign policy instruments.

- The projection of Canadian values and culture is important to our success in the world. The Government agrees with the Special Joint Parliamentary Committee Reviewing Canadian Foreign Policy that: "Canadian foreign policy should celebrate and promote Canadian culture and learning as an important way of advancing our interests in international affairs."

Successful promotion of our values - respect for human rights, democracy, the rule of law, and the environment - will make an important contribution to international security in the face of new threats to stability. Acceptance of such values abroad will help safeguard the quality of life at home: Canada is not an island able to resist a world community that devalued beliefs central to our identity.

Vitality of our culture is also essential to our economic success. In the new knowledge-based world economy, the skills of people, their education, ingenuity and social adaptability, will become key elements of international advantage. Our

educational system, cultural diversity and continued dynamic growth in exports of cultural products and services will contribute significantly to our international achievement.

The Government intends to pursue these key objectives in the policy framework set out in this statement. They will be the focus for the full span of the Government's instruments, including the programs of international trade, diplomacy, and international assistance.

More than ever before, it is important that foreign policy making broadly involves Canadians. The Government will ensure that it engages Canadians in all aspects of foreign policy on a systematic basis by conducting an annual foreign policy forum. We will build on our existing series of consultations to create a permanent and open consultation process with groups and individuals interested in key international topics. We will also establish a mechanism within the Department of Foreign Affairs and International Trade (DFAIT) for policy consultation, research and outreach, and will turn increasingly to Parliament for policy formulation and advice.

The Government is committed to ensuring that Canada will continue to do its fair share for the world, maintaining our proud and uniquely Canadian contribution to global governance and prosperity.

## **PREFACE**

### **FOREIGN POLICY BY CANADIANS**

#### ***A new and broader process for foreign policy formulation.***

Ensuring Canada's success as a society in a changing world must be a shared enterprise. The future of each one of us depends on it. That is why the Government is pledged to an open foreign policy process.

We have delivered on that pledge in a number of ways.

First, by strengthening Parliament's role.

- In the past year, the Government initiated several special parliamentary debates on critical issues such as peacekeeping in Bosnia and cruise-missile testing in Canada.
- The Government also asked a Special Joint Parliamentary Committee to seek the views of Canadians and to report on the principles and priorities that should guide foreign policy. The Committee held over 70 meetings, received over 550 briefs, heard from over 500 witnesses, and commissioned several studies from experts. It tabled its comprehensive report in November 1994, along with valuable background material.

- The Government commends the Members of the Senate and of the House of Commons who sat on the Committee. They conducted their work with openness, diligence and integrity. The Government also thanks the many individuals and groups who met with the Committee, who made submissions, and who participated in the challenge of reviewing our foreign policy.
- In reviewing Canadian foreign policy, the Government was also mindful of the recommendations of the Special Joint Parliamentary Committee on Canada's Defence Policy.

Canadians volunteered ideas and proposals on foreign policy throughout 1994, many making outstanding contributions to the review process. The Government has also met, and continues to meet, with Canadians of all backgrounds and from all regions to seek their views on specific questions - on aid, trade, human rights, the international environmental agenda and nuclear non-proliferation. The Ministers of Foreign Affairs and of International Trade have each met with groups of Canadians for these purposes in recent months.

Together with the Minister of National Defence, they sponsored a national forum on Canada's International Relations in March 1994 at which over a hundred individuals, from across the country and with a wide range of experience, gave advice on the broad foundations of our foreign policy.

The Government also benefited from a review of Canada's international business development programs and services. This review, led by Mr. L.R. Wilson, was focussed on ensuring that the Government's support meets the needs of Canadian business and is delivered efficiently and effectively. The Government is grateful to Mr. Wilson and to the other private sector members of his committee for the time and effort they devoted to this exercise.

Relations among societies are carried out at many levels and in many ways. Business drives our economy and that of the world. Non-governmental organizations (NGOs) are active in supporting human development and in shaping the management of the global commons and other global challenges, acting locally and internationally in pursuit of a global vision. Centres of knowledge and technology work together across borders, enriching their own societies and the international community. Individuals in their daily decisions help shape the world environment and are touched by it.

Canadians are engaged in the issues and are affected by them. That is why they should participate in policy making and that is why this Statement does not end the open policy process. It sets out the context within which Canada acts internationally, And the major objectives the Government intends to pursue in the world. The Government is pledged to continuing consultation. The role of Parliament in this effort will be key.

## **I. INTRODUCTION**

### **A WORLD ON THE MOVE: THE EVOLVING CONTEXT FOR FOREIGN POLICY**

***The dangerous but predictable post-war system is gone.***

- The international community must increasingly navigate in uncharted waters. The peaceful triumph of democracy destroyed the Soviet bloc and with it, the bipolar world. Many of the old certainties that guided foreign policy through the Cold War have collapsed, but now, more than five years after the fall of the Berlin Wall, construction on a new order is only at its beginning. It may not be fully shaped for decades, although some of its outlines, including the emergence of centres of influence in Europe, Asia and the Americas to replace the old superpower-centred world, are appearing. This is therefore a time of great uncertainty, but also of great opportunity.

***Authority is dispersing.***

- Some of the prerogatives and functions of the state, still the main actor in the international system, are passing to sub-national and supra-national actors; others to NGOs and multinational corporations. In the case of some particularly vulnerable states, armies and even criminal networks have gained excessive influence.

***Power, however, is also moving into the hands of electorates, where it belongs.***

- South Africa is an excellent example of this. Its hopeful message may spur renewed development regionally. As wealth is created and middle classes grow, democracy is also taking root in Latin America and Asia. This trend will likely continue, in particular, wherever the power to make economic decisions rests in an ever greater number of hands, as in South-East Asia. In Latin America, a transformation over the past 15 years has introduced democracy, human rights and market orientation as the norm towards which the region strives. Consequently, economic growth is now taking hold there. However, democracy and free markets are still fresh and fragile in many places and cannot be taken for granted. In this decade, we have already witnessed assaults on fledgling democracy - in Russia, for instance - and reversals, as in Nigeria.

***Success increasingly derives from economic wealth rather than from military might.***

- The collapse of the former Soviet bloc resulted not just from its inability to compete with the West militarily, but also from the inability of the Soviet economic system to generate an acceptable standard of living for its people. The new powers among developing countries are generally those whose influence derives from striking economic success.

While military capacities and might will remain important factors in the international system of the future, international affairs will be rooted increasingly in economic and trade relations between countries and regions. As well, in the

knowledge-based societies of the future, technological ingenuity will displace some other, more traditional, sources of influence.

***Poverty, inequality and lack of human rights still burden too many people and create new tensions.***

- There has been an immense increase in the world's collective wealth. Some developing countries, formerly among the poorest, have emerged as dynamic economies and important trading partners for Canada. Other countries, however, and many people within better-off societies, have failed to share in these gains. In the last 30 years, per capita GDP in East Asia has increased nearly five-fold and that of South Asia has doubled. By contrast, that of sub-Saharan Africa has stagnated and, in some countries there, has declined. More than a billion of the world's people still live in abject poverty. Economic disparities within and among countries, if left unchecked, will continue to be a powerful source of political, security and humanitarian crises. Human rights abuses in some countries compound economic problems as does environmental degradation. Sustainable development remains an elusive objective.

***Ethnic and religious divisions have also emerged, and weapons are spreading.***

- Ethnic and religious divisions reflect, in some cases, tensions only temporarily suppressed by totalitarian states and the pressures of the Cold War. In others, they represent the anxiety of those opposed to what they perceive as the intrusion of global trends. These factors are creating the potential for a "new violence" of a more complex and changing character than our international institutions were designed to manage. Conflict resolution, as a result, will become even more difficult than in the past. The conflict in the former Yugoslavia is just one example of this broad challenge.

International terrorism continues. In a few countries, power has simply fractured into anarchy, while in others, the authority of government is increasingly challenged.

Although the demise of Cold War rivalry has reduced the likelihood of global nuclear war, looser control over fissile weapons material in the former Soviet world and a wider diffusion of weapons technology raises the spectre of destabilizing threats from new forces set loose by local conflicts and international criminality.

***Security means freedom from a wide array of challenges.***

- The new international context also imposes "non-traditional" threats, in particular, threats that transcend political borders and affect whole regions or even the globe. International crime and disease, global warming and mass involuntary

migration are examples of the more negative aspects of greater global integration.

- We now recognize the danger posed to this and future generations by environmental degradation, social inequity, lack of economic opportunity and overpopulation. More and more, the concept of security is focussing on the economic, social and political needs of the individual. In tackling these issues, we will require clarity in our thinking about the sources of each threat and problem, and about which combination of instruments - including development cooperation, trade liberalization and, if needs be, preventive diplomacy and peacemaking - is best able to address them.

### ***Globalization has dramatic economic effects.***

- All societies are having to respond to the pressures of economic globalization: the increasing capacity of industries to distribute production, the power of financial markets to influence the value of currencies without regard to political geography, and the enormous volume of investment capital which flows daily across borders at the push of a button. International capital markets have the strength to affect the independent capacity of governments to guide economies. Globalization means that economies respond less to political control than before. Societies look to their governments to foster economies that succeed in the global system but produce benefits locally.

### ***Globalization also affects culture.***

- Globalization also has a powerful impact on culture. Carried on the information highway and tied by growing transborder links among groups and individuals, culture now has assumed a global character.

This has given greater scope for vibrant cultures to flourish across borders; it has raised, however, concerns about global homogeneity stifling distinctive local expression and identity. Countries are looking for the appropriate balance between openness to international culture and support of their own cultures to protect and enhance local identity and diversity.

### ***This evolving context changes the nature of state sovereignty.***

- Thanks to technological innovations, the adoption of outward-looking political and economic policies, and the other changes described above, borders have become more porous to the flow of ideas, people and capital. This has diminished the ability of states to act independently since they can no longer isolate themselves from the world without unacceptable domestic consequences. However, especially for smaller and medium-sized countries, sovereignty has also been enhanced since the growing number of international rules on security, trade and other matters better protects states from arbitrary and unilateral action by other international actors.

### ***States differ in their international approach.***

- In some parts of the world, the state is struggling to maintain or reassert legitimacy and order. The "tiger" states of Asia, by contrast, are newly strong and are projecting their interests more than ever.

The developed western countries are in a different position. The political consensus that sustained the welfare state and internationalism is under stress from fiscal pressures and globalization. Maintaining employment has become the dominant social challenge.

Room for government action in developed countries is constrained by debt loads. Doing a better, more innovative, more focussed job with less will characterize foreign as well as domestic policy making for the foreseeable future in all these countries. Choices --many difficult and painful -- will have to be made.

Only states with clear objectives, acting on a strong domestic consensus, will be able to deploy significant influence and play an effective role in this new world.

### **Foreign Policy Making Will Change in the New Context**

#### ***Domestic and foreign economic policy will be increasingly linked and mutually supportive.***

- As stated by the Special Joint Committee, "Domestic policy is foreign policy...foreign policy is domestic policy." For example, international trade rules now directly impact on labour, environmental and other domestic framework policies, previously regarded as the full prerogative of individual states. The implementation of international environmental obligations, for instance, could have major domestic implications for producers and consumers and impact on both federal and provincial governments. At the same time, in a world where prosperity is increasingly a function of expanding trade, foreign policy will be driven more than ever by the domestic demand for a better, freer and fairer international environment for trade.

#### ***States will cooperate with each other even more.***

- One reaction among states to these changes has been to emphasize cooperation for mutual advantage. States have been increasingly willing to enter into International Agreements that voluntarily cede aspects of economic sovereignty. They do this, through regional trade arrangements for example, so that their societies can in turn receive benefits that are unattainable when acting alone. Advanced, trade-reliant countries, such as Canada, lead in the creation of a system of international rules to govern the collective behaviour of states because they see binding rules as providing the best basis for the widest cooperation and for protection against unilateralism.

### ***Economic integration is moving forward more broadly as a result.***

- At the global and regional level, there are an increasing number of rules-based regimes that are further facilitating integration. These have spurred private sector economic activity, stimulating trans-border flows of investment and trade to increase at an accelerating rate. However, as regional organizations develop, there is the worrying possibility that they may turn inward and that the world will evolve into competing economic blocs. Multilateral economic and trade institutions, as well as relations among regions, must evolve To contain this risk and be mutually reinforcing.

### ***International roles are evolving.***

- As the international system changes, so too do the traditional roles of the major players. The United States is the world's remaining superpower, economic and military. It is still adapting to this role. The European Union (EU) is becoming a political actor in its own right as well as an ever-more integrated economic entity. The transatlantic partnership continues to lead in defining the rules of the emerging international system, but its relative power is being shared increasingly with other regions.

More economic power is moving to the states of Asia, now led by Japan, and political influence will follow it. In particular, China will continue to emerge, not only as a regional but also as a global power in every respect. The Asia-Pacific Economic Cooperation (APEC) forum is becoming an important focus for cooperation around the Pacific Rim. Latin America and Central and Eastern Europe are also becoming centres of gravity as their economies and political cultures modernize. The potential of Russia as a major partner in the world system must also be factored into the picture.

### ***International relationships - bilateral and multilateral - must also change.***

- In the new international system of shifting political and economic power, countries cannot rely on rigid adherence to only traditional relationships with old partners. Bilaterally, good relations with old friends will remain very important, but, increasingly, partners will choose each other to attain specific objectives or to reflect diversity in pursuing new long-term prospects. Variable alliances will increasingly become a pattern in international relations.

Similarly, countries are reassessing their approach to multilateralism, becoming much more tough-minded. Many, including Canada, are dedicated to strengthening the system. However, none can take for granted that institutions will respond effectively to the challenges before the world community unless the political will of their members is fully engaged. Moreover, in a tight international fiscal climate, no institution will be immune to pressures to demonstrate the value that it adds to the affairs of its members. Some institutions, like the United

Nations (UN), need reform to bring them in line with new realities. Others, like the World Trade Organization (WTO), are already oriented in dynamic new directions.

***The new regionalism is both an opportunity and a challenge.***

- The rise of regional organizations provides new fora for countries to pursue their foreign policy objectives. Historically, Canada's emphasis on multilateralism has rested, among other reasons, on an understanding that this approach would help limit the scope for major powers to act unilaterally. Multilateralism, in its evolving forms, remains a priority for Canada, but now we can also capitalize on our own identification and partnership with several regions to achieve our objectives.

Each major regional grouping has its own characteristics. The EU is deeply engaged in building political and security co-operation as well as in the continuing process of economic integration. The countries of the Asia-Pacific region are only beginning to discuss security collectively, but they are making significant progress towards greater economic cooperation through APEC. The North American Free Trade Agreement (NAFTA) remains a trade area without plans for closer political integration, although Canada, which already works productively on a wide range of international issues with the United States, intends to work more closely with Mexico on many issues in the future. The Organization of American States (OAS) offers much potential in a variety of fields, which we will be working hard to develop. Recent evidence demonstrates that regional cooperation in Africa, through the Organization of African Unity (OAU) and otherwise, is also possible. This is a welcome and important development.

We have influence and allies in all of these regions. The continuing challenge will be to use our assets and multilateral engagement prudently and effectively as the regional systems themselves evolve.

***Other groups reflecting shared interests will also be influential.***

- Institutions such as the Commonwealth and the Francophonie, to which Canada belongs, will be an important complement to regional arrangements. They are valuable fora for countries that have diverse national interests but also shared values and objectives in addressing global challenges. Most critical, because of the power concentrated there, is the role of the Group of Seven (G-7) leading industrialized democracies (Canada, US, Italy, Japan, Britain, Germany, France). The Halifax Summit, which Canada chairs, will be a key opportunity for Canada to exercise world leadership on issues on the international agenda.

**Common Values for Consistent Direction**

- New approaches are clearly needed for the management of international relations. They will, however, ultimately lack consistency and effectiveness in the absence of basic values. The foundation that supported foreign policy in the past has eroded: the old external military threat posed by the confrontation of superpowers has all but gone; ideologies and religion do not unify; nor, in many countries, is ethnic identity held in common.
- In countries like Canada, unity springs from pride in the civic nationality - based on shared values and tolerance, respect for rule of law and thoughtful compromise - that its citizens share. Unity around these values permits the identification of a new compass for the development of foreign policy in a world where sweeping certainties have been replaced by doubts about what is ahead and where the surest path lies.

### **There is a Strong Consensus for an Active Canadian Foreign Policy**

- The Government has listened carefully to Canadians over the past year for their views on the directions we should collectively pursue. Their views and priorities, in all their diversity, inform the directions outlined in this Statement.

The first major message from Canadians is that they want to remain actively involved in the world. They understand that our vital interests are engaged in the highly competitive global economic system. They are clear that our security and sovereignty must continue to be assured in a world under stress.

The second is that Canadians are confident in their values and in the contribution these values make to the international community. As the Special Joint Committee noted: "Foreign policy matters to Canadians. They have deep-rooted values that they carry over into the role they want Canada to play." Our principles and values - our culture - are rooted in a commitment to tolerance; to democracy, equity and human rights; to the peaceful resolution of differences; to the opportunities and challenges of the marketplace; to social justice; to sustainable development; and to easing poverty. Canadians wish these values reflected and advanced internationally. They also understand that culture helps to bind societies together at a time of rapid change and of the emergence of new threats to security such as ethnic strife rooted in exclusionary visions of civic life.

The third is that they understand the importance in their daily life of our success in the world. It is a success that relies on our shared values, but is only possible because we are an influential nation, asserting our interests directly around the world, including at the highest tables reserved for the few, such as the Quadrilateral Group of the world's leading traders and the G-7.

They understand, in short, that only a strong, united Canada can pursue our objectives effectively in this new international environment.

***Canadians also understand the constraints.***

- While Canadians strongly support an active foreign policy, they also have a realistic view about the challenges ahead and the constraints - especially financial constraints - that we face. In particular, they understand that until we get our own financial house in order, we will be seriously limited in our ability to act abroad to further Canadian objectives. Canadians recognize that we cannot do everything that we would like and that we must be selective. The Government, therefore, will continue to pursue the foreign policy objectives that Canadians demand, but will have to do so in a manner that reflects the need for even more financial prudence: "more effective and less costly" will have to be the watchwords guiding our approach to international relations, as it is to domestic programs. We will not do everything we have done in the past, nor shall we do things as we have done before.

### ***Canada's Place in the World.***

- Canada occupies a position of leadership among the open, advanced societies which are becoming increasingly influential as world power is dispersing and becoming more defined in economic terms.
- Canada's geographic location gives it an important advantage as new poles of political and economic power emerge in the Pacific and Latin America.
- Canada's cultural heritage gives it privileged access to the anglophone and francophone worlds as well as to the homelands of Canadians drawn from every part of the globe who make up its multicultural personality.
- Canada can further its global interests better than any other country through its active membership in key international groupings, for example, hosting the G-7 Summit this year and the APEC Summit in 1997.
- Canada's history as a non-colonizing power, champion of constructive multilateralism and effective international mediator, underpins an important and distinctive role among nations as they seek to build a new and better order.

Canada, thus, is in a privileged position to influence change and to benefit from opportunities as we move toward the end of the twentieth century. The Government will exercise that influence responsibly to protect and promote Canada's values and interests in the world.

## **II. CHARTING THE COURSE**

### **KEY OBJECTIVES**

Drawing on broad consultations among Canadians and on its assessment of the evolving world system, the Government has identified three key objectives for its international actions in years to come:

- **The promotion of prosperity and employment;**
- **The protection of our security, within a stable global framework; and**
- **The projection of Canadian values and culture**

These key objectives are interdependent and mutually-reinforcing. They will form the core of Canadian foreign policy and will guide decisions on priorities.

- **The promotion of prosperity and employment** is at the heart of the Government's agenda. International markets present tremendous opportunities for Canadians, given the quality of our products and services. We can compete with the best in the world. In order to do so, we require a supportive domestic economic policy framework; access for our goods and services abroad; an open, fair and predictable set of rules governing trade and investment; and means to ensure that Canadian firms are able to take advantage of promising foreign market opportunities. We also wish to see other countries and regions prosper. By doing so, they will help anchor international stability and make progress towards sustainable development. Prosperity will also allow others to sustain more mature and mutually beneficial economic partnerships with Canada and to be increasingly open to our values.
- **The promotion of global peace as the key to protecting our security** remains a central element of our foreign policy. Stability and security are prerequisites for economic growth and development. However, the threats to security now are more complex than before. A whole range of issues that transcend borders - including mass migration, crime, disease, environment, overpopulation, and under development - have peace and security implications at the local, regional and, in many cases, the global level.

Our own security, including our economic security, is increasingly dependent on the security of others. More than ever, the forces of globalization, technological development and the scale of human activity reinforce our fundamental interdependence with the rest of the world. Our well-being and our national interest are inextricably linked to global developments. As the Special Joint Committee stated: "We will have shared security, shared prosperity and a healthy environment for all or none will have any in the long-term." We need to address security issues in an integrated fashion and draw on all available foreign policy instruments.

- **The projection of Canadian values and culture is important to our success in the world.** The Government agrees with the Special Joint Committee that "Canadian foreign policy should celebrate and promote Canadian culture and learning as an important way of advancing our interests in international affairs."

Application of values - respect for democracy, the rule of law, human rights and the environment - will be critical to the struggle for international security in the face of new threats to stability. Their adoption internationally will also be essential to ensuring that they are viable in our own country. Canada is not an island able to resist a world community that devalued beliefs central to our identity.

Vitality of our culture is also essential to our economic success. In the new knowledge-based world economy, the skills of people, their education, ingenuity

and social adaptability, will become key elements of international advantage. Our educational system, cultural diversity and continued dynamic growth in exports of cultural products and services will contribute significantly to our achievement internationally.

The Government intends to pursue these key objectives in the policy framework outlined below. They will be the focus for the full span of the Government's instruments, including the programs of international trade, assistance and diplomacy.

### **III. THE PROMOTION OF PROSPERITY AND EMPLOYMENT**

The United Nations Human Development Index has rated Canada as among those countries with the best quality of life in the world. The protection and enhancement of that standard is a key goal of Canadian foreign policy. As the Special Joint Committee pointed out, Canada's prosperity depends on more than sound domestic economic policies, although these are essential. It depends as well on wider global prosperity and on our ability to take full advantage of the opportunities this presents.

Economic growth and job creation in Canada require a stronger focus on domestic initiatives, including getting our fiscal house in order, so as to encourage investment and the export of competitive goods and services. They also require a healthy, rules-based international economic system.

The system that has evolved since the late 1940s has underpinned productivity growth and improved living standards worldwide. It has also constrained the ability of larger economies to pursue economic policies unilaterally to the detriment of Canada. The system has, on the whole, worked well for us and has demonstrated an impressive capacity to adjust to changing times and pressures. Moreover, Canada has worked hard to protect and promote our interests through the international economic system, a system that we have shaped to a very significant extent.

#### **An Evolving International Context**

##### ***The Multilateral Trade System is critical to Canada's prosperity.***

- Since the late 1940s, the development and defence of a robust, dynamic trading environment has consistently found its natural home in the General Agreement on Tariffs and Trade (GATT) and now in its successor, the WTO. The implementation of the recently-concluded Uruguay Round of multilateral trade negotiations, which, among other things, led to the WTO, was secured in late 1994 when the major world economies and many key developing countries adopted the new balance of rights and obligations in their domestic law.

The WTO extends international rules much more comprehensively than before. The new rules will now cover trade in goods (including formerly largely excluded

sectors such as agriculture as well as textiles and clothing) and services. The new rules also constitute important first steps to underpin fair competition for direct investments. They provide considerably more effective mechanisms to resolve disputes through the rule of law rather than the exercise of unilateral market power. The new deal will bring improved overall growth prospects for the world economy and for WTO members in particular, whatever the calculus followed in weighing the specific results. Moreover, the new deal already identifies several important areas where WTO members agree that further work must be completed over the next few years.

### ***Growth creates new players in the global economy.***

- Canada is one of the major world trading powers, along with its key partners, the US, the EU and Japan, all members with us in the G-7 and the Quadrilateral Group. Our trading, investment and technology relationships are the most intense with these partners and, above all, with the US. They are at the centre of the world economy today. We must continue to ensure that these relations are managed with care.

Globally, the leading exporters now also include Korea, Taiwan, China, Mexico, Brazil and others. Moreover, economies such as Taiwan, Korea and Hong Kong have emerged as important sources of overseas direct investment. On the other side of the ledger, developing countries attract about one third of foreign direct investment flows, with the bulk directed to the larger countries of Asia and Latin America. These new players compete with Canada for market share and quality investments, while providing increasingly attractive markets for the export of Canadian goods and services. Using all available foreign policy instruments in a coordinated way, we must build relationships with them and with other dynamic developing economies to reflect their current and growing economic importance to us.

### ***Unfinished business remains on the trade policy agenda.***

- Despite useful progress made in the establishment of the WTO, the international community still has a considerable distance to travel to adequately discipline the trade and investment distorting subsidization of agricultural production, particularly by the US and the EU. As well, improved disciplines on the use of antidumping measures will continue to be a Canadian priority. These are examples of policy areas where frictions between economies remain because the rule making to date is incomplete.

### ***New trade policy issues in the global economy.***

- The gradual reduction of more traditional trade and investment distorting barriers through successful trade negotiations has raised new questions about the contribution to growth made by a broader range of domestic regulatory regimes

in all economies. Moreover, emerging international players share with Canada an interest in seeking improved and more secure market access to the US, the EU and Japan, and like Canada, they attach importance to international rules that adequately discipline pressures for the unilateralism and protectionism found in many economies. There is, therefore, increasing scope for creative partnerships with a wider range of partners.

- The overarching objective of trade and environment discussions is to ensure that the policies that emerge support sustainable development. Governments are faced with the growing need for responsible, balanced solutions related to global commons issues (for example, climate change, ozone layer depletion, straddling fish stocks) and transboundary pollution impacts (such as North American air and water quality issues). In order to facilitate international cooperation in this area, but also to foreclose unilateral action (sometimes with protectionist intent or impact), governments have turned increasingly to the negotiation of international environmental agreements as a key element of sustainable development. Important instruments already negotiated by Canada, bilaterally and multilaterally, relate to ozone depletion, air and water quality, the transboundary movement of hazardous wastes, climate change, biodiversity and desertification. More will be tackled. In addition, governments around the world are increasingly taking action to address domestic environmental problems.
- Another "new" issue is the explosion of private investment abroad over the past 15 years and the increased mobility of investment capital. This calls for balanced rule making, given concerns over potentially anti-competitive practices by individual private sector firms and particularly by large multinational enterprises. We will need to ensure that new rules promote Canadian growth and job creation, and that they work more generally in the interests of small, open economies that need investment.

## **Directions for Canadian Policy**

In light of these considerations, the Government intends to pursue the following priorities related to the international trade and payments system:

### ***Managing our economic relationship with the United States.***

- Canada's economic relationship with the United States remains the most complex and substantial among any two countries in the world. Of Canadian exports, 80% are destined to the US, and the US accounts for 65% of foreign direct investment in Canada. As such, good management of that relationship is our overriding priority. Much of what we do bilaterally, regionally and internationally, relates directly to the management of that special relationship. Careful account must be taken of both the real differences and the considerable similarities between the interests of the two countries. Canada-US relations are based on common values and myriad economic transactions that underpin mutual prosperity. Yet differences of view do arise in such an intense,

multifaceted relationship. They are differences between sovereign partners, acting as equals within that relationship.

Consequently, the Government plans to secure and enhance our economic partnership with the US in a variety of ways. We will deepen and broaden NAFTA by negotiating further reductions in trade and investment distorting practices and by expanding NAFTA membership to other countries in the hemisphere, starting with Chile.

More generally, we will continue to work hard to encourage outward-looking and cooperative US economic policies, for example, by advancing trade liberalization in our hemisphere through NAFTA expansion and by encouraging the work now underway on a Free Trade Agreement of the Americas; by intensifying the scope of continental environmental cooperation; by encouraging creative US engagement in the prompt and dynamic launch of the new WTO; and by strengthening the trade and investment links being developed through APEC. Engaging the US constructively on these and other international issues not only assists in managing our bilateral relations where we have differences of view, but also permits both countries to cooperate with greater international impact in the many areas where we have similar policy objectives.

We will accelerate efforts to manage sectoral irritants through an active advocacy program in Washington, D.C., the recruitment of like-minded allies in the various regions of the US and the encouragement of sectoral partnerships between the private sectors of the two countries. Moreover, we will encourage provincial governments and parliamentarians to be more fully involved in this work through a more structured sharing of information and coordinated design of advocacy programs.

### ***Working towards an open international trading system.***

- Multilaterally, we will accord the highest priority to the full and effective implementation of the WTO. Our intra and inter-regional efforts will all have as their objective the reinforcement of the global trading system. We are deeply convinced of the great economic benefits that we, as a nation, have derived from this system over the past 50 years, a conviction reflected in the fact that the foundation of the WTO was a Canadian proposal that enjoyed all-party support. Canadian vision, based on a broad consensus at home, thus made a major contribution to the way the world will carry out its commerce in the future.

Looking ahead, we will engage actively in addressing new challenges. In part, this requires concluding the supplementary negotiations, already envisaged under the aegis of the WTO, on government procurement and on trade in certain services. As well, we are ready to meet the challenge of moving beyond the current agenda. We will, for example, promote careful analysis, now underway in the WTO, on how to increase the compatibility of international trade and

environmental obligations and policies where these overlap and conflict. We will initiate the careful groundwork needed to establish the next round of trade and investment liberalization upon which Canadian prosperity depends. We will also promote work at the Organization for Economic Cooperation and Development (OECD) and the International Labour Organization (ILO) on the relationship between internationally recognized labour standards and the multilateral trading system.

### ***Strengthening economic ties with Europe.***

- Our mature trade and economic relations with Europe continue to be of great importance. We will ensure that they are supported at the bilateral level, especially with our major partners. However, we will devote particular attention to the EU, which is increasingly exercising jurisdiction in areas of interest to Canada. The Government will review how to build on the results of the recently implemented multilateral trade negotiations to deepen further trade liberalization with the EU. In consultation with the business community, we will carefully explore the possibilities of reducing or eliminating barriers to trade between Europe and North America for the full range of Canadian export interests (particularly agricultural exports), including through a free trade agreement between the EU and NAFTA.

### ***Building relationships in new markets.***

- **Asia-Pacific**
  - The Government intends to pursue actively APEC's call for freer trade in the Pacific Rim region in the decades ahead, and is prepared to participate in phasing out barriers to trade within APEC. Key economic challenges include the need to liberalize practices that have distorted investment flows across the Pacific, the development of a consensus on the importance of further tariff reductions and the need to intensify technical cooperation in areas as diverse as customs procedures and forestry practices. The Government will build on the "Team Canada" approach that it employed so effectively in Asia last year when the Prime Minister, accompanied by the Minister for International Trade and the Secretary of State for Asia-Pacific, led a group including provincial and business leaders to the region.
- **Latin America**
  - We will devote close attention to Mexico, a partner of growing importance to Canada, and to other major Latin American countries. Canada and Mexico have much to gain and learn from each other through further cooperation in NAFTA. This relationship holds promise over time in other spheres as well, including close cooperation in a broad range of multilateral institutions such as the UN. Both countries have a common interest in using NAFTA as a vehicle to extend free trade in the hemisphere, commencing with Chile, and perhaps moving beyond. The

Government is committed to expanding our economic relationship with the region, as highlighted by this year's "Team Canada" visit led by the Prime Minister, accompanied by the Minister for International Trade, the Secretary of State for Latin America-Africa, and business leaders.

***Promoting foreign direct investment and rules to control anti-competitive behaviour.***

- Canada will seek improved and more transparent international rules governing foreign direct investment and anti-competitive practices through a variety of mechanisms, including the negotiation of a new generation of bilateral Foreign Investment Protection Agreements (FIPAs) with developing countries and the economies in transition in Central and Eastern Europe. We will also pursue the development of a Multilateral Investment Agreement through the OECD and the WTO, and through future accessions to NAFTA. In addition, we will encourage greater vigilance toward the possible anti-competitive actions of large multinational firms through agreements promoting active co-operation among competition (anti-trust) authorities.

***Developing rules and institutions for the new global financial system.***

- The network of international economic and financial institutions, centred on the Bretton Woods system, has been central to the management of the world economy, not least by supporting development efforts around the globe. Like all the post-war institutions, they need to adapt - to radical change over recent years brought about by advances in technology that have revolutionized capital markets; to new challenges of sustainable development; to new balances of international power; and, to the growth of private capital flows and development of the private sector.

Canada's membership in the G-7 provides a valuable opportunity to influence change in these institutions. The Government will chair Halifax Economic Summit discussions in June 1995 on the reform of international economic institutions such as the International Monetary Fund (IMF), the World Bank, and possibly other institutions. This review must address the evolving roles of these bodies as well as the relationship between them and the numerous agencies related to the UN. Elimination of duplication and competing mandates will also be a major Canadian objective, consistent with our own resource constraints and fiscal strategy. We will pursue these goals in the Economic Summits and in other fora in the years ahead.

The proliferation of new financial instruments with complex legal and operating frameworks raises issues relating to the transparency of international exchange and other financial markets, the adequacy of safeguards for customers and systemic issues related to the stability of the international financial system. We will explore with our OECD partners whether the systems that regulate financial

markets and institutions domestically should be replicated internationally to strengthen global financial stability.

***Ensuring a positive relationship between international rules for the sustainable management of the environment and the economy.***

- The Government will urgently promote internationally agreed rules on the sustainable management of high seas fishing that include recognition of the special interests of coastal states like Canada and that reflect the devastating impact on hundreds of Atlantic Canadian communities of the current decline of fish stocks. The Government has already announced that we would ratify the UN Convention on the Law of the Sea soon, and is reviewing domestic legislation to bring it into conformity with the provisions of the Convention with a view to proceeding with ratification.

The forest products industry is both the largest net contributor to Canada's balance of trade and a major source of employment. Responsible for approximately 20 per cent of world trade in forest products, Canada is an influential player internationally. The environmental role of forests is very significant: forests affect the pace of global warming; are a storehouse for biological diversity; prevent soil erosion; preserve water quality; and serve a cultural and spiritual role, especially for aboriginal people. Canada, therefore, has a large stake in the long-term health of forests, as do many other countries. Therefore, we will pursue assertively, in close co-operation with a variety of allies, internationally agreed rules on sustainable forest management, ideally embodied in an International Forests Convention. This will assist Canada to ensure and to expand its access to forest product markets, and to better support other, particularly developing, countries, in their efforts to manage their forest resources sustainably.

We will promote regional environmental standards consistent with sustainable development and enhanced competitiveness by actively supporting the implementation of the North American Agreement on Environmental Cooperation. The Government will also implement the recently-approved Environmental Industries Strategy, aimed at increasing these industries' growth rates and exports, while responding to the Government's objective of a clean environment. The Strategy will support Canadian industry, fund new initiatives to develop and commercialize innovative environment technologies, and improve access to domestic and global market opportunities for environmental companies. The Government will also undertake environmental assessments in conformity with the Canadian Environmental Assessment Act.

Canada has a particular role in defending and developing the Arctic environment, an area where international cooperation is vital and is just beginning. Through enhanced international cooperation and national commitment, demonstrated through our recent appointment of the Ambassador for Circumpolar Affairs, we

will seek to slow the process of global climate change and to protect and improve the Arctic environment and the health and livelihoods of the region's inhabitants.

With our partners, we will also explore means of improving international governance on environmental issues. The current structure of institutions significantly involved in this field includes the UN Commission on Sustainable Development, the UN Environment Program and other UN agencies, the Global Environment Facility, the World Bank, the IMF, the regional development banks, the WTO and a host of others. The scope for consolidation to improve efficiencies and effectiveness across these organizations will be assessed.

### ***Bringing the developing world into the international economic system.***

- Canada's commitment to deepening and widening trade and investment liberalization will also make an important contribution to strengthening the capacity of developing countries to grow through the marketplace.

Canada will fully implement its undertakings under the Uruguay Round of multilateral trade negotiations to liberalize market access into Canada. This includes measures with regard to the phase-out of the import quota system under the Multi-Fibre Arrangement, the reduction of import duties on goods of interest to many developing countries, and further limits on subsidy practices that distort the trade of many developing and developed countries alike.

We will actively use our leverage to make further liberalization a major objective in all future trade negotiations in which we are involved, whether in the WTO, through NAFTA accessions or in APEC. We intend to reform Canada's General Preferential Tariff to provide better access to the Canadian market, particularly for the least developed countries, and will press our partners to do the same. We will be mindful of the impact of such action on a number of domestic economic sectors that would be affected.

- Debt relief will also assist many developing countries to become greater participants in the world economy. Canada has long pushed for more debt relief in fora such as the G-7 and the Paris Club (the group of major international lender governments) for severely indebted low income countries (SILICs), especially in sub-Saharan Africa. These efforts have recently paid off in the Paris Club, which has agreed to a higher level of debt relief on the whole stock of debt of eligible countries.

### **International Business Development**

The Government has consulted widely with Canadian businesses of all sizes and export experience, and has carefully considered the recommendations of the Special Joint Committee and those of the International Business Development Review, on how best to facilitate the participation of Canadian businesses in the international economy.

Selectivity is especially vital given tight fiscal circumstances. To provide these value-added, focussed services, we will further concentrate our resources abroad. We will scale back domestic operations and, in selected markets, make greater use of locally-engaged staff. Support for trade fairs will be limited to major fairs that are important to particular sectors. There will be less emphasis on providing commercially available information, and more on the exercise of our international trading rights (pursuant to the WTO and NAFTA, for example) and on state-of-the-art market intelligence gathered through Canadian embassies and consulates abroad.

**The Government will work with interested provinces, municipalities, and the private sector on four priorities:**

- 1. Increasing the participation of Canadian businesses in the international economy.** The Government will continue to work closely with all firms to open doors to foreign governments and to key economic agents. It will target its direct financial trade promotion support on small- and medium-sized enterprises (SMEs). The Program for Export Market Development will be concentrated on firms with sales of less than \$10 million or with fewer than 100 employees. We will work with the private sector, the provinces and other government bodies to identify and assist "export ready" companies, and to provide timely, opportunity-specific market intelligence on sectors and markets that offer the greatest growth potential, including service sectors.

We will work with interested provinces to develop programs and services to help shape businesses' attitudes towards foreign cultures, enabling them to work better in foreign markets. The evolving business environment puts a premium on maximizing human resources with a global, dynamic outlook. The Canadian Foreign Service Institute (CFSI), DFAIT's centre for professional training in international management and policy, will work to expand its programs to other federal government departments, provincial governments and the private sector in order to contribute to this effort to build our international business culture in Canada. We will also work with the Export Development Corporation (EDC) and the commercial banks to improve export finance availability, particularly for SMEs.

- 2. Diversifying International Business Markets.** While recognizing the critical importance of the US market for Canadian prosperity, we will also encourage incremental growth in other promising markets by:
  - o working with the private sector to help companies build on their success in the US and expand into offshore markets;
  - o focussing more resources on high growth markets in Asia-Pacific and Latin America and, in Western Europe, targetting our resources on investment, technology and strategic alliances. We will encourage Canadian companies to test the potential of emerging African and Middle Eastern markets, including post-apartheid South Africa. We will rely more on locally-engaged staff in the US and Western Europe and redeploy

Canadian personnel resources to Asia-Pacific and Latin America. New trade offices will be opened in selected countries in these regions, with costs to be financed through a reallocation of resources;

- working to maintain competitive export finance and insurance, and foreign investment insurance services on the basis of a financially self-sufficient system with a modest ability to subsidize credits in priority markets in response to subsidies from our major competitors. We will also seek more intense and effective cooperation with Canada's private banking system to reach SMEs and share repayment risks; and
- promoting Canadian culture and learning abroad as a way of creating an identifiable image for Canada and its goods and services. We will seek to make better use of Canada's artists and scholars as part of a fundamental re-thinking of the way we promote ourselves and our products abroad. It will be important to continue to develop new export markets for the products and services of our cultural industries. At the same time, we will provide foreign service officers with better tools needed to sell Canada abroad, including Canadian culture and learning.

**3. Attracting International Investment and Assisting Science and Technology.**

Sound domestic economic policies will continue to maintain and improve the investment climate in Canada. We will also work hard to achieve greater certainty and predictability in Canada-US trade relations, especially in the area of trade remedy laws. Such predictability will be important to investors wanting to reach the NAFTA market.

As one instance, the Government will provide company-specific briefs to the chief executive officers and to the boards of directors of international companies located in Canada, making the case for new investments and product mandates for Canada. DFAIT will introduce Canadian SMEs to international investment partners as sources of capital, technologies, management skills and access to markets. We will also develop initiatives to facilitate greater access to and acquisition of international technologies by Canadian firms in cooperation with other organizations, such as the National Research Council (NRC).

Canada's full participation in the global knowledge-intensive economy is vital. Our science and technology will help us to achieve this goal. To that end, the Government will foster:

- acquisition by industry of the newest best practice technologies;
- awareness by foreign investors of Canadian science and technology capability;
- participation of Canadian business in international research and development alliances; and
- an international framework of rules that allows unfettered access to international technology opportunities.

**4. Building partnerships and a "Team Canada" approach.** The Government will strengthen partnerships and build an international business "team" on three

fronts: within the federal government, with the provinces and with the private sector, including both larger firms with export experience and SMEs. The Government will work with interested provinces to ensure export preparation for companies seeking new markets. We have initiated discussions on a strategy that defines roles and responsibilities and seeks to eliminate overlap and duplication and install one-stop shopping for export-related intelligence and services.

We are working with both government and private sector partners to respond to their priorities, including technology and investment dimensions, both informally and formally, through mechanisms such as the International Trade Business Plan, the International Trade Advisory Committee (ITAC), and the several Sectoral Advisory Groups (SAGITs).

In 1994, tourism was Canada's fifth largest source of export earnings. Recognizing tourism's importance, the Government is committed in this industry as well to a "Team Canada" approach, working with public and private sector partners to promote Canada as a prime international travel destination.

#### **IV. THE PROTECTION OF OUR SECURITY, WITHIN A STABLE GLOBAL FRAMEWORK**

Assuring Canada's security remains a fundamental responsibility of government, even as the international context and the security threats it poses have changed. In this new order, the task is much more complex. Canada is ever more affected by what occurs elsewhere in the world. As such, our understanding of the challenges to our security has expanded.

Canadians recognize the vital link between their own security and prosperity and the security of others. Just as Canadians appreciate that prosperity demands the best possible mix of domestic and international economic policies, so too they realize that protecting and enhancing their security and prosperity requires a security policy that promotes peace in every part of the world with which Canada has close economic and political links. For a country with interests as widespread as Canada's, this means that a global approach is needed.

However, the concerns of Canadians about security issues are broader than those of self-interest. The desire to help others to build peace reflects some of the most deeply-held and widely-shared Canadian values. Our security policy must reflect this spirit. Financial constraints do impose choices on us. It is essential, therefore, that we establish clear directions for our security policy.

As the Government's 1994 Defence White Paper pointed out, our memberships in the North Atlantic Treaty Organization (NATO) and the North American Aerospace Defence (NORAD) Agreement remain key guarantees of our military security. Though today, direct threats to Canada's territory are diminished, the Government considers it

necessary to maintain a military capability appropriate to this still uncertain and evolving international environment. However we are making adjustments within that capability to enhance our ability to contain conflict.

Protecting our security must go beyond military preparedness. New approaches, new instruments, new institutional roles and political responsibilities in the maintenance of international security must be developed. Movement will continue away from security policies and structures based on containment toward new architectures designed to build stability and cooperation. Canada will be at the forefront of those helping to shape a broader framework that responds to the demands of a changing security environment.

### **Security: the Basis for Action**

#### ***Shared human security: a broader concept of security.***

Serious long term challenges are posed by environmental, demographic, health and development issues around the globe. Some of these challenges - such as global warming - could affect us directly. Others may provoke crises producing humanitarian tragedies, epidemics, mass migrations, and other problems from which, even if half a world away, Canada will not be immune. Still others may result in the adoption abroad of policies that ultimately degrade our economic security by undercutting labour, health, environmental or other international standards. All of this demands a broadening of the focus of security policy from its narrow orientation of managing state-to-state relationships, to one that recognizes the importance of the individual and society for our shared security.

Meeting the challenges that this broader security agenda poses means, as the National Forum on Canada's International Relations concluded, working for the promotion of democracy and good governance, of human rights and the rule of law, and of prosperity through sustainable development. Canadian foreign policy will continue to pursue these goals.

There is consensus that such a broader orientation can best be achieved - at least cost, and to best effect - through approaches that broaden the response to security issues beyond military options and focus on promoting international cooperation, building stability and on preventing conflict. The Government will advance this objective through a more integrated approach, marshalling all our foreign policy instruments.

Because of the transnational or global nature of the threats, human security demands cooperative international action. Canada will continue to work with others in a variety of fora to address these issues.

#### ***Sustainable development: a precondition for human security.***

The Special Joint Committee, and the many witnesses appearing before it, recognized that Canadian international development assistance is more than an expression of

Canadians' values - of our sense of justice, and of our desire to help. They saw that it also plays a critical role in addressing many of the key issues that now head the global security agenda. Problems such as environmental degradation and growing disparities between rich and poor affect human security around the world and are areas where Canada can make an effective contribution by promoting sustainable development through its program of development cooperation. The International Development Research Centre also makes a notable contribution through its efforts to foster progressive change in developing countries and its focus on sustainable development.

***Preventing conflict and peacebuilding are essential goals.***

As set out in Chapter VI, Canada's International Assistance programs are dedicated, in significant measure, to forestalling these threats to global security.

The evidence is sadly clear, however, that development assistance is not enough to forestall conflict. Where stability does break down, and armed conflict looms, the international community must use all measures at its disposal, including a graduated set of diplomatic and military steps, broadly conceived and co-operatively executed, to prevent a slide into war.

**Preventive diplomacy** is most frequently conducted by multilateral institutions such as the UN, but can also be undertaken regionally or bilaterally. Canada, in co-operation with key partners at the UN and elsewhere, will focus on practical measures that hold prospects of success.

**Regional security organizations** can lead in this field, not least through confidence-building measures. We will be working to expand the capacity of regional organizations, such as the Organization for Security and Cooperation in Europe (OSCE), the OAS and the OAU, to carry out such preventive diplomacy in the future.

**Peacebuilding**, the process of reinforcing efforts to build peace through economic and institutional rehabilitation, is critical to sustaining the efforts of local populations and of the international community to resolve conflicts. Canada's international assistance program will foster peacebuilding through technical assistance to strengthen the capacity of societies emerging from conflict to meet the needs and aspirations of their populations. In addition, the commitment to addressing individual security needs through the UN system will be a priority. This was reflected in the Government's approach to the 1994 International Conference on Population and Development in Cairo, and will continue at the World Summit on Social Development in Copenhagen and at the Fourth World Conference on Women in Beijing.

**Instruments for Building Security**

***Conflict management at the global level: our commitment to the United Nations.***

- The UN continues to be the key vehicle for pursuing Canada's global security objectives. Canada can best move forward its global security priorities by working with other member states. The success of the UN is fundamental, therefore, to Canada's future security.

***But the UN must be more effective.***

- We want the UN to be fully capable of dealing with the array of new global security issues. That is why we are putting so much effort into making the Organization work better. To this end, at the General Assembly in September 1994, Canada pledged to work to:
  - strengthen the UN's capacity for preventive action;
  - conduct an in-depth review of the UN's economic and social activities to reflect a broader definition of global security;
  - strengthen the UN's rapid reaction capability;
  - improve the functioning of the UN's decision making bodies; and
  - put the UN on a sound financial basis.

Success in these efforts will make an essential contribution both to the short- and long-term effectiveness of the Organization.

- With a view to improving the effectiveness and efficiency of the UN and to reducing duplication in activities, Canada intends to undertake, and will encourage other countries to do likewise, a full review of the Organization and related agencies. The results of this review will assist in decisions regarding future contribution levels.

***Reinforcing the UN.***

- **Strengthening the peace function:** We intend to press for improvements in the means of implementing UN peacekeeping and peace enforcement decisions in a timely and effective way. Serious shortcomings in UN capabilities in this regard have been highlighted by slow and hesitant decision-making in the UN that delayed deployment of personnel at the outset of UN involvement in Somalia in 1992, and again in Rwanda in the spring of 1994 when urgent reinforcement of the UN's presence on the ground UN's inability to respond quickly on the ground to such crises suggests the need for drastically improved rapid reaction capability. Intermediate solutions, such as those developed by the UN Standby Forces Project, have so far yielded only limited improvements.

Canada is leading, therefore, a ground-breaking study of options for a UN rapid reaction capability.

This study on how the UN can intervene most effectively in fast-breaking crises will be available in time for the UN's fiftieth anniversary during the next General

Assembly session. Its conclusions on short-, medium- and long-term options will be offered to the UN membership for further action.

- **Canadian expertise at international service:** We will continue to offer the broad range of Canadian expertise upon which the UN and other international organizations have learned they can rely. A list of eminent Canadians has been submitted to the Secretary-General for use in preventive diplomacy missions. Our military personnel will continue, within our means, to be available at international headquarters and in the field to support and direct multilateral peace operations. Our internationally praised police will continue to be called upon to participate in, and to sometimes lead, critical monitoring and training operations, such as in Haiti today. Many Canadian civilians will continue working around the globe in support of peace at the service of the UN, Canada, international organizations and NGOs.
- **Training:** With UN peace operations' mandates ever-more complex and dangerous, training of participating personnel is essential. Many countries new to these operations offer personnel but require training that cannot be arranged at home. By virtue of its unrivalled experience in peacekeeping, Canada is well placed to provide this training for international personnel, civilian and military alike, at the new Government-supported Lester B. Pearson Peacekeeping Centre in Cornwallis, Nova Scotia.
- **Helping the UN to share the burden:** Given the number of conflicts world-wide and the UN's limited resources, partners need to be found to help the UN carry the burden of peacekeeping and peace enforcement. In Bosnia, the UN had to rely on NATO to support its objectives and operations. This partnership is an important one, given the need for the UN and regional organizations to cooperate with each other to make best use of their respective strengths and capabilities. Nevertheless, differences in the command and control procedures of the two organizations, and even in their institutional cultures, have at times produced strains between them. We intend to encourage clearer definition and acceptance of the appropriate roles of the UN and of regional bodies such as NATO in relation to peacekeeping missions.

We will also be working to expand the capacity of other regional organizations, such as the OAU, and possibly sub-regional bodies, to relieve some of the pressure on the UN. We will seek to build on the comparative advantages of these organizations at a time when the UN is seriously over-stretched.

***Regional security: Canada is fully engaged.***

- **Western Hemisphere**
  - **United States:** Our defence relationship with the US is key for the security of Canadians. Canada's longstanding cooperation with the US through the Permanent Joint Board on Defence and NORAD has enabled us to share the security burden for North America at a significantly lower cost and with more effectiveness than Canada could achieve on its own. We look

forward to working with the US towards the renewal of the NORAD Agreement, which expires in 1996.

- **Arctic:** The focus in the Canadian Arctic is increasingly on non-traditional security threats. Canada's recent appointment of an Ambassador for Circumpolar Affairs will increase the focus on such threats. Our goal is to create an Arctic Council to meet the challenge of sustainable development in the North and to deal with the critical issues faced by all Arctic countries.
- **Latin America and the Caribbean:** Canada's growing interests in Latin America and the Caribbean argue for greater priority to the region's stability within Canadian security policy. We are encouraged by the spread of democracy, the increased emphasis on balanced economic development, and the ongoing trend to reform the OAS. Canada intends to make a significant contribution to regional approaches to security in our hemisphere. Our focus will be on promoting the development of frameworks, from fact-finding to negotiation, to enable countries to deal bilaterally and regionally with potential security problems. We will work to strengthen the capacity of the OAS to address security issues.
- **Europe**
  - **Continuing engagement:** European stability continues to be a major priority. Although threats to it are in flux, too much binds the peoples on the two sides of the Atlantic for our commitment to waver. We share most closely a set of values. Our economic, cultural and human links continue to be intense and vibrant; our engagement in the international system is based on shared objectives. The constancy of our commitment is firm, as attested to by our contributions to NATO, the OSCE, and to UN peacekeeping within the European continent. The Government will pursue this relationship, including through high-level meetings with the European Union Presidency. We will, as well, continue to devote priority attention to key transatlantic bilateral relationships, as we have done with France, Germany, Italy and the United Kingdom over the past year.
  - **NATO:** NATO remains critical to maintaining stability at a time of fundamental change in Europe. However, it will have to evolve. The threat it was built to meet has receded, while new challenges have emerged, such as those in the former Yugoslavia. To meet those challenges, Canada will press for an evolution in NATO's vocation and membership, while seeking to allay current Russian concerns over NATO expansion.
  - **OSCE:** This organization deserves attention and effort from Canada, in part because it engages Europe - and particularly Russia - in security discussions with a broader focus than military cooperation alone. The OSCE still needs to prove its capacity to help provide stability in the region, and will only do so if all its members give it priority as a pan-European institution. Canada will continue to contribute to building up this organization for regional cooperation, for example, by contributing a planning unit to the proposed OSCE peacekeeping force in Nagorno-Karabakh.

- **Central and Eastern Europe:** The emergence of the new democracies of Central and Eastern Europe will continue to be a focus of concern for Canadians, many of whom have links to the region. We will contribute to European security through our membership in the European Bank for Reconstruction and Development and through the Program of Assistance to Central and Eastern Europe, a uniquely Canadian approach to helping build pluralism, free media, the rule of law, good governance, respect for human rights and free markets and environmentally sound practices in the new and fragile democracies that rose from the ruins of the Soviet empire.
- **Asia-Pacific**
  - **Challenges and progress:** There are serious security challenges in the region including unresolved border disputes, human rights abuses, an increase in weapons acquisitions, ecological degradation, population growth, and narcotics trafficking. Our security interests are reflected in both a new institution - the ASEAN (Association of South-East Asian Nations) Regional Forum (ARF) - and in more diverse governmental and non-governmental vehicles. We are also expanding our political and security dialogue with Japan, South Korea and ASEAN countries, and promoting the integration within the region of Vietnam and China.
- **Middle East**
  - **More peaceful, but tensions remain:** Despite progress in recent years towards a resolution of the Arab/Israeli conflict, the Middle East remains one of the world's major security fault lines. It is also an area that carries serious risks of proliferation of weapons of mass destruction. Multilaterally, the region is critical to the UN's security agenda.

Our focus in the Middle East will be on encouraging, facilitating and developing confidence-building regimes that can advance the cause of peace and development in the region. Our participation in the multilateral phase of the Middle East Peace Process, particularly our lead role in the Working Group on Refugees, provides us with an opportunity to serve the cause of peace and underscore our longstanding commitment to regional stability and progress.

- **Africa**
  - **Building a framework for peace:** While progress has been made towards political and economic reform in Africa, much of the continent continues to be marked by instability and conflict. For institutions such as the OAU, even where the political will exists, a lack of resources often poses problems. The road to stable, representative, democratic governments will be a long one for many countries, and the international community will have to give attention to the most effective mix of policy instruments to influence change.

As part of this effort, Canadian policy will focus on working with key African countries to develop international and regional frameworks that

can anticipate and prevent conflict, and on addressing those factors such as environmental degradation, population growth and poverty that undermine common security on the continent. We are also promoting greater respect for human rights and for democracy through organizations such as the Francophonie and the Commonwealth.

***Nuclear non-proliferation and arms control are more important than ever.***

- **Nuclear Weapons**

- **Nuclear weapons still threaten us:** The disposal of nuclear weapons in the former Soviet Union and nuclear proliferation threats elsewhere, notably North Korea, South Asia and the Middle East, will continue to preoccupy the international community, and will require concerted efforts to prevent new sources of potentially catastrophic conflict. The threat of criminal or terrorist organizations coming into possession of nuclear materials, either through sale or theft, is a growing concern that must be addressed.
- **Nuclear Non-Proliferation Treaty (NPT):** Our highest priority is to secure international agreement to indefinitely and unconditionally extend the NPT, the most effective international instrument for stopping nuclear proliferation. As part of this effort, we are committed to strengthening the capacity of the International Atomic Energy Agency to effectively safeguard civilian nuclear systems.

There has been highly unfortunate North-South polarization in the NPT extension debate, based in part on the argument of some that the Treaty benefits "haves" at the expense of "have-nots." Canada will continue to emphasize that the Treaty creates security. All win: the security gains of one party are not the losses of another. We will continue to reach out to all parties, encouraging moderation and pragmatism in the review of Treaty implementation and extension, while pressing for continued nuclear disarmament.

- **Other Weapons of Mass Destruction**

- **Chemical and biological weapons:** Effective, coordinated international action will also be required to counter the proliferation of chemical and biological weapons of mass destruction. The current international treaties in these areas are helpful, but more research on verification systems is required. Canada is working with other countries to develop effective measures on verification. We will also work to curb exports of weapons and delivery systems of mass destruction and of the materials to build them.

- **Conventional Weapons**

- **Strengthening controls:** A pressing problem is the excessive accumulation of conventional armaments by many states. The widespread and indiscriminate use of landmines, with attendant horrors for innocent

civilians, is a serious challenge, especially in insurgencies. We are working with other countries to strengthen the relevant international convention. We continue to attach great importance to the UN Conventional Arms Registry, and will press other UN member states to make use of it. 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. We are also studying ways that conventional weapons proliferation can be addressed more effectively by the international community.

- **Arms and Development**

- **Encouraging more productive spending:** The Government is concerned over the continued imbalance in much of the developing world between spending on armaments and spending on human development, and will continue to use all means at our disposal to promote the call in the UN Charter's Article 26 for "the least diversion for armaments of the world's human and economic resources," especially in developing countries where scarce resources are so urgently needed to relieve suffering and to promote employment and growth. 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. To that end, the Government will offer support for demobilization of military personnel, as well as training for civilian roles such as police activities, in order to assist societies which are committed to reducing military spending and reconstructing civil society.

## **V. PROJECTING CANADIAN VALUES AND CULTURE**

Canadian values, and their projection abroad, are key to the achievement of prosperity within Canada and to the protection of global security.

Canadians hold deeply that we must pursue our values internationally. They want to promote them for their own sake, but they also understand that our values and rights will not be safeguarded if they are not enshrined throughout the international environment. Canada is not an island: if the rights of people abroad are not protected, Canadians will ultimately feel the effects at home. They understand that our economic and security interests are served by the widest possible respect for the environment, human rights, participatory government, free markets and the rule of law. Where these are observed, there is a greater prospect of stability and prosperity - where they are not, of uncertainty and poverty. Their observance, therefore, is both an end in itself and a means to achieving other priority objectives.

***Universal respect for human rights is in Canada's interest.***

- A priority field of international concern and action for Canadians has been and remains that of human rights. The Government regards respect for human rights not only as a fundamental value, but also as a crucial element in the development of stable, democratic and prosperous societies at peace with each other. From the drafting of the Universal Declaration of Human Rights to that of the recently concluded Convention on the Rights of the Child, we have been in the vanguard of those fighting for international consensus to uphold human freedoms and dignity. We are rightly associated internationally with the promotion of the rights of women and children, and with attention to their role in the economy. Human rights will continue to be a priority for Canada's International Assistance programs. In this regard, the Government applauds the excellent work around the world of Canada's International Centre For Human Rights and Democratic Development.

Historically, closed societies have recorded the worst human rights abuses. In contrast, human rights tend to be best protected by those societies that are open - to trade, financial flows, population movements, information and ideas about freedom and human dignity. Fortunately, as borders become more porous, no society can isolate itself from intense scrutiny any longer. Conversely, no single partner can alone isolate any other.

Bearing these lessons in mind, we will make effective use of all of the influence that our economic, trading and development assistance relationships give us to promote respect for human rights.

An effective human rights policy requires us to make use of positive levers of influence as well as the various forms of sanctions at our disposal. With China, for example, we are developing systematic and wide-ranging contacts. Our goal is to open that country to the values Canadians espouse even as it opens up to the world economy.

In most cases, effectiveness will best be served through the exertion of our own influence together with that of others, through multilateral fora and through close coordination with other like-minded countries. For example, Canada helped to move the international community on the human rights situation in Rwanda in 1994 by calling a special meeting of the UN Commission on Human Rights.

We will also seek to enhance the role of the newly appointed UN High Commissioner for Human Rights. Our successful efforts to establish war crimes tribunals for Rwanda and the former Yugoslavia sought to ensure that justice is done. These tribunals are now getting under way. We will persevere with our objective of establishing a permanent criminal court for the prosecution of crimes against humanity and similar offenses, an objective we now believe to be within reach.

***Democracy promotes stability and prosperity.***

- Democratic tradition has been fundamental to Canadian values and underpins our prosperity. We believe that participatory government should be allowed to work for others as well. Firmly rooted, it will promote stability within and among countries. One of the ways we have supported democracy is by helping design, organize and monitor elections all over the globe through multilateral organizations such as the UN, the OAS, the Commonwealth and the Francophonie. The expertise of Elections Canada has been placed at the service of the international community and is now regarded as a unique asset around the world. Canadian election monitors are a familiar sight the world over, from South Africa to Cambodia, from Mozambique to El Salvador.

But the Government recognizes that elections alone are not sufficient for democracy to take root in a society. It is also vital to encourage the development of a democratic culture and civil society - one that is pluralistic and participatory, that allows for the expression of diverse views and that offers its members the opportunities and resources to participate in the life of their community and country. Essential is a legal and institutional framework, which includes the rule of law, an independent judiciary, honest and open government, respect for human rights and the subordination of military force to civil authority.

Our support for the restoration of democracy in Haiti reflects the need to work on a number of fronts. We have sought to consolidate emerging new democracies through dialogue and, in many instances, through technical, legal and other forms of assistance. This is currently the case in Haiti, whose new police force Canadians are helping to train. The Government will give priority to supporting democracy the world over in coming years.

***The international system must be ruled by law not power.***

- The rule of law is the essence of civilized behaviour both within and among nations. Clearly defined rules allow us to plan commitments and activities with reasonable certainty that our expectations about the surrounding environment will not be upset by arbitrary and erratic changes. Perhaps even more importantly, agreed rules help to diminish the capacity of those with the greatest raw influence to bend society - and the international community - to their own ends. Rule-making helps to redress power imbalances.

Canada will remain in the forefront of those countries working to expand the rule of law internationally. We will work to ensure greater market-based fairness in the trading system through clearly defined, transparent rules governing trade and investment liberalization. We remain committed to developing new frameworks and rules to address emerging fields of economic activity and concern. Rules-based regimes of arms control and conflict resolution are key priorities for the Government. To reinforce the ability of our peacekeepers and the UN to do their job in dangerous situations, Canada recently chaired UN negotiations that led to a new international agreement on the protection of peacekeepers and other UN

personnel. In all of these ways, the Government is determined to build on Canada's proud tradition of rule-making in the international arena.

### ***Sustainable development.***

- Increasingly, a central component of the Canadian value system, sustainable development, is a matter of both common security and good economics. Environmentalists, development specialists and trade economists share a common interest in promoting efficiency. More efficient production reduces the drain on scarce resources such as raw materials and energy, and limits the demands placed on the regenerative capacity of the environment.

Efficient use of land, labour and capital is also at the heart of development efforts to combat poverty and satisfy human needs. Allowing the most efficient producers to provide the world with its goods and services is the principal rationale for an open trading system. We will ensure that Canadian foreign policy promotes sustainable development globally through the careful and responsible balancing of trade, development and environmental considerations.

### ***Culture and education are vital to our success.***

Sir Wilfrid Laurier said in 1877 that the only way to defend one's ideas and principles is to make them known. That statement is a good illustration of the Government's strong desire to actively promote and defend, on the international scene, the interests and values that Canadians hold dear.

The Special Joint Committee rightly underscores the importance for Canada of promoting its culture abroad:

- First, in the short term, the economic activity generated by cultural, scientific and educational activities is extremely important for Canada's economy. Canada's cultural industries have experienced unprecedented growth in the past ten years, and provide employment to hundreds of thousands of Canadians, mainly through exports. Canada also excels in the field of higher education: 60,000 foreign students have chosen our colleges and universities at which to study or to perfect their skills. The presence of foreign students in Canada, and the export of our skills in this field, yield economic benefits on the order of \$2.5 billion. In the next five years, the Government will establish a network of up to ten educational centres in the Asia-Pacific region to promote Canadian educational institutions.
- Second, in the medium- and long-term, a country that does not project a clearly defined image of what it is and what it represents, is doomed to anonymity on the international scene. Only Canadian culture can express the uniqueness of our country, which is bilingual, multicultural, and deeply influenced by its Aboriginal roots, the North, the oceans, and its own vastness. As John Ralston Saul stated in his study submitted to the Special Joint Committee: "Canadian culture is the vision of a northern people who, despite substantial and constant difficulties,

found a way to live together while other nations tore themselves apart and imposed monolithic, centralized mythologies on themselves."

***Cultural affairs are a pillar of Canadian foreign policy.***

Cultural affairs, in addition to politics and the economy, are one of the pillars of our foreign policy.

- Canadians want to highlight their achievements internationally and to contribute to cultural exchanges and dialogue. The Government is studying very closely the recommendations of the Special Joint Committee with regard to further developing strategy to encourage creative processes and to improve the production and distribution of Canadian cultural products at home and abroad. This is also true for educational activities and industries.

Strategy will have to evolve with the full co-operation of the provinces, certain private organizations and, above all, Canadian artists and creators, to promote their access to foreign markets and publics. In short, we want to recognize the role played by artists and creators in disseminating Canadian values and diversity throughout the world, and to build a genuine partnership with them.

- The Government has already reversed a decision of the previous government to close the cultural services of some of our missions abroad. Cultural Services in Paris have been reorganized and now offer a dynamic showcase of Canadian cultural activities that is making a name for itself throughout Europe and the Francophonie.

Nevertheless, the Government is very conscious of the limits of its financial resources in this sector, as in others. Budgetary constraints oblige us to be particularly prudent with public funds. We will, therefore, have to work together with all of our partners in Canada to publicize our cultural assets abroad, and to promote our cultural industries and educational services. We will also implement the Government's strategy in this field as means become available to do so.

The Government recognizes the key importance of international higher education. We will work closely with the provinces, the private sector, universities, colleges and all interested stakeholders, to promote Canadian institutions of higher education to foreign students and to encourage the mobility of Canadian students through exchange programs and otherwise. This will help our students to develop a global perspective and to build networks of the decision-makers of tomorrow.

Our expertise in the communications field is among the best in the world. At the Conference on Security and Cooperation in Europe (CSCE) Summit in Budapest in December 1994, the Prime Minister repeated Canada's offer to help the new democracies in Europe strengthen free media in a context of democracy and

respect for human rights. Canada is already working to this end with a number of Eastern European countries on a bilateral basis.

On a multilateral basis, Canadian participation in the international television network TV5 represents an exceptional showcase for our francophone televisual productions. In addition, it projects daily a Canadian presence to millions of homes on five continents.

The celebration of Canadian culture and the promotion of Canadian cultural and educational industries, so that they can continue to compete at home and abroad, are central tenets of Canadian policy. The announcement in December 1994 of measures of support for Canadian artists and for our magazine industry underlines the Government's commitment in this regard. The Government is convinced that we can and should manage our international economic relationships so that Canadian cultural industries are effectively supported. We will remain vigilant in protecting and promoting the capacity of our important cultural industries to flourish in the global environment.

## **VI. INTERNATIONAL ASSISTANCE**

The Government had indicated that it would review International Assistance in the context of its broader foreign policy review. The purposes of the program and the manner of its delivery have been reassessed to ensure that it serves clear and identifiable national objectives, and that, in an era of increasing fiscal constraints, the scarce resources dedicated to it are managed with maximum efficiency. This determination is in line with that expressed by Canadians.

As the earlier sections of this Statement indicate, International Assistance is a vital instrument for the achievement of the three key objectives being pursued by the Government. It is an investment in prosperity and employment. It connects the Canadian economy to some of the world's fastest growing markets - the markets of the developing world. And, in the long-run, development cooperation can help lift developing countries out of poverty. This means that it contributes to a stronger global economy in which Canadians, and other peoples, can grow and prosper. International Assistance also contributes to global security by tackling many key threats to human security, such as the abuse of human rights, disease, environmental degradation, population growth and the widening gap between rich and poor. Finally, it is one of the clearest international expressions of Canadian values and culture - of Canadians' desire to help the less fortunate and of their strong sense of social justice - and an effective means of sharing these values with the rest of the world.

### ***Canada's Official Development Assistance (ODA) Program***

An effective development assistance program begins with the recognition that development is a complex process and that many conditions must be met before it takes permanent root. Individuals must have equitable access to basic social services, to productive assets and to employment opportunities. Women must be able to

participate fully and equally in development. Respect for human rights is essential, as are a healthy civil society and political systems that inspire confidence and trust. The basic infrastructure that underpins society must be in place, along with policies that promote sustainable economic growth with equity. And, in today's interdependent world, a society's long-term prosperity depends increasingly on access to international markets and finance. Finally, development does not last if it is not environmentally sustainable.

The growing diversity of the developing world adds to this complexity. Approaches to development must take into account widely varying developing country needs and capabilities. Several developing countries have achieved remarkable rates of economic growth and are becoming important trading partners for Canada. Yet, even in these countries, large numbers have not shared in this progress and continue to live in poverty. Considerable challenges also remain in such areas as human rights and the environment. Other developing countries, especially in Africa, have seen the hard-won gains of previous decades slip away. And, increasingly, developing countries, like all others, find their future being shaped by global trends and issues, which can only be addressed successfully through international cooperation.

Given this complexity, an effective program of development cooperation - one that promotes sustainable development - must address environmental, economic, political and social issues in an integrated way, and must take cultural realities into account.

Development must be flexible, to allow Canada to work in a number of crucial areas with the most appropriate mix of policies and programs. It must also be targeted to those issues that have the most impact on development and where we can match our strengths to developing country needs.

A sound development program must be people-centred, with a focus on human development - on building capacity, which means helping women, men and children in developing countries, their communities and institutions, to acquire the skills and resources needed to sustain their own social and economic progress. An emphasis on poverty is vital - one that recognizes that there is no single approach to poverty reduction and that our efforts to help the poor must rely on an array of programs and policies working together in an integrated fashion. Finally, an effective development program must involve activities at the local, institutional and policy levels and must be built on a wide range of partnerships, at home and abroad, to bring together the best possible combination of expertise and skills. Canadian partners include NGOs, the private sector, universities and colleges, youth, professional organizations and federal, provincial and municipal governments, all of whom have long played a key role in Canada's development program. Canada also works with a number of international organizations and institutions and, most importantly, with the people and institutions of the developing world.

Canada's ODA policies should also work together with other aspects of our broader foreign and domestic policies to forge a consistent approach to developing countries and to contribute to common goals. The broader global context must also be

considered. It is clear that development assistance is just one part of a larger effort - one that involves the resources of developing countries themselves and other factors, such as international trade and investment.

The following policy framework sets out four key commitments for Canada's ODA program, which have been developed in keeping with the constraints on the Government's resources. They are:

- a clear mandate and set of priorities;
- strengthened development partnerships;
- improved effectiveness; and
- better reporting of results to Canadians.

### ***A clear mandate for Canadian ODA.***

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

To achieve this purpose, Canadian ODA will concentrate available resources on the following six program priorities:

**Basic human needs:** to support efforts to provide primary health care, basic education, family planning, nutrition, water and sanitation, and shelter. Canada will continue to respond to emergencies with humanitarian assistance. Canada will commit 25% of its ODA to basic human needs as a means of enhancing its focus on addressing the security of the individual.

**Women in development:** to support the full participation of women as equal partners in the sustainable development of their societies.

**Infrastructure services:** to help developing countries to deliver environmentally-sound infrastructure services, with an emphasis on poorer groups and on capacity building.

**Human rights, democracy, good governance:** to increase respect for human rights, including children's rights; to promote democracy and better governance; and to strengthen both civil society and the security of the individual.

**Private sector development:** to promote sustained and equitable economic growth by supporting private sector development in developing countries.

**The environment:** to help developing countries to protect their environment and to contribute to addressing global and regional environmental issues.

Canadian ODA will support the purpose and program priorities set out above in key countries in Africa, Asia and the Americas. Within these programming priorities, ODA will be expanded in sectors important to both Canada and the developing countries, such as agriculture, forestry and fisheries.

Recognizing the importance of ODA, the Government remains committed to improving its effectiveness and to making progress towards the ODA target of 0.7% of GNP when Canada's fiscal situation allows it.

Canada will continue to provide most of its ODA to low-income countries. Africa will continue to receive the highest share of resources in keeping with the immense challenges facing that continent. Programming there will be firmly rooted in individual countries but support for regional initiatives will grow as they assume greater importance.

The assistance program will also reflect the growing importance to Canada of our relations with our own hemisphere and will help countries in Latin America and the Caribbean to achieve sustainable development. Similarly, programs in the Asia-Pacific region will reinforce broader Canadian efforts to foster long-term relationships and help countries address key developmental issues.

### ***A commitment to strengthening partnerships***

A wide range of development partners in Canada, along with a large number of international organizations and, most importantly, the people and institutions of developing countries, play a vital role in the development of policy and in the planning and delivery of Canada's ODA. Their contribution is essential to providing the range of expertise, knowledge and resources required to meet the many diverse challenges of international development.

Canadian partners are a key source of the skills, know-how and technology that are needed to promote sustainable development. International institutions and organizations are crucial to the establishment of a rules-based global governance system. Many of the most pressing challenges facing national governments - in developed and developing countries - are global in scope and can be addressed successfully only through concerted action in international fora and through groupings of states and organizations. Partnerships with developing countries are vital; most of the resources invested in development come from them.

Canadian youth can assist in building these partnerships, especially at the grassroots level. The Government will encourage our young people to help out in the developing world, both to enable them to gain rich experience through international cooperation, and to assist those countries where the talent and energy of Canadian youth can make a difference.

The Government is committed to strengthening these partnerships and, to do so, undertakes the following commitments:

**In consultation with Canadian partners** the Government will:

- sharpen the development focus of private sector linkage programs, including the Canadian International Development Agency - INC (CIDA-INC), while ensuring greater coordination among DFAIT, CIDA, the EDC and other departments and agencies by holding regular project-by-project consultations on CIDA-INC activities;
- develop a framework for a renewed relationship between CIDA and Canadian voluntary organizations based on the principle of complementarity of action;
- expand the number and range of personnel exchanges between CIDA and its Canadian partners, especially NGOs;
- seek ways to ensure the effective participation of Canada's academic and professional communities in development assistance programs; and
- improve coordination among government departments at the federal, provincial and municipal levels.

**With international partners** the Government will promote reform that helps to:

- better integrate objectives such as respect for human rights, poverty reduction, social and gender equity, and environment into the work of multilateral institutions;
- improve coordination among multilateral institutions;
- increase accountability and transparency; and
- improve developmental and cost effectiveness.

**With developing country partners** the Government will:

- work with developing countries and their people to help them participate more fully in the international system and global economy; and
- establish new ways to build longer-term linkages between Canadians and developing country partners to enhance their self reliance.

### ***Improving effectiveness.***

Canadians support international development; however, in a time of fiscal restraint, they are concerned that their investment in development cooperation achieves the best results possible and that Canada's ODA programs are as effective as they can be. To meet these concerns, the Government will take a number of steps to improve CIDA's operational efficiency. These steps, which will be part of CIDA's contribution to Government cost-cutting, will include the continued streamlining of the Agency's project approval and delivery process and measures to improve the cost-effectiveness of its administrative services.

The Government will work to strengthen program coherence among the foreign policy instruments pertaining to developing countries and to ensure that development programs and policies within countries and regions work together in a complementary way.

The Government is committed to focussing our efforts on a limited number of countries, while maintaining programs in other countries through low-cost, administratively-simple delivery mechanisms. We will also seek to build the capacity of developing countries to address a range of policy matters, such as human rights, including the rights of children, the environment, democratization, and the status of women.

**Guidelines for Effective Programming** will be adopted. These guidelines, which are based on the lessons of more than 40 years of development experience, will help to ensure that programming is based on:

- **Developing country needs and participation:** by responding to the needs and priorities of developing country partners and placing a strong emphasis on local participation and ownership in all stages of programming.
- **Knowledge of the context:** by basing program design on a thorough knowledge of local conditions and by drawing on the lessons learned, in order to inform policies and ongoing programming.
- **Promoting self-sustaining activities:** by focussing on achieving results that will continue to provide benefits to local citizens and sustain local support after Canadian support ends;
- **Coordination with others:** by working with developing country governments and institutions, international organizations and development agencies to coordinate efforts more effectively.
- **Drawing on Canadian capacity:** by strengthening cooperation with Canadians to ensure that Canadian know-how is put to work for the benefit of developing countries in activities where Canada has a clear comparative advantage.

### ***Support for Central and Eastern Europe.***

Canada will also maintain an active program of assistance to Central and Eastern Europe and to the former Soviet Union, while ensuring that the program is not funded at the expense of ODA priorities.

There is much at stake for Canada in this region, which continues to undergo transition: first and foremost, international security demands stability in an area that still contains powerful nuclear arsenals while the social, economic and political structures essential to peaceful transformation remain fragile. Moreover, the firm establishment of prosperous market economies and their integration into the global economy will open important trade and investment opportunities for Canada and the world.

The program will continue to respond to rapidly changing regional circumstances and Canadian interests. For it to do so, the Government will continue to rely on partnerships

among the Canadian private sector, business and trade associations, NGOs, academics, ethnic communities and all levels of government. Federal funds act as a catalyst, leveraging significant project contributions from Canadian and recipient country partners.

To maximize the program's effectiveness in changing conditions, a reorganization of roles between DFAIT, which now administers it, and CIDA, will be undertaken. 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 conducts elsewhere in the world. There will be close coordination between the two organizations over the continued development and execution of the program.

### ***Demonstrating results.***

Canadians want to be sure that their aid dollars are being used effectively, that their help is making a difference in the lives of people benefitting from Canadian assistance by increasing their self-reliance. The Government shares this concern and is committed to improving the effectiveness of Canada's International Assistance and to demonstrating its results to Canadians.

To do so, we will first ensure that results can be demonstrated by establishing clear objectives for programs and projects and by specifying realistic results that are linked to program priorities. We will improve the reporting of results to Parliament and to the public, in part through revisions to the Main Estimates - submitted annually to Parliament - to make them clearer and more results-based. The Government will also share more widely the results of evaluations and lessons learned to better inform the public, as well as Canadian, multilateral and bilateral partners, and to improve development programming. We will strengthen consultations with bilateral partners and continue support for programs which build development awareness and provide Canadians with information on Canada's development activities.

International Assistance is a vital instrument of Canadian foreign policy. It promotes prosperity and employment, protects global security and projects Canadian values and culture.

## **VII. THE PATH AHEAD**

The Government is thus pledged to develop Canadian foreign policy based on its commitment to promoting prosperity, protecting security and projecting our values in the context of a rapidly evolving world, against the backdrop of tight resources.

The continued participation and support of Canadians will be critical to our success.

### ***A more consultative foreign policy process.***

Carrying forward this consultative approach to foreign policy formulation, we will create and reinforce the instruments and institutions we need to ensure that the voice of Canadians can be heard:

- The Government will conduct annually a National Forum on Canada's International Relations. In the future, each Forum meeting will consider a specific issue proposed by the Government in order to develop policy recommendations. The next Forum will be convened in Toronto in the spring of 1995.
- 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 establish a new mechanism within DFAIT for foreign policy consultation, research and outreach that will bring together government practitioners, parliamentarians, experts and citizens.

### ***A larger role for Parliament.***

The work of the Special Joint Parliamentary Committee, culminating in its impressive report of November 15, 1994, has proved an inspiration in reconfirming the central role that the Government wishes to see Parliament play in foreign policy formulation.

- We recommend that informal consultations be held in the future on major foreign policy issues between Ministers and the relevant Parliamentary Committees.
- As well, the Government will turn to the House of Commons Standing Committee on Foreign Affairs and International Trade and to the Senate Committee on Foreign Affairs to involve Canadians in providing the Government with advice on updating the directions of our foreign policy.
- The Government intends to continue the practice we began of holding parliamentary debates on major foreign policy issues.

### ***The importance of broader partnerships.***

- The Government also intends to work in close partnership with provincial and other levels of government in formulating policy in areas of interest to them.
- The Government will draw on expert opinion in developing and adjusting foreign policy to a much greater extent than ever before.

### ***The Foreign Service will adapt to new objectives and constraints.***

The Canadian Foreign Service is at the front lines in the management of our international relations. It will respond with flexibility, at home and abroad, to shifting priorities in line with our key objectives. It will have to make choices and deploy its efforts where they are most needed, applying the three objectives established for

Canadian foreign policy in this Statement. The Foreign Service will engage in continuous learning to increase our productivity and effectiveness.

Resource constraints now and for the foreseeable future require the Foreign Service to function with greater economy in all of its operations. Scarce resources, human and financial, will need to be allocated carefully. This will require constant reappraisal of policy and operational priorities and improving skills of personnel.

- The Foreign Service will rely even more on new technologies in communications and information processing. Through the application of such technologies, larger missions are able to operate less expensively and mini-missions are feasible, making a Canadian presence possible wherever it is required in the world.
- Similarly, streamlined administrative practices, compatible with high standards of accountability, will allow smaller missions and offices abroad to function with reduced administrative staff. Significant savings will be registered in foreign operations through greater reliance on foreign nationals employed in positions previously occupied by Canadian staff.
- As a further measure to reduce expense, and where it is possible to do so in a manner that fully respects Canadian interests, co-location of our operations abroad with the missions of like-minded countries will be encouraged. Co-location with Australia has already begun at certain missions.
- The Service will place a high priority on continuous learning in order to effectively master the skills and knowledge necessary in a rapidly changing environment.
- Global media coverage and computer data bases have changed the needs served by political, economic and trade reporting from many missions abroad. Instead, more time and effort is being devoted to securing access to decision-makers, negotiating, representing varied Canadian interests, and pursuing new approaches to promoting Canadian trade, investment and technology interests.
- Resources devoted to international business promotion will also be deployed flexibly and focussed on markets where they are best used, as indicated earlier in this Statement.

The purpose of these and other changes will be to provide for more economical foreign operations with the least adverse impact on effectiveness. That said, reduced resources will inevitably bring a diminution in services. We will target our efforts on the most important of those services that the Foreign Service provides.

Changes in both the domestic and international environments also demand that new approaches be adopted to the management of key issues. The range of new challenges to international stability and security demand more focussed attention.

- DFAIT will provide leadership in helping to ensure the greatest possible coherence and synergy over the full range of the Government's international activities in order to ensure that we are effective in pursuing our key objectives. To this end, DFAIT and CIDA will establish a committee, chaired by the Deputy Minister of Foreign Affairs, to oversee systematic policy coordination between the

two organizations. They will work in a more integrated fashion to ensure greater coherence in policy, operational and management terms. Where warranted, operations of the two will be rationalized to provide common services in the interests of greater economy and coherence.

- In pursuit of that broad objective, the Department will also establish the Bureau for Global Issues under an Assistant Deputy Minister who will also be responsible for international cultural relations. This new office will be specifically designed to help bring greater coherence to the Government's capacity to address 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.

### ***Looking Ahead***

We are entering a new phase in international relations and Canadian foreign policy. We face many challenges, but we are building from a foundation of strength. We have strong values, strong institutions, strong traditions and a committed and knowledgeable public.

Canadians have every reason to be optimistic as to their future. The Government is confident that Canada will continue to do its fair share for the world, and that the community of nations will continue to look to Canada for our unique contribution to global governance.

## **FOREIGN AFFAIRS AND INTERNATIONAL TRADE INFORMATION SYSTEMS**

Detailed Canadian Foreign Policy and International Trade information is available in English or French by contacting;

- The InfoTech: for hardcopy publications (inside Canada only) and to speak directly to an individual, phone 1-800-267-8376 or (613) 944-4000;
- The FaxLink system: for publications by fax, dial (613) 944-6500 from a fax machine;

### **CIDA Information Services**

Enquiries and Services to the Public, Communications Branch, Canadian International Development Agency (CIDA), 200 Promenade du Portage, Hull, Quebec K1A 0G4; tel.: (819) 997-6100; fax: (819) 953-6088.

Catalogue No. E2-147/1995

ISBN 0-662-61581-6

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