

CLASSIFIED

File No. Dossier 2-1-12 BICO A-7
Volume 11 From-De 82.08.01 To-À 91-12-31



2-1-12
Vol 11

VOLS ACCESSION NO. 49043

TITLE—TITRE:

ORGANIZATION AND ESTABLISHMENT / POLICY
AND PLANNING - DEPARTMENTAL
STRATEGIC OVERVIEW

ORGANISATION ET EFFECTEFS - PRINCIPES
ET PLANIFICATION STRATEGIE GLOBALE DU
MINISTERE

MIRD

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2-1-12

Vol. No. / Vol no.

Vol 9

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Requester's file "Loss papers"
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Date

Zeevat Zeevat
3/09/13

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MP

Original returned 9/19/13
2 "originals" returned 9/19/13
not received!

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Reply Page 2
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1 DRL

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FILE TRACER - FICHE DE RECHERCHE DE DOSSIER

DATE

DIVISION/DIRECTION

FILE NO./N° DU DOSSIER

VOLUME NO./N° DU VOLUME

TO/A:

RBR, IDA, IDAN, IDAO, IDD, IDR, IDRA, IDRL

2-1-12

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J.A.A. & P.

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Organization and establishment policy and planning - Dept strategic overview,

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M. Sherrin

ROOM NO./PIÈCE
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BUILDING/ÉDIFICE

LB Pearson

TELEPHONE

593-5293

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TO/A: RBR, <u>IDA</u> , IDAN, IDAO, IDD, IDR, <u>IDRA</u> , IDRL		2-1-12		3,7,8, & 9
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FILE TRACER - FICHE DE RECHERCHE DE DOSSIER

DATE Feb 10, 1983

TO/A: <i>SPF</i>	FILE NO./N° DU DOSSIER 2-1-12	VOLUME NO./N° DU VOLUME <i>3/1/15/16/17/18/19</i>
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ROOM NO./PIECE A-7/264	BUILDING/ÉDIFICE LB Pearson
TELEPHONE 3-5293	

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1990 VOL-11



External Affairs and
International Trade Canada

Affaires extérieures et
Commerce extérieur Canada

2-1-12

TO / A • HOMs ADMS DIRs GEN DIRs
FROM / DE • CRX

REFERENCE
RÉFÉRENCE •

SUBJECT • Corporate Review Implementation:
SUJET End of Mandate Report

L1	Security / Sécurité UNCLASSIFIED
	Accession / Référence
	File / Dossier
	Date July 8, 1991
	Number / Numéro CRX-0222

ENCLOSURES
ANNEXES

DISTRIBUTION
USS
DMC
DMT

The USSEA has asked that this report be distributed to all managers. Please ensure that it is brought to the attention of your staff.

L. J. Edwards
Director General
Corporate Review
Implementation



External Affairs and
International Trade Canada

Affaires extérieures et
Commerce extérieur Canada

TO / A • USS DMC DMT
FROM / DE • CRX

REFERENCE
RÉFÉRENCE •

SUBJECT
SUJET • Corporate Review Implementation:
End of Mandate Report

Security / Sécurité UNCLASSIFIED
Accession / Référence
File / Dossier
Date June 28, 1991
Number / Numéro CRX-0222

ENCLOSURES
ANNEXES

DISTRIBUTION

The Mandate of CRX, and the formal period of Corporate Review Implementation, comes to an end on June 30. This paper reports on what we have achieved, and offers some observations on the future.

Implementation:

I am pleased to report that, with a few exceptions, all initiatives set out in the Corporate Review: Final Report (June 1990) have either been taken or are underway according to the schedule set for ourselves last year.

Those not done, or set aside (for good reason), are listed in a separate annex. Those steps particularly requiring continued monitoring by the new "change management" person are outlined in the report.

Even over the past few weeks, we have made further progress: the creation of the new Trade Policy Branch, the strengthening and broadening of our economic branch (EFB), the new Chief Trade Commissioner title --- all respond to initiatives we said we would take in building on our strategic base.

Various unexpected developments during the year --- principally the Gulf War and need to undertake further resource reductions --- affected the rate and extent of implementation. The surprise, however, is that the effect was not greater.

Indeed, the Gulf War brought out the best in the Department, highlighted our considerable strengths and demonstrated the benefits of teamwork behavior. The

- 2 -

resource reductions served as a real example of how difficult management decisions can, and must, be taken in ways that preserve longer term strategic goals and priorities.

An enormous amount of unsung work has gone into implementation in almost every part of the Department. Some efforts have been exceptional, particularly in light of other demands and the natural resistance to change and the scepticism that confronts any project of this nature.

Specific Recent Progress and Achievements:

Since my report to you in April (not distributed to all), the Department has...

- completed outstanding organizational changes called for in the Final Report (ADM's, ACB, CRX)
- more specifically, created a new Trade Policy Branch and strengthened the economic policy function (DMT)
- inaugurated the Technology Board (MCB)
- approved a new Employment Equity policy (ACB)
- completed a thorough examination of our Service to the Public practices, and made recommendations (see below)
- initiated a study of how EAITC can improve its "corporate partnership" with the private sector and others (OFB, TFB, BCB)
- moved ahead significantly in preparing, for inauguration this autumn, our first Foreign Policy Framework, International Trade Business Plan and Consular-Immigration Strategic Plan: our new strategic planning documents (CPD, TFB, OFB).

In my last report I mentioned three areas of particular concern where progress has been less than satisfactory: mandate issues, mission statement, awards and recognition.

I am pleased to note that thanks to a major effort by ABD and several others (including Rick Beliveau and a small group of "ideas" people), an awards and recognition program has been designed and approved by Executive Committee. It must now be published and implemented.

Your continuing direct interest and visible involvement in awards and recognition will be vital to its success and to your desire to communicate that positive behaviour and performance will be given recognition.

Nothing has happened with respect to the mandate and Mission Statement issues. I will come back to these in a moment.

Looking Ahead:

The work for you and the Department (assisted over the next year by the "catalyst" for change person) remains significant. This work can be gathered under the following headings:

- a) continuing implementation of longer term Corporate Review initiatives, particularly,
- (1) further empowerment and delegation of authority, and
 - (2) introducing the many changes agreed in the field of human resource management.

The following points should be kept particularly in mind:

. empowerment and simplification efforts are on track, but there will be pressure to retreat every time errors are made. This must be resisted. Risk-taking needs to be re-enforced through example, and accompanying training programs sustained and expanded. With ever increasing work demands empowerment and simplification are essential to our ability to respond.

. empowerment must be accompanied by resources: there are several instances where central units have delegated authorities, but retained control over resources or told managers to fund the new delegation internally. Better no delegation of authority than restrictive money management decisions in time of restraint that work at cross-purposes and increase ready scepticism about devolution (and your sincerity in advocating it).

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. empowerment is not just for administrative areas of activity. All managers should be pushing decision-making and interesting substantive work downwards, while providing the guidance necessary and support for decisions taken. This is a behavioural issue, and managers will be taking their lead from how the executive operates.

. ACB needs every support, internally and externally with central agencies, in carrying forward the extensive personnel work. There is much at stake here, for human resource management creates the blueprint for our Department's future. It will take great effort and persistence, and there is a real danger of "battle fatigue" setting in.

. in my view, the most important initiative in ACB's area is training. This is seen as a "test-case" of your commitment to the long term vitality and relevance of the Department. There are already some conflicting signals especially in the resourcing area, as you know.

I recommend that you (or one of you for the UG) give several hours of your time every quarter to training and staff development issues (strategy, planning and funding).

. a new strategic, operational planning and accountability system will be phased in for next FY. It needs further work to ensure the end product is simpler and more relevant, and that a direct linear relationship linkage exists between strategy setting, planning, resource allocation, performance and appraisals/rewards.

I recommend one of you examine the outcome very closely this autumn to see if it meets these criteria. Again, tendencies to over-bureaucratize the process are ever present, and without strong links between each part of the process, planning becomes only a philosophical exercise.

b) The systemic and less tangible areas of (a) mandate, (b) mission and (c) values need more attention at all levels, but it must begin with the ADMs, who carry it downward through their branches.

Here are my comments and advice on each of these items.

. the planned **mandate** discussion has given way to other priorities on several occasions since November. Departmental management should have its own clear vision of how the Department's role in government and its relationship with other OGD's (esp. CEIC, CIDA, ISTC, Finance) are likely to evolve in the years ahead (factors: globalization, constitutional developments, resource pressures).

. unless there is a well thought-out and understood corporate view and strategy, branches and individuals will be dealing piecemeal with OGD's on various issues (including such nuts and bolts issues as consolidation, authority and accountability of HOM's). At worst, we could find ourselves marginalized. We must have clear directions in order to lead.

. the **mission statement** has gone nowhere since its promulgation last autumn. It has not been "operationalized" throughout the Department by managers, largely because they do not themselves see the value of it or its relevance to their work. The most recent Leadership Colloquium did understand and came up with an approach that I recommend to you.

. we also undertook to publicize the mission statement through a poster, but when the mock-up (developed over several months from focus group work) was discussed unexpectedly at PMB, without knowledge of the background work, the logo and colours were rejected. We need to return to this quickly (an agreement on a logo is especially important for use on a new Departmental pin).

. finally, the **values** discussion begun at the May 17 Quarterly Management Meeting needs to be continued in the autumn, as proposed by UGB, but also carried throughout the Department when the autumn unit-by-unit planning meetings take place. It is at this level that the impact of values and style is most felt.

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c) Service to the Public has now become a major cross-government thrust and should be given similar, centrally-directed impetus in this department over the next year.

. I am sending you separately the just-completed report of the Corporate Review Working Group on Service to the Public. It contains some excellent recommendations for you and the Executive Committee to consider and actions for perusal over the next year. Paul Tellier will be looking in September for a report on progress to date.

d) Through example, reward/punishment and just hard and consistent attention to management/staff actions and decisions, certain positive behaviourial changes must be pursued over the coming years. Most important, in my view, are the following:

. teamwork is improving, but we have far to go: the tendency to hoard information, fear of losing personal credit through sharing effort, and just plain overly competitive behaviour internally are three key counter-values we must combat.

. transparency and internal communications habits have improved markedly over the past year, but without conscious effort there will be a natural tendency to backslide and...

. close off the upward flow of uncomfortable messages

. cut off direct access to deputies (eg. postponing further meetings with staff)

. pay less attention to full and broad dissemination of management information

A proposal for a quarterly staff newsletter recommended by the Implementation Team will shortly be coming to you from BCB for approval. This will be an important innovation and should be given close attention in its early stages to get it off to a good start. I urge you to approve it.

. habits that make use of more opportunities to engage in external communication (corporate outreach) need strengthening. Otherwise this newly developed and long-heralded program will lose ground to where we were 2 years ago.

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. we must keep alive the effort to assess and identify priorities in our work. There will always be new demands, but we must learn to drop lower priorities in order to respond. This takes strong management support and advice, particularly from deputies and ADMs. A readiness and toughness to reduce workload is also necessary when resources are reduced. Both management credibility and the future relevance of the organization are at stake. This area is susceptible to easy back-sliding.

. finally, we must do more to nourish an innovation-friendly corporate culture. Several steps (eg. suggestion box, an innovation fund) can be used to encourage employee initiatives. This is a PS 2000 priority for this year.

e) Last, we must continue to fold together our own Renewal efforts with PS2000 and continue to encourage and coordinate this cross-government change strategy.

. the Clerk has identified 5 key areas for this year and a formal report to Paul Tellier will be necessary in the autumn.

. those areas are:

- delayering (done)
- service to the public (see above)
- career planning (ACB handling)
- devolution (proceeding)
- employee triggered change (see "innovation" above)

The statement of mandate and responsibilities prepared and approved for the new "management of change" person mentions a few other important objectives for the coming year that I will not list here.

Conclusion:

The course ahead will not be easy: indeed my role this past year in pursuing implementation of the Corporate Review will be seen as simple in comparison.

Persistence, an almost perverse attachment to consistency of behaviour, avoiding the easy solutions to today's problem that compromises tomorrow's goal, remaining open and honest with everyone, consulting and involving people (even if it takes longer): these are not easy courses of action for deputies and ADMs.

- 8 -

Persuading busy managers and staff that time must be spent on the "softer" elements --- extending from the defining concepts of "mission" and "values" to altering behaviour and style --- is a hard sell; all the more so in an operational, no -nonsense management culture.

I see, as well, a real challenge in reaching beyond headquarters to our widely dispersed staff abroad. I am told most organizations our size require 5-7 years to bring real change: what will it take with so many of our staff dispersed around the world. Perhaps we can use our annual rotational cycle imaginatively to overcome this difficulty.

Finally, I can think of no more supportive group of individuals with which to work that those persistent, imaginative and often brave types who have been part of the Corporate Review Implementation Team. They have been a major factor behind our success, and deserve every commendation.

I would also like to thank you for your willingness to listen and learn, the ready access you provided to me, and your own collective commitment to the process and actions necessary to achieve the strategic objectives you set a year ago.



L.J. Edwards
Director General
Corporate Renewal
Implementation Team

ANNEX

DECISIONS SET ASIDE

1. Institution of "Country Desk" concept
 - . following investigation and analysis, decision was taken not to proceed
2. Re-establishment of "selected documents" system
 - . there were no resources in CPD to dedicate to this task; therefore it was dropped as a low priority
3. Review of Deputy Director positions
 - . there was no consensus as to what might be achieved by this type of review
4. Further examination of single-dual purpose missions
 - . concept already accepted for new missions
5. Application of Political Economic Relations/Public Affairs (PERPA) system outside the USA
 - . US system is seen as unique and, therefore broader application was questionable; no major interest in other branches
6. Pilot studies for classified fax (still limited to Wellington)
 - . overtaken by decisions to re-profile COSICS and install DUCS system; evaluation of Wellington will be part of this process

ANNEXE

DÉCISIONS REPORTÉES

1. **Notion de «responsabilité par pays» ("country desk")**
. Après enquête et analyse, il a été décidé de ne pas la mettre en oeuvre.
2. **Remettre sur pied un système de «choix de textes».**
. CPD n'avait pas les ressources nécessaires; cet objectif est donc maintenant secondaire.
3. **Examen des postes de directeur adjoint.**
. Aucun consensus sur le genre de révision qui pourrait être faite.
4. **Nouvel examen des missions à but simple ou mixte.**
. Cette idée a déjà été adoptée pour les nouvelles missions.
5. **Application du système de rapports politiques et économiques et affaires publiques à l'extérieur des États-Unis.**
. Ce système est considéré comme unique et, par conséquent, son application à une plus grande échelle était douteuse; il n'a pas suscité beaucoup d'intérêt dans les autres secteurs.
6. **Essai d'un télécopieur classifié (encore limité à Wellington).**
. A été mis de côté au profit d'une redéfinition du COSICS et de l'installation du DUCS; on évaluera l'expérience de Wellington en même temps.

- 8 -

La persévérance, une constance rigoureuse dans le comportement, le rejet des solutions faciles aux problèmes quotidiens pour ne pas compromettre les objectifs de demain, l'ouverture et l'honnêteté envers chacun, la consultation et la participation des employés (même si c'est plus long) : voilà des voies difficiles pour les sous-ministres et les SMA.

Il n'est pas facile de convaincre les gestionnaires et les employés de consacrer du temps à des éléments moins concrets, comme définir la «mission» et les «valeurs», et faire évoluer les comportements, surtout dans une culture axée sur les opérations et la logique.

Rejoindre notre personnel éparpillé à l'étranger constitue également un véritable défi. Selon certains, des organismes de la même dimension que le nôtre ont besoin de cinq à sept ans pour mettre en oeuvre de véritables changements : qu'en sera-t-il avec un si grand nombre d'employés dispersé à travers le monde? Pouvons-nous utiliser notre cycle de permutation annuel de façon imaginative pour surmonter cette difficulté?

Enfin, je ne puis imaginer un groupe de personnes plus coopératives que celles qui ont prêté leur persévérance et leur imagination à l'Équipe de mise en oeuvre de l'Examen ministériel. Elles sont grandement responsables de nos succès et méritent d'être louangées.

J'aimerais aussi vous remercier de votre volonté d'écouter et d'apprendre, de votre disponibilité et de votre engagement collectif envers la démarche et les actions nécessaires pour réaliser les objectifs stratégiques que vous avez fixés il y a un an.



L.J. Edwards
Directeur général
Équipe de mise en oeuvre
du nouveau ministériel

- 7 -

annoncé depuis nous laissera au même point qu'il y a 2 ans.

. Il ne faut pas perdre de vue l'importance de déterminer et d'évaluer les priorités dans notre travail. Comme il y aura toujours de nouvelles exigences, mais nous devons apprendre à laisser tomber celles qui sont secondaires, ce qui exige un appui indéfectible de la direction, surtout des sous-ministres et des SMA. En période de restriction des ressources, il faut également être prêts à réduire le volume de travail. La crédibilité de la direction et la pertinence future du Ministère en dépendent. Il s'agit d'un domaine où il est facile de revenir aux vieilles habitudes.

. Enfin, nous devons faire plus pour ouvrir notre culture organisationnelle à l'innovation. On peut recourir à plusieurs mesures (p. ex. : boîte à idées, fonds d'innovation) pour encourager les initiatives des employés. Il s'agit d'une priorité de FP 2000 pour cette année.

e) Finalement, nous devons continuer d'associer nos efforts de renouvellement à FP 2000 tout en encourageant et en coordonnant la stratégie de changement à l'échelle du gouvernement.

. Le Greffier du Conseil privé a relevé 5 domaines-clés pour cette année, et un rapport devra être présenté à Paul Tellier à l'automne.

. Ces domaines sont :

- la déstratification (terminée);
- le service au public (voir ci-dessus);
- la planification professionnelle (ACB s'en charge);
- la délégation (en cours);
- les changements provoqués par les employés (voir «innovations» ci-dessus).

L'énoncé de mandat et de responsabilités préparé à l'intention du nouveau «gestionnaire du changement» comprend pour l'année qui vient d'autres objectifs importants que je ne mentionnerai pas ici.

Conclusion

Les mois qui suivent ne seront pas faciles; le rôle que j'ai joué au cours de la dernière année dans la mise en oeuvre de l'Examen ministériel semblera facile en comparaison de ce qui nous attend.

- 6 -

c) Le service au public est devenu une priorité partout au gouvernement et devrait retenir une attention semblable au Ministère cette année.

. Je vous envoie sous pli séparé le rapport que vient de terminer le groupe de travail de l'Examen ministériel sur le service au public. Il contient d'excellentes recommandations que vous et le comité exécutif pourrez étudier, ainsi que des mesures à lire attentivement au cours de la prochaine année. Paul Tellier nous rendra visite en septembre pour voir où nous en sommes rendus.

d) Il est possible de faire changer certains comportements au cours des prochaines années par l'exemple, les «punitions» et «récompenses» liées à la gestion du budget, et la surveillance continue des actions et décisions de la direction et des employés. Les plus importants, selon moi, sont les suivants :

. le travail d'équipe s'améliore, mais nous avons encore beaucoup de progrès à faire : la tendance à accumuler l'information, la crainte de perdre de la crédibilité en partageant les tâches et l'esprit de compétition à l'interne sont trois attitudes néfastes que nous devons combattre;

. la transparence et les communications internes se sont grandement améliorées pendant l'année, mais sans efforts conscients, le naturel reviendra au galop avec les effets suivants ...

. les mauvaises nouvelles ne sont plus communiquées à la direction;

. il n'y a plus d'accès direct aux sous-ministres (p. ex. : on remet à nouveau les réunions avec le personnel);

. on accorde moins d'attention à la diffusion de l'information de gestion.

BCB vous transmettra bientôt pour approbation la proposition faite par l'Équipe de mise en oeuvre de publier un bulletin trimestriel à l'intention du personnel. Il s'agira d'une importante innovation à laquelle il faudra accorder beaucoup d'attention au début pour bien marquer le coup d'envoi. Je vous demande instamment de l'approuver.

. Renforcer le recours aux communications externes (programme de promotion du Ministère). Autrement, ce programme élaboré récemment et

Voici mes observations et conseils sur chacun de ces sujets.

. Le débat prévu sur le mandat a souvent cédé la place à d'autres priorités depuis novembre. La direction doit avoir une vision claire de l'évolution du rôle du Ministère au sein du gouvernement et de sa relation avec les autres ministères et organismes du gouvernement (particulièrement la CEIC, l'ACDI, ISTC, les Finances) au cours des prochaines années (facteurs : mondialisation, dossier constitutionnel, compression des ressources).

. S'ils n'ont pas une vision claire de l'organisation et une stratégie bien conçue, les secteurs et les employés traiteront au petit bonheur avec les autres ministères de diverses questions (de cuisine interne comme, par exemple, la consolidation, l'autorité et la responsabilité des chefs de mission). Au pire, nous pourrions être marginalisés. Nous devons avoir des directives claires pour nous imposer.

. L'énoncé de mission ne donne aucun résultat depuis sa mise en oeuvre, l'automne dernier. Les gestionnaires ne l'ont pas «opérationnalisé», en grande partie parce qu'ils n'en voient pas eux-mêmes la valeur ou la pertinence. Au dernier colloque sur le leadership, les participants en ont compris l'importance et ont mis au point une démarche que je vous recommande.

. Nous avons aussi entrepris de faire connaître l'énoncé de mission au moyen d'une affiche, mais le logo et les couleurs ont été rejetés par le CGP alors qu'il discutait inopinément de la maquette et sans être au courant du travail réalisé dans ce dossier pendant plusieurs mois par un groupe de travail spécialisé. Il est particulièrement important de reprendre ce dossier et de s'entendre sur un logo qui sera utilisé sur la nouvelle épingle du Ministère.

. Enfin, comme l'a proposé UGB, le débat sur les valeurs entrepris le 17 mai lors de la réunion trimestrielle de la direction doit se poursuivre à l'automne, non seulement à la direction mais également dans tous les services du Ministère au cours des réunions de planification de l'automne. C'est à ce niveau que le choix des valeurs se fait le plus sentir.

- 4 -

nécessaires. Il s'agit d'une question de comportement, et les gestionnaires s'inspireront du style de gestion de la haute direction.

. ACB a besoin de tout l'appui possible, interne et externe (organismes centraux), pour venir à bout de tout le travail dans le domaine du personnel. Il y a beaucoup de choses en jeu ici, car la gestion des ressources humaines est déterminante pour l'avenir du Ministère. Il faudra y consacrer beaucoup d'efforts et de persévérance, et il y a un danger réel d'épuisement.

. Selon moi, l'initiative la plus importante d'ACB est la formation. Celle-ci mettra à l'épreuve votre engagement envers la vitalité et la pertinence à long terme du Ministère. Comme vous le savez, on observe déjà certains signes de conflit, particulièrement dans le domaine des ressources.

Je suggère que vous (ou l'un de vous pour le groupe des sous-secrétaires) consacre plusieurs heures chaque trimestre à la formation et au perfectionnement (stratégie, planification et financement).

. Un nouveau système stratégique de planification opérationnelle et de responsabilisation sera graduellement mis en place pendant le prochain exercice. Certaines améliorations doivent encore y être apportées de façon à le rendre plus simple et à le faire mieux correspondre aux besoins, et qu'il y ait une relation directe entre la stratégie, la planification, la répartition des ressources, le rendement et les évaluations de primes d'encouragement.

Je suggère que l'un d'entre vous étudie les résultats avec beaucoup d'attention cet automne pour voir s'ils répondent à ces critères. Encore une fois, nous avons toujours tendance à surbureaucratiser le processus, et, à défaut d'un lien solide entre chaque composante, la planification devient un exercice purement philosophique.

b) Les domaines systémiques et moins tangibles (a) du mandat, (b) de la mission et (c) des valeurs ont besoin de plus d'attention à tous les niveaux, mais ce sont les SMA qui, d'abord et avant tout, doivent donner l'exemple en déléguant les décisions vers le bas.

visible et aussi pour montrer qu'un comportement et un rendement positifs seront récompensés.

Rien de nouveau n'est survenu en ce qui concerne les questions des mandats et des énoncés de mission. Je reviendrai plus tard sur ces points.

Tournés vers l'avenir

Le travail qui reste à accomplir dans votre cas et dans celui du Ministère demeure considérable, même si vous serez secondés cette année par le «gestionnaire du changement». Il peut se résumer ainsi :

a) continuer la mise en oeuvre des initiatives à plus long terme de l'Examen ministériel, et en particulier :

- (1) poursuivre la responsabilisation et la délégation de pouvoirs et
- (2) mettre en oeuvre les nombreux changements convenus dans le domaine de la gestion des ressources humaines.

Il convient de ne pas oublier les points suivants :

. La délégation de pouvoirs et la simplification sont déjà en cours, mais il sera tentant de revenir en arrière chaque fois que des erreurs seront commises. Il faudra résister. Il faut inciter les employés à prendre des risques en prêchant par l'exemple, et il faut miser sur la formation. Les impératifs de travail augmentent sans cesse, et la délégation de pouvoirs ainsi que la simplification sont essentielles pour que nous puissions y faire face.

. La délégation de pouvoirs doit être accompagnée de ressources : à plusieurs reprises, les organismes centraux ont délégué des pouvoirs, mais ont gardé le contrôle des ressources ou ont demandé aux gestionnaires de trouver des crédits à l'interne. Il est préférable de ne pas déléguer de pouvoirs que d'accorder des sommes d'argent insuffisantes en période de compression budgétaire; cela va à l'encontre des buts visés et ne fait qu'augmenter le scepticisme entourant la délégation de pouvoirs (et compromet votre sincérité lorsque vous la défendez).

. La délégation de pouvoirs ne concerne pas uniquement les activités administratives. Tous les gestionnaires devraient inciter leurs subalternes à prendre des décisions et leur confier du travail ayant un contenu intéressant, tout en leur donnant l'encadrement et l'appui

- 2 -

compression des ressources a illustré de façon concrète comment prendre des décisions difficiles sans perdre de vue les objectifs et priorités stratégiques à plus long terme.

Un travail souterrain considérable a été accompli partout au Ministère. Certains efforts ont été exceptionnels, particulièrement en raison des autres impératifs, de la résistance naturelle au changement et du scepticisme que suscite un tel projet.

Réalisations récentes

Depuis mon dernier rapport (qui n'a pas eu de diffusion générale) en avril, le Ministère a :

- terminé les changements organisationnels prévus dans le Rapport final (SMA/ACB/CRX);
- plus particulièrement, mis sur pied un nouveau Secteur de la politique commerciale et renforcé la fonction de politique économique (DMT);
- créé le Conseil de la technologie (MCB);
- approuvé la nouvelle politique d'équité en matière d'emploi (ACB);
- procédé à un examen approfondi du service au public et fait des recommandations (voir ci-dessous);
- entrepris une étude sur la façon dont AECEC pourrait améliorer son association avec le secteur privé et d'autres partenaires (OFB/TFB/BCB);
- réalisé des progrès considérables dans la préparation, en vue de leur lancement cet automne, de notre premier cadre de politique étrangère, du plan d'exploitation du commerce international et du plan stratégique des affaires consulaires et de l'immigration : nos nouveaux documents de planification stratégique (CPD/TFB/OFB).

Dans mon dernier rapport, j'ai mentionné trois domaines particulièrement préoccupants dans lesquels les progrès accomplis n'ont pas été satisfaisants : les mandats, les énoncés de mission et les primes de reconnaissance et de mérite.

Je suis heureux de constater que, grâce aux efforts consentis par ABD et certaines personnes (dont Rick Belliveau et un petit groupe de «penseurs»), un Programme de reconnaissance et de mérite a été conçu et approuvé par le Comité exécutif. Il reste à le publier et à le mettre en oeuvre.

Il sera vital pour le succès du programme de mérite et de reconnaissance que vous vous y intéressiez de près et y participiez de façon

///



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TO / A • USS DMC DMT

FROM / DE • CRX

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SUBJECT
SUJET • Mise en oeuvre de l'Examen ministériel :
Rapport de fin de mandat

Security / Sécurité SANS COTE
Accession / Référence
File / Dossier
Date Le 28 juin 1991
Number / Numéro CRX-0222

ENCLOSURES
ANNEXES

DISTRIBUTION

Le mandat de CRX ainsi que la période officielle de mise en oeuvre de l'Examen ministériel ont pris fin le 30 juin.

Mise en oeuvre

Je suis heureux d'annoncer que, sauf quelques exceptions, toutes les initiatives énoncées dans l'Examen ministériel - Rapport final (juin 1990) ont été menées à bien ou sont en cours de réalisation, respectant ainsi le calendrier établi l'an dernier.

Les mesures annulées ou reportées (pour des raisons valables) sont énumérées dans une annexe séparée. Celles qui exigent un suivi de la part du nouveau «gestionnaire du changement» sont exposées dans le rapport.

Même au cours des dernières semaines, nous avons accompli d'autres progrès : création du nouveau Secteur de la politique commerciale, renforcement et élargissement du Secteur des affaires économiques et commerciales (EFB), création du nouveau poste de délégué commercial en chef; il s'agit là de mesures que nous avons l'intention de prendre pour construire notre base stratégique.

Des événements imprévus au cours de l'année, particulièrement la guerre du Golfe et les nouvelles compressions budgétaires, ont influé sur la mise en oeuvre des mesures. Toutefois, les effets n'ont pas été aussi graves que prévu.

En effet, la guerre du Golfe a été l'occasion pour le Ministère de se surpasser, elle a fait ressortir nos points forts, et prouvé les mérites du travail d'équipe. La



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DISTRIDUTION

Le Sous-secrétaire d'État m'a demandé de distribuer ce rapport à tous les gestionnaires. Veuillez le porter à l'attention de votre personnel.

L.J. Edwards
Directeur général
Équipe de mise en oeuvre
du renouveau ministériel

A-7



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John M. Curtis\OMTN\992-7776

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CPD/Balloch
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Comments on Foreign Policy Framework

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I am pleased that work on this framework is under way and hope that it can be supplemented by an annual "State of the World" speech by the SSEA to the Canadian public at large each January that you and I have discussed in the past.

While I do have comments on the entire paper - largely on areas outside of the OMTN purview - let me comment for now somewhat more narrowly:

1. The tone and thrust of the document states or implies that the past year has been characterized by revolutionary changes, including in the economic sphere. The latter is not really the case. Globalization has been going on since the sixties; the move away from state intervention and central planning world-wide since the early 1980's, beginning in Latin America and more recently in Africa and of course in Central and Eastern Europe.
2. There are traces of the old multilateralism versus regionalism debate (i.e. failure of Uruguay Round and possible regional consequences) that I think are not a useful or current way of approaching trade policy. Using the two-track or the "multi-layer" analysis, one can make the case that trade liberalization is proceeding in various forms as issues and opportunities present themselves or require. My view is that the Uruguay Round outcome will affect the tone and character of bilateral/regional arrangements, not their existence or evolution. Thus, for example, I would drop the first full sentence on page 8 concerning the Uruguay Round; NAFTA should be judged on its own merits strategically and substantively. It need not be buried or be treated defensively.

3. The implications of on-going budget restraint, and more generally of less government intervention in the economies of the already-existing market economies, needs more analysis.

I have further thoughts that we might discuss at another time. Congratulations on the initiative.

Noted 11.



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SUBJ/SUJ	UNDER COVER OF A LETTER FROM USS AN INTERIM REPORT ON THE CORPORATE REVIEW TO COMMUNICATE INITIAL DECISIONS WHICH HAVE BEEN TAKEN BY THE STEERING GROUP AFTER REVIEW OF THE TASK FORCE PROJECT REPORTS WAS RELEASED TO STAFF IN OTTAWA TODAY. THE COMPLETE INTERIM REPORT WITH SOME FURTHER DETAILS AS WELL AS BACKGROUND QUESTIONS AND ANSWERS HAS BEEN FORWARDED TO YOU BY BAG. THE STEERING GROUP IS NOW IN THE PROCESS OF FINALIZING ITS DECISIONS. THIS INCLUDES DECISIONS OF A GENERALLY ADMINISTRATIVE CHARACTER, AS WELL AS THOSE HAVING POLITICAL IMPLICATIONS THAT WILL REQUIRE CONSULTATION WITH MINISTERS OF THE PORTFOLIO. SOME DECISIONS WILL REQUIRE CENTRAL AGENCY APPROVAL FOR IMPLEMENTATION, AND OTHERS MAY NEED TO GO TO CABINET. THE IMPACT OF THE CORPORATE REVIEW ON SAVINGS IN DOLLARS AND PYS IS STILL NOT KNOWN. THIS WILL BE EXAMINED WHEN ALL RESULTS HAVE BEEN REVIEWED AND FINAL DECISIONS TAKEN. AS THE FULL TEXT IS EXTREMELY LONG TO BE SENT IN ENTIRETY, THE FOLLOWING IS A SUMMARY OF MAIN DECISIONS:		
	.../2		

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PAGE TWO/DEUX

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A MISSION STATEMENT

A MISSION STATEMENT WILL BE ISSUED WHEN THE CORPORATE REVIEW IS CONCLUDED AT THE END OF JUNE.

HEADQUARTERS ORGANIZATION

THE SENIOR MANAGEMENT STRUCTURE WILL CONTINUE TO COMPRISE THE UNDER-SECRETARY AND TWO DEPUTY MINISTERS FUNCTIONING AS A SINGLE MANAGERIAL UNIT. ONE OF THE DEPUTIES WILL BE THE DEPUTY MINISTER FOR INTERNATIONAL TRADE.

THE MATRIX SYSTEM, ESTABLISHED IN 1982-83, REQUIRES ADJUSTMENT BUT NO MASSIVE REORGANIZATION.

THERE WILL BE NO ACROSS THE BOARD DE-LAYERING OF MANAGERIAL POSITIONS. ON A CASE-BY-CASE BASIS SOME MANAGERIAL POSITIONS WILL BE ELIMINATED AND SOME MANAGERS WILL ASSUME LARGER SPANS OF CONTROL.

MORE RESPONSIBILITY WILL BE EXERCISED AT LOWER LEVELS IN THE ORGANIZATION.

REORGANIZING OF GEOGRAPHIC BRANCHES ALONG THE LINES OF QUOTE COUNTRY DESKS UNQUOTE SHOULD BE SERIOUSLY EXAMINED.

HEADQUARTERS ADMINISTRATION REVIEW

THE DELEGATION OF AUTHORITY TO MANAGERS AND MISSIONS, AND THE CONSEQUENT REDUCTION OF TRANSACTION LEVELS WILL BE EXTENDED AS FAR AS POSSIBLE.

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MANAGERS WILL BE PROVIDED WITH QUOTE RESOURCE ENVELOPES UNQUOTE
TO ENABLE THEM TO TAKE MORE DECISIONS AND MANAGE MORE
EFFECTIVELY.

A SYSTEM OF NEW INTERNAL QUOTE CHARGE BACK UNQUOTE FEES FOR
TELECOMMUNICATIONS AND VARIOUS OTHER ADMINISTRATIVE SERVICES WILL
BE INSTITUTED.

THIS WILL REQUIRE THE DEVELOPMENT OF AN IMPROVED INTERNAL COSTING
SYSTEM THAN CAN PROVIDE ACCURATE COST INFORMATION.

OPERATIONS ABROAD

SEVERAL POSTS WILL BE SELECTED, ON A PILOT BASIS, TO OPERATE WITH
A DOWN-SCALED COMMUNICATIONS SYSTEM I.E. EMPLOYING SECURE FAX
INSTEAD OF FULL SECURE COMMUNICATIONS.

PERSONNEL

THE AMALGAMATION OF THE VARIOUS ROTATIONAL ADMINISTRATION AND
SUPPORT CATEGORIES INTO A SINGLE ROTATIONAL ADMINISTRATIVE
SERVICES GROUP WILL BE PURSUED.

THE EX(FS) CATEGORY (NOW STREAMED FOR EX(FS)1 AND EX(FS)2) WILL
BE COMPLETELY DE-STREAMED TO ENSURE AN EXECUTIVE CADRE BEST
SUITED FOR THE DEPARTMENT'S REQUIREMENTS.

THE PRINCIPLE OF FULL DE-STREAMING OF THE FS GROUP HAS SOME MERIT
IN BUILDING A MORE COHESIVE DEPARTMENT. HOWEVER, NO ACTION IS
PLANNED PENDING FURTHER EXAMINATION OF THE IMPLICATIONS AND

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CONSEQUENCES OF THIS APPROACH.

DISCUSSIONS WILL BE UNDERTAKEN URGENTLY WITH THE TREASURY BOARD AND THE PUBLIC SERVICE COMMISSION ON OUR PROPOSAL TO EXTEND UPWARDS THE LEVELS OF THE FS/PROFESSIONAL CATEGORY.

A SPOUSAL EMPLOYMENT POLICY, AS WELL AS IMPLEMENTATION GUIDELINES, WILL BE ANNOUNCED IN JUNE.

THE DEPARTMENT WILL PROCEED WITH THE ESTABLISHMENT OF A DAY-CARE FACILITY AS SOON AS THE TREASURY BOARD PROVIDES AUTHORITY.

POLITICAL/ECONOMIC PROGRAM

THIS PROGRAM WILL BE REVITALIZED, IN ORDER TO PROVIDE THE GOVERNMENT WITH THE FOREIGN POLICY LEADERSHIP AND COORDINATION NECESSARY IN THE INCREASINGLY COMPLEX WORLD OF THE 1990S.

THE PROGRAM WILL BE DIRECTED MORE TOWARDS ANALYSIS, ADVOCACY AND POLICY FORMULATION WORK, BOTH AT HEADQUARTERS AND ABROAD.

TO THE EXTENT POSSIBLE, THE POLITICAL ECONOMIC RELATIONS AND PUBLIC AFFAIRS (PERPA) MODEL NOW BEING USED IN THE USA BRANCH WILL BE APPLIED TO OTHER GEOGRAPHIC AREAS. POLITICAL/ECONOMIC REPORTING WILL BE GEARED TOWARDS MORE TARGETED INFORMATION GATHERING, INTELLIGENCE, ANALYSIS AND ADVOCACY.

TRADE PROGRAM

THE INTERNATIONAL TRADE PROGRAM WILL BE GIVEN INCREASED RELEVANCE AND EFFECTIVENESS THROUGH THE DEVELOPMENT AND IMPLEMENTATION OF

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AN ANNUAL QUOTE BUSINESS PLAN UNQUOTE FOR THE TRADE DEVELOPMENT
AGENDA.

A MAJOR EMPHASIS WILL BE PLACED ON STRATEGIC-MARKET ANALYSIS TO
PROVIDE BUSINESS AND GOVERNMENT WITH HIGHEST QUALITY GLOBAL
MARKET STRATEGIES, BY SECTOR AND BY REGION, AND WITH INFORMED
LONG-RANGE MARKET PROJECTIONS.

THE OPTION OF PRIVATIZING THE TRADE COMMISSIONER SERVICE WILL NOT
BE PURSUED.

CONSULAR/IMMIGRATION PROGRAM

THE CONSULAR PROGRAM AND IMMIGRATION PROGRAMS WILL BE COMBINED.
A TASK FORCE IS BEING PUT IN PLACE TO DEVELOP THE CONCEPT OF
SPECIAL OPERATING AGENCY FOR THE DELIVERY OF THE CONSULAR AND
IMMIGRATION PROGRAMS BOTH ABROAD AND IN CANADA.

DEVELOPMENT ASSISTANCE PROGRAM

THE DEPARTMENT IS WORKING URGENTLY WITH CIDA TO DECIDE THE BEST
MEANS OF DELIVERING THIS PROGRAM ABROAD IN THE 1990S, BEARING IN
MIND THE CONTINUING NEED FOR COHERENCE IN FOREIGN POLICY TERMS
AND THE RELATED PRINCIPLES OF QUOTE CONSOLIDATION UNQUOTE AND
HEAD OF MISSION AUTHORITY.

COMMUNICATIONS AND CULTURAL AFFAIRS PROGRAMS

IN RECOGNITION OF THE CONTINUING IMPORTANCE OF THE COMMUNICATIONS
FUNCTION, THE STEERING GROUP HAS DIRECTED THAT AN OUTSIDE

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CONSULTANT BE COMMISSIONED TO UNDERTAKE AN URGENT REVIEW OF THIS
ACTIVITY.

THE INTERNATIONAL CULTURAL RELATIONS PROGRAM IS AN INSTRUMENT OF
CANADIAN POLICY ABROAD WHICH SHOULD BE BETTER UTILIZED BY THE
DEPARTMENT.

RAYMOND CHRETIEN -----

UN RAPPORT INTERIMAIRE SUR L'EXAMEN MINISTERIEL, ELABORANT SUR
LES DECISIONS PRISES A CE JOUR PAR LE COMITE DE DIRECTION, A ETE
DISTRIBUE AUJOURD'HUI A TOUS LES EMPLOYES DU MINISTERE A OTTAWA,
SOUS COUVERT D'UNE LETTRE DE USS.

CE RAPPORT AINSI QU'UN DOCUMENT DE QUESTIONS ET DE REPONSES SUR
LE SUJET VOUS ONT ETE EXPEDIES PAR SAC AUJOURD'HUI, LE TEXTE
COMPLET ETANT TROP LONG POUR EXPEDITION PAR TELEGRAMME. PRIERE
VOUS ASSURER QUE CE DOCUMENT EST VU PAR TOUT LE PERSONNEL
CANADIEN. UN RESUME SUIVIT:

DECISIONS

LE COMITE DE DIRECTION PROCEDE ACTUELLEMENT A L'ADOPTION DE SES
DECISIONS FINALES ET DES RECOMMANDATIONS QU'IL PRESENTERA A NOS
MINISTRES ET AU CABINET. CERTAINES DECISIONS DEVRONT ETRE
APPROUVEES PAR LES AGENCES CENTRALES AVANT QU'IL SOIT POSSIBLE
D'Y DONNER SUITE, ET D'AUTRES DEVRONT ETRE DISCUTEES AVEC NOS
MINISTRES.

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L'INCIDENCE DES DECISIONS, PRISES DANS LE CADRE DE L'EXAMEN MINISTERIEL, SUR LES ECONOMIES DE COUTS ET D'ANNEES-PERSONNES N'A PAS ETE ENTIEREMENT EVALUEE. CET ELEMENT SERA ETUDIE LORSQUE TOUS LES RESULTATS AURONT ETE EXAMINES ET QUE LES DECISIONS FINALES AURONT ETE PRISES.

ENONCE DE MISSION

UN ENONCE DE MISSION SERA DIFFUSE LORSQUE L'EXAMEN MINISTERIEL SERA ACHEVE FIN JUIN.

ORGANISATION DE L'ADMINISTRATION CENTRALE

LA HAUTE DIRECTION SERA TOUJOURS COMPOSEE DU SOUS-SECRETAIRE ET DE DEUX SOUS-MINISTRES FONCTIONNANT COMME UNE SEULE UNITE DE GESTION. L'UN DES SOUS-MINISTRES SERA CELUI DU COMMERCE EXTERIEUR.

LE SYSTEME DE MATRICE, CREE EN 1982-1983, DOIT ETRE CORRIGE, MAIS SANS REORGANISATION MASSIVE.

IL N'Y AURA PAS DE DESTRATIFICATION GENERALE DES POSTES DE GESTION. TOUTEFOIS, LE COMITE DE DIRECTION EXAMINE ACTUELLEMENT LA DESTRATIFICATION CAS PAR CAS, ET CERTAINS POSTES DE GESTION SERONT ELIMINES. CERTAINS GESTIONNAIRES EXERCERONT UN CONTROLE ELARGI (C.-A -D. QU'UN PLUS GRAND NOMBRE D'EMPLOYES RELEVERONT D'EUX.)

PAR RAPPORT A LA SITUATION ACTUELLE, PLUS DE RESPONSABILITES

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SERONT EXERCEES AUX ECHELONS INFERIEURS DE L'ORGANISATION.
IL A ETE CONVENU QUE LA REORGANISATION DES SECTEURS GEOGRAPHIQUES
SELON LE PRINCIPE DE LA CIT RESPONSABILITE PAR PAYS FIN CIT
SERAIT MINUTIEUSEMENT EXAMINEE.

EXAMEN DE L'ADMINISTRATION CENTRALE

LA DELEGATION DE POUVOIRS AUX GESTIONNAIRES ET AUX MISSIONS AINSI
QUE LA REDUCTION CONCOMITANTE DES NIVEAUX DE TRANSACTION SE
FERONT DANS LA MESURE DU POSSIBLE.

LA DELEGATION DE POUVOIRS ET DE RESPONSABILITES SUPPOSERA
L'INTRODUCTION DE DEUX MECANISMES :

- ALLOUER AUX GESTIONNAIRES DES CIT ENVELOPPES FIN CIT POUR LEUR
PERMETTRE DE PRENDRE PLUS DE DECISIONS ET DE GERER PLUS
EFFICACEMENT.

- INSTAURER UN NOUVEAU SYSTEME D'CIT IMPUTATION DES FRAIS A
L'UTILISATEUR FIN CIT POUR LES COMMUNICATIONS TELEX ET DIVERS
AUTRES SERVICES ADMINISTRATIFS.

A CETTE FIN, IL FAUDRA ELABORER UN SYSTEME INTERNE D'ETABLISSE-
MENT DES COUTS QUI SOIT PLUS PRECIS.

OPERATIONS A L'ETRANGER

DES ETUDES PILOTES SERONT EFFECTUEES POUR DETERMINER QUELLES
MISSIONS PEUVENT FONCTIONNER AVEC UN SYSTEME DE COMMUNICATION
REDUIT, C'EST-A-DIRE AVEC UN TELECOPIEUR PROTEGE AU LIEU D'UN

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SYSTEME DE COMMUNICATION COMPLET ET PROTEGE.

PERSONNEL

LES DIVERSES CATEGORIES D'EMPLOYES DE L'ADMINISTRATION ET DE
SOUTIEN PERMUTANTS SERONT FUSIONNEES EN UN SEUL GROUPE, LE GROUPE
DES SERVICES ADMINISTRATIFS.

LES FILIERES^S AU SEIN DE LA CATEGORIE EX(FS) SERONT ABOLIES POUR
PERMETTRE LE MAXIMUM DE SOUPLESSE AU NIVEAU DU RECRUTEMENT DU
NOMBRE APPROPRIE DE PERSONNES COMPETENTES EN ADMINISTRATION, EN
GESTION ET DANS D'AUTRES DOMAINES PROFESSIONNELS POUR ASSURER LE
CADRE D'EXECUTION LE MIEUX ADAPTE AUX BESOINS DU MINISTERE.

LE PRINCIPE DE L'ABOLITION DES FILIERES DU GROUPE FS PRESENTE
CERTAINS AVANTAGES EN CE QUI A TRAIT A LA CREATION D'UN SERVICE
PLUS COHERENT. TOUTEFOIS, AUCUNE MESURE N'EST PREVUE D'ICI
L'EXAMEN PLUS APPROFONDI DES INCIDENCES ET CONSEQUENCES DE CETTE
APPROCHE.

DES DISCUSSIONS SERONT AMORCEES AU PLUS TOT AVEC LE CONSEIL DU
TRESOR ET LA COMMISSION DE LA FONCTION PUBLIQUE CONCERNANT UNE
PROPOSITION D'ETENDRE VERS LE HAUT LES ECHELONS DE LA CATEGORIE
FS/PROFESSIONNELLE.

UNE POLITIQUE D'EMPLOI DES CONJOINTS ET DES LIGNES DIRECTRICES
POUR SA MISE EN OEUVRE SERONT ANNONCEES EN JUIN 1990.

LE MINISTERE PROCEDERA A L'ETABLISSEMENT D'UN SERVICE DE GARDERIE

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DES QUE LE CONSEIL DU TRESOR LUI AURA DONNE LE POUVOIR DE
DEPENSER A CET EFFET.

AFFAIRES POLITIQUES/ECONOMIQUES

CE PROGRAMME SERA REVITALISE AFIN D'ASSURER LE LEADERSHIP ET LA
COORDINATION NECESSAIRES AU NIVEAU DES STRATEGIES A SUIVRE DANS
LE DOMAINE DE LA POLITIQUE ETRANGERE DANS LE MONDE DE PLUS EN
PLUS COMPLEXE QUE SERA CELUI DES ANNEES 90.

AU MINISTERE, LE PROGRAMME SERA DAVANTAGE ORIENTE VERS L'ANALYSE,
LA PROMOTION, LA FORMULATION ET LA COORDINATION DES POLITIQUES, A
L'ADMINISTRATION CENTRALE ET A L'ETRANGER.

DANS LA MESURE DU POSSIBLE, LE MODELE ACTUELLEMENT UTILISE DANS
LE SECTEUR DES RELATIONS AVEC LES ETATS-UNIS EN CE QUI CONCERNE
LES RELATIONS ECONOMIQUES ET POLITIQUES ET LES AFFAIRES PUBLIQUES
(PERPA) SERA APPLIQUE A D'AUTRES REGIONS GEOGRAPHIQUES.

PROGRAMME DU COMMERCE EXTERIEUR

UNE VALEUR ET UNE EFFICACITE NOUVELLES SERONT DONNEES AU
PROGRAMME DU COMMERCE EXTERIEUR GRACE A L'ELABORATION ET LA MISE
EN OEUVRE D'UN CIT PLAN FIN CIT ANNUEL DE PROMOTION DU COMMERCE.
L'ACCENT SERA PLACE SUR L'ANALYSE STRATEGIQUE DU MARCHE DE FACON
A PROPOSER AUX ENTREPRISES ET AU GOUVERNEMENT DES STRATEGIES DE
MARCHE, SECTORIELLES ET REGIONALES, DE PREMIER ORDRE ET A LEUR
FOURNIR DES PRECISIONS AVISEES A PLUS LONG TERME.

IL NE SERA PAS DONNE SUITE A L'IDEE DE PRIVATISER LE SERVICE DES

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DELEGUES COMMERCIAUX.

PROGRAMME DES AFFAIRES CONSULAIRES/DE L'IMMIGRATION

LE PROGRAMME DES AFFAIRES CONSULAIRES SERA COMBINE AVEC LE PROGRAMME DE L'IMMIGRATION.

UNE EQUIPE SPECIALE EST ACTUELLEMENT MISE EN PLACE. ^LELLE AURA POUR TACHE DE METTRE AU POINT L'IDEE D'UN ORGANISME EXPLOITANT SPECIAL POUR L'EXECUTION DES PROGRAMMES DES AFFAIRES CONSULAIRES ET DE L'IMMIGRATION A L'ETRANGER ET AU CANADA.

PROGRAMME D'AIDE AU DEVELOPPEMENT

LE MINISTERE REVOIT DE TOUTE URGENCE LE PROGRAMME AVEC L'ACDI POUR DECIDER DU MEILLEUR MOYEN D'EXECUTER CE PROGRAMME A L'ETRANGER AU COURS DES ANNEES 90. CE FAISANT, IL TIENT COMPTE DE LA COHESION QUI DOIT NECESSAIREMENT EXISTER EN TERMES DE POLITIQUE ETRANGERE ET DES PRINCIPES CONNEXES QUE SONT LA CIT CONSOLIDATION FIN CIT ET LE POUVOIR DU CHEF DE MISSION.

PROGRAMME DES COMMUNICATIONS ET DE LA CULTURE

RECONNAISSANT QUE LA COMMUNICATION EST IMPORTANTE, LE COMITE DE DIRECTION A DEMANDE ^A UN CONSULTANT DE L'EXTERIEUR ~~DE L'EXTERIEUR~~ D'ENTREPRENDRE D'URGENCE UNE REVUE DE CE PROGRAMME.

LE PROGRAMME DES RELATIONS CULTURELLES INTERNATIONALES (RCI) EST UN INSTRUMENT DE LA POLITIQUE DU CANADA A L'ETRANGER, ET LE MINISTERE DEVRAIT EN TIRER UN MEILLEUR PARTI.

RAYMOND CHRETIEN

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NOUS VOUS SOMMES TRÈS RECONNAISSANTS DU TEMPS ET DES EFFORTS
QUE VOUS ET VOTRE PERSONNEL AVEZ CONSACRÉS À L'EXAMEN
MINISTÉRIEL. VOS OBSERVATIONS ET VOS SUGGESTIONS UTILES SONT
EXAMINÉES AVEC TOUTE L'ATTENTION QU'ELLES MÉRITENT PAR LES
DIVERS GROUPES DE TRAVAIL.

2. NOUS SOMMES TOUJOURS INTÉRESSÉS À CONNAÎTRE LES
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DEVRAIT ÊTRE ENVOYÉE DIRECTEMENT À CMD. *Amsties*.

CHRÉTIEN

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DIVISION/DIRECTION

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B. RICHARDSON

CME

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RELATIVEMENT A UNE ETUDE STRATEGIQUE DE LA GESTION DE
L ACDI.

2.CI-JOINT AUSSI, COPIE DE LA LETTRE, EN FRANCAIS ET EN
ANGLAIS, ADRESSEE A TOUS LES EMPLOYES RELATIVEMENT A LA
REVUE MINISTERIELLE.

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(COMCENTRE VEUILLEZ TRANSMETTRE LES 9/9 PAGES EN ANNEXE)

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Sous-secrétaire

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Le 4 avril 1990

Monsieur Marcel Massé
Président
Agence canadienne de développement international
Place du Centre
200, promenade du Portage
Hull (Québec)
K1A 0G4

Cha Marcel

~~Monsieur le Président,~~

Je vous remercie de votre lettre du 14 février dans laquelle vous me faites part de votre intention de procéder à une étude stratégique de la gestion de l'ACDI. Je note que cette étude globale inclura l'impact des directives du gouvernement et des organismes centraux sur l'ACDI et l'exécution de ses programmes.

D'autre part, j'ai appris que l'ACDI et le Conseil du Trésor sont sur le point de s'entendre sur le mandat de la revue de la décentralisation commandée en décembre dernier par le Comité d'examen des dépenses. Nous n'avons pas encore pris connaissance du texte du mandat ou été consultés à ce sujet; on m'informe par ailleurs qu'il est question d'examiner plusieurs options d'exécution du programme d'aide à l'étranger, y compris un recours plus fréquent aux Unités d'appui sur le terrain et, dans une perspective plus "théorique", la possibilité d'implanter des bureaux indépendants à l'étranger, sur le modèle de l'organisme USAID.

Tandis que s'engagent ces deux processus d'envergure, il me semble important de réitérer certaines questions de principe concernant la relation entre les Affaires extérieures et l'ACDI. Autrement, je crains que l'on se fasse une fausse idée des objectifs qui sous-tendent ces exercices; et que se trouvent ainsi compromis les résultats positifs auxquels nous nous attendons.

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Premièrement, il faut réaffirmer clairement le devoir du gouvernement de promouvoir ses divers intérêts de politique étrangère à l'intérieur d'un cadre stratégique. Le ministère des Affaires extérieures, agissant au nom du secrétaire d'État, doit veiller à ce que les objectifs fixés à cette fin soient cohérents et bien coordonnés.

Dans le domaine de l'APD, cela suppose obligatoirement que l'ACDI et AECEC se consultent très étroitement à l'administration centrale sur les questions liées à la politique et aux allocations d'aide. Ce principe doit être répété et renforcé dans le cadre des deux revues.

Les chefs de mission ont également un rôle crucial à jouer à cet égard puisqu'ils sont chargés, aux termes de la Loi de 1983 sur le ministère des Affaires extérieures, d'assurer une gestion efficace des activités de leur mission ainsi que de contrôler "l'activité officielle des ministères et organismes fédéraux" dans leur territoire d'accréditation. Je ne doute pas que nous nous entendions sur cette prémisse.

Deuxièmement, je voudrais que l'on s'en tienne à la décision prise par le gouvernement en 1980 de consolider les différentes filières du service extérieur, même si j'ai reconnu que, pour les raisons opérationnelles que vous avez exposées à notre réunion du 8 mars, il valait mieux ne pas poursuivre le processus de conversion prévu dans le protocole d'entente sur les questions de personnel, conclu en 1988, pour donner suite à la décentralisation. Je conclus de vos commentaires lors de cette réunion que vous continuez de croire et d'adhérer aux principes de la consolidation; je pense qu'il y a lieu de réitérer ces principes au moment d'entreprendre les revues susmentionnées. S'il y avait malentendu à ce sujet, je devrais sans doute revoir les conclusions de notre rencontre du 8 mars.

Quant à l'étude en vue de rationaliser la décentralisation, nous comptons évidemment y participer activement, une fois que l'ACDI, le Conseil du Trésor et le Ministère se seront entendus sur son mandat. J'ai certaines idées, au sujet de l'efficacité du modèle décentralisé, que je souhaiterais partager avec vous, ainsi que des suggestions afin de réaliser des économies dans le domaine du personnel de programme et du soutien administratif connexe.

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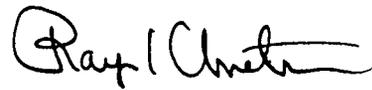
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Comme vous le savez peut-être, Len Edwards, directeur général de la Gestion centrale, sera mon représentant principal au sein de l'équipe chargée de la revue. Ce travail est lié directement à nombre d'autres aspects de l'examen ministériel, que M. Edwards coordonne pour le compte du Groupe des sous-secrétaires. Dans le dossier de la décentralisation, il travaillera avec plusieurs hauts fonctionnaires du Ministère, dont Raymond Chrétien, John Paynter et Peter Walker.

Veillez agréer, Monsieur le Président, mes sincères salutations.



de Montigny Marchand

cc. Ian Clark
Paul Tellier



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Affaires extérieures
Canada

Associate Under-Secretary

Sous-secrétaire associé

5/10

Le 4 avril 1990

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chers collègues,

Au cours des trois derniers mois, nous avons consacré beaucoup d'efforts à notre Examen ministériel. Nous sommes maintenant parvenus à mi-parcours, et nous avons pensé que le moment était venu de donner un premier aperçu des résultats éventuels de notre labour.

Nous sommes très satisfaits d'un premier résultat obtenu jusqu'ici: votre contribution à la boîte à idées a été remarquable. Il est rassurant de savoir qu'un si grand nombre d'entre vous ont ce Ministère à coeur, ainsi que la place qu'ils y occupent, et qu'ils sont prêts à faire leur part pour assurer à l'avenir son dynamisme et sa pertinence.

Nous commençons à mettre en oeuvre un certain nombre de vos suggestions pour lesquelles il n'est pas nécessaire d'attendre la fin de l'Examen. À l'occasion d'une séance d'information du personnel, qui se tiendra la semaine prochaine à l'auditorium, nous comptons faire connaître les noms des premiers gagnants du prix décerné pour les meilleures contributions à la boîte à idées.

Grâce aux nombreuses idées et propositions qui nous sont parvenues de l'Administration centrale et des missions, ainsi qu'à la collaboration d'un grand nombre d'employés par l'intermédiaire des groupes de travail, des groupes de discussion et des différentes équipes chargées de l'Examen, certains résultats possibles commencent à prendre forme.

Bien que les divers groupes de travail en soient encore à l'étape de la compilation et de l'analyse des idées et des options qui seront présentées au comité directeur de l'Examen ministériel et aux sous-ministres vers la fin avril, plusieurs grands thèmes apparaissent déjà :

Premièrement, le nécessaire sera fait pour que soient précisés et mis à profit les points forts du Ministère, en commençant par la rédaction d'un Énoncé de mission, qui aura pour but :

a) de fournir une cohésion et une vision nouvelle à tous nos collègues;

b) de signaler à notre clientèle, tant à l'intérieur qu'à l'extérieur du gouvernement, la nouvelle orientation de notre mission et de notre façon d'offrir des services.

Bon nombre d'entre vous ont déjà fait d'excellentes suggestions à cet égard.

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À partir d'une "mission" clairement définie, d'autres changements permettront de faire en sorte que nous puissions mieux remplir nos fonctions essentielles, soit l'innovation et la coordination au plan des politiques.

Deuxièmement, nous nous inspirerons des tendances générales dans la fonction publique et des pratiques de gestion les plus courantes pour renforcer le rôle et le pouvoir des gestionnaires dans leurs domaines de responsabilité. Il faudra notamment envisager le transfert de pouvoirs administratifs aux chefs de mission dans toute la mesure du possible.

Troisièmement, notre intention est de travailler à l'instauration d'un milieu de travail mieux intégré, où la coopération et la poursuite d'un objectif commun sont encouragées. À cette fin, nous allons procéder à des ajustements de façon à éliminer le double emploi dans notre système matriciel, et à favoriser le travail d'équipe. Une réduction du nombre de paliers hiérarchiques semble probable dans certains secteurs.

Quatrièmement, l'accent sera mis sur l'introduction de plus de souplesse et de créativité dans la façon d'offrir nos services. Nous ne nous sentirons pas liés par les méthodes du passé. Il nous faut mettre en place des procédures qui nous permettent de déplacer rapidement nos ressources d'un secteur, d'une région et d'une mission à l'autre. Nous aurons davantage recours aux bureaux spécialisés dans une seule fonction, au lieu de la gamme complète de services offerts par les ambassades, les hauts-commissariats ou les consulats généraux.

Enfin, nous chercherons à obtenir l'autorisation des agences centrales pour introduire de nouveaux concepts de gestion du personnel.

Nous tenons dès maintenant à vous rassurer sur deux points. Tout d'abord, cet Examen n'a pas été conçu simplement pour "arrondir les coins"; nous comptons bien introduire des changements concrets et notables.

En second lieu, nous n'allons pas faire de changements pour le plaisir d'en faire. Pour l'essentiel, ce que nous faisons déjà, nous le faisons correctement. Nos prédécesseurs ont posé pour nous des fondations faites pour durer.

Dans les semaines qui viennent, nous demandons de nouveau votre coopération pour faire de cet Examen ministériel un succès.

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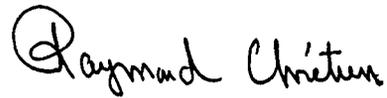
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Cette lettre a été préparée conjointement par de Montigny Marchand, Don Campbell et moi-même. Puisqu'ils sont tous deux en voyage en Europe cette semaine, ils m'ont demandé de la signer en leur nom.

J'invite, pour terminer, tous les employés à venir me rencontrer à l'auditorium, le jeudi, 12 avril à 11h, afin de faire le point sur le déroulement de l'Examen et d'en discuter.

Nous espérons que vous y serez.



Raymond Chrétien



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Associate Under-Secretary

Sous-secrétaire associé

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April 4, 1990

8/10

Dear colleagues,

For the past 3 months we have been working energetically on our Corporate Review. We are now at the half-way mark and we thought this would be an appropriate time to share some preliminary views on possible outcomes for all this work.

We are very pleased with one result achieved so far -- your response to the Suggestion Box has been outstanding! It is reassuring to know that so many of you care about this department and your place in it, and are ready to contribute to its future health and relevance.

We are beginning to implement a number of your suggestions which do not have to await the completion of the Review. We plan to announce the names of the first award recipients for notable contributions to the Suggestion Box at a staff briefing in the Auditorium next week.

The many ideas and suggestions from headquarters and missions, and the work of large numbers of staff through working groups, focus groups, and review teams, is beginning to give shape to some possible results.

While the various Task Force working groups are still at the stage of assembling and analyzing ideas and options which will be presented to the Corporate Review Steering Group and Deputies towards the end of April, several significant themes are emerging:

First, measures will be taken to re-affirm and build on the strengths of the Department, beginning with the drafting of a Mission Statement which will:

- (a) provide new cohesiveness and vision to our staff and
- (b) send a message to clients both inside and outside government of new purpose and direction in our mission and in the delivery of services.

Many of you have already made excellent suggestions in this regard.

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With a clearly defined "mission" other changes will ensure we can better fulfill our vital policy leadership and coordination roles.

Second, we will be guided by general trends in the public service and by management practice everywhere to enhance the role and authority of managers over their areas of responsibility. In particular, this will mean the transfer of administrative authority to Heads of Mission to the maximum extent possible.

Third, we intend to work towards a more integrated workplace where cooperation and a common purpose are encouraged. To this end, we will introduce adjustments to eliminate duplication in our matrix system, and to promote teamwork. A reduction in management layers seems probable in some areas.

Fourth, emphasis will be put on building flexibility and creativity into the delivery of our services. We will not be tied down by past ways of doing things. We need processes in place which enable us to move resources quickly among branches, regions and posts. We will expand the use of single-purpose offices as an alternative to the traditional "full service" embassy, high commission or consulate general.

Last, but not least, we will be seeking approval from central agencies to introduce new concepts in personnel management.

We want at this time to assure you of two things. First, this Review has not been launched simply to "tinker at the edges"; we plan to introduce some real and substantial changes.

Second, we are not going to introduce change for the sake of change. Most of what we already do, we do right. Our predecessors have laid for us the strongest of foundations.

In the weeks ahead, we ask for your continued support in making this Corporate Review a success.

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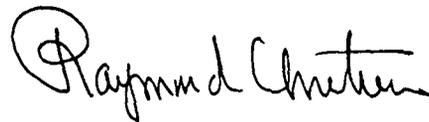
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This letter has been jointly prepared by de Montigny Marchand, Don Campbell and myself. I am signing on their behalf as they are both in Europe this week.

To provide an update on the Review and allow an opportunity for discussion, I am extending an invitation to all staff to attend a briefing in the Auditorium on Thursday, April 12 at 11:00am.

I hope you can attend.



Raymond Chrétien



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FM EXTOTT DMC-0116 02APR/AVR90

TO DELHI/HOM

DISTR USS DMT CMD PGB

REF YOUR TEL WBGRO038 15FEB90

---CORPORATE REVIEW

GREATLY APPRECIATED THE TIME AND EFFORT YOU ~~X~~ AND YOUR STAFF HAVE
GIVEN TO PREPARING INPUT ~~OF~~ ^{FROM} YOUR MISSION TO CORPORATE REVIEW.YOUR
COMMENTS AND SUGGESTIONS ARE BEING CONSIDERED BY THE VARIOUS
WORKING GROUPS AS APPROPRIATE.

2.WE CONTINUE TO WELCOME ANY FURTHER COMMENTS/SUGGESTIONS/IDEAS
YOU OR YOUR STAFF MAY HAVE.INPUT SHLD BE SENT DIRECTLY TO CMD.

Chretien

DRAFTER/RÉDACTEUR

DIVISION/DIRECTION

TELEPHONE

APPROVED/APPROUVÉ

for B. RICHARDSON

. CME

993-5533

B. CHRETIEN

SIG *N.S. Richardson*

SIG *Chretien*

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External Affairs
Canada

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Canada

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MESSAGE

Accession/Référence
File/Dossier <i>2-1-12</i>
Filed by <i>02z</i>
<i>6 APR 90 00 12 10</i>

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UNCLASSIFIED

FM EXTOTT DMC-0117 02 APR/AVR90

TO ACCRA/HOM

DISTR USS DMT CMD GGB

REF YOUR TEL ZBGR2039 08FEB90

---CORPORATE REVIEW

GREATLY APPRECIATED THE TIME AND EFFORT YOU AND YOUR STAFF HAVE PUT INTO PREPARING INPUT OF YOUR MISSION TO CORPORATE REVIEW. COMMENTS AND SUGGESTIONS WERE VERY INTERESTING AND ESPECIALLY USEFUL IN CAPTURING PERSPECTIVE OF MULTI-ACCREDITED AFRICAN POST. THEY ARE BEING GIVEN FULL CONSIDERATION BY THE VARIOUS WORKING GROUPS AS APPROPRIATE.

2. WE CONTINUE TO WELCOME COMMENTS/SUGGESTIONS/IDEAS YOU OR YOUR STAFF MAY HAVE. ANY FURTHER INPUT SHLD BE SENT DIRECTLY TO CMD.

Chretien

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
<i>for</i> B. RICHARDSON SIG <i>N.J.H. [Signature]</i>	CME	993-5533	R. CHRETIEN SIG <i>[Signature]</i>

000077



External Affairs
Canada

Affaires extérieures
Canada

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Accession/Référence
File/Dossier
<i>2-1-12</i>
6 APR 90 00 02z 12 10

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TO ADDIS/HOM

DISTR USS DMT CMD GGB

REF YOUR TEL ZCGR0208 08FEB90

---CORPORATE REVIEW

HAVE GREATLY APPRECIATED INPUT FROM YOUR MISSION TO CORPORATE REVIEW.YOUR COMMENTS AND SUGGESTIONS ARE BEING GIVEN FULL CONSIDERATION BY THE APPROPRIATE WORKING GROUPS.

2.WE CONTINUE TO WELCOME COMMENTS/ SUGGESTIONS/IDEAS YOU OR YOUR STAFF MAY HAVE.ANY FURTHER INPUT SHLD BE SENT DIRECTLY TO CMD.

Chrétien

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
B. RICHARDSON <i>for</i> SIG <i>N.Y. K. Hamilton</i>	CME	993-5533	R. CHRETIEN SIG <i>R. Chrétien</i>



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Accession/Référence
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FM EXTOTT DMC-0121 02 APR/AVR90

TO TERAN/A/HOM

DISTR USS DMT CMD GGB

REF YOUR TEL RPGR0022 08FEB90

---CORPORATE REVIEW

HAVE GREATLY APPRECIATED THE TIME AND EFFORT WHICH YOU AND ALL STAFF AT MISSION OBVIOUSLY PUT INTO YOUR INPUT TO THE CORPORATE REVIEW.YOUR USEFUL COMMENTS AND SUGGESTIONS ARE BEING GIVEN FULL CONSIDERATION BY THE VARIOUS WORKING GROUPS AS APPROPRIATE.

2.WE CONTINUE TO WELCOME COMMENTS/SUGGESTIONS/IDEAS YOU OR YOUR STAFF MAY HAVE.FURTHER INPUT CAN BE DIRECTED DIRECTLY TO CMD.

Christian

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
<i>for</i> B. RICHARDSON SIG <i>N.Y. Hamilton</i>	CME	993-5533	B. CHRETIEN SIG <i>Chris</i> 000079



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File/Dossier 2-1-12
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DE EXTOTT DMC-0138 02APR/AVR90

A KNSHA/CDM

DISTR USS DMT CMD

REF VOTRE TEL XIGR0101 21FEV90

---EXAMEN MINISTERIEL

MERCI DE LA CONTRIBUTION DE VOTRE MISSION A L EXAMEN MINISTERIEL
 PRESENTEMENT EN COURS.VOS IDEES ET SUGGESTIONS RECEVRONT
 L ATTENTION QUELLES MERITENT PAR LES DIVERS GROUPES TRAVAILLANT
 SUR CETTE IMPORTANTE REVUE DONT LES RECOMMANDATIONS SERONT
 SOUMISES AU CABINET VERS LA FIN JUIN.

Chretien

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
<i>for</i> B. RICHARDSON SIG <i>N.J.A. Richardson</i>	CME	993-5533	B. CHRETIEN SIG <i>Chretien</i> 000080



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Accession/Référence
File/Dossier <i>2-1-12</i>
6 APR 90 00 02z

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FM EXTOTT DMC-0129 02APR/AVR90

TO SJOSE/HOM

DISTR USS DMT CMD LGB

REF YOUR TEL WWGR0100 05FEB90

---CORPORATE REVIEW

HAVE GREATLY APPRECIATED TIME AND EFFORT YOU AND YOUR STAFF HAVE
 TAKEN TO PREPARE INPUT TO THE CORPORATE REVIEW. COMMENTS AND
 SUGGESTIONS ARE BEING GIVEN FULL CONSIDERATION BY THE APPROPRIATE
 WORKING GROUPS.

2. WE CONTINUE TO WELCOME ANY FURTHER COMMENTS/SUGGESTIONS/IDEAS
 YOU OR YOUR STAFF MAY HAVE. THEY SHOULD BE DIRECTED DIRECTLY TO CMD.

Chretien

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
<i>B. Richardson</i> SIG <i>N.S. Hamilton</i>	CME	993-5533	<i>P. Chretien</i> SIG <i>P. Chretien</i> 000081



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File/Dossier 2-1-12
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FM EXTOTT DMC-0128 02APR/AVR90

TO KLMPR/HOM

DISTR USS DMT CMD PGB

REF YOUR TEL XJGR1111 12FEB90

---CORPORATE REVIEW

PURPOSE OF THIS TEL IS TO THANK YOU FORMALLY FOR YOUR INPUT, AND

THAT OF YOUR MISSION GENERALLY TO THE CORPORATE REVIEW. YOUR

EXTENSIVE AND INTERESTING COMMENTS AND SUGGESTIONS HAVE BEEN

CIRCULATED WIDELY AT A/P HOMS MEETING, AND TO THE VARIOUS WORKING

GROUPS WHERE THEY ARE GETTING FULL CONSIDERATION.

2. MUST ALSO THANK YOU FOR TAKING THE TIME TO JOIN US ~~LAST WEEK~~ FOR

THE PEER GROUP. I KNOW THIS HAS IMPOSED SOME INCONVENIENCE TO

YOU, BUT YOU SHLD REST ASSURED YOUR CONTRIBUTION HAS BEEN MUCH

APPRECIATED AND HIGHLY VALUED.

3. CONTINUE TO WELCOME ANY FURTHER COMMENTS/SUGGESTIONS/IDEAS YOU

OR YOUR STAFF MAY HAVE. THEY SHOULD BE DIRECTED TO CMD.

Christien

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
B. RICHARDSON <i>B. Richardson</i>	CME	993-5533	R. CHRISTIEN <i>R. Christien</i>



External Affairs
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A LIBREVILLE/NADEAU

DISTR USS DMT CMD

REF VOTRE TELECOPIE 27NOV89

---EXAMEN MINISTERIEL

MERCI DE LA CONTRIBUTION DE VOTRE MISSION A L EXAMEN MINISTERIEL
PRESENTEMENT EN COURS.VOS IDEES ET SUGGESTIONS RECEVRONT
L ATTENTION QUELLES MERITENT PAR LES DIVERS GROUPES TRAVAILLANT
SUR CETTE IMPORTANTE REVUE DONT LES RECOMMANDATIONS SERONT
SOUMISES AU CABINET VERS LA FIN JUIN.

Chrétien

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
B. RICHARDSON SIG	CME	993-5533	R. CHRÉTIEN <i>Ray/Chré</i> SIG 000083



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Accession/Référence
File/Dossier <i>2-1-12</i>
Filed by: C. ... <i>6 APR 90 00 01 12</i>

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FM EXTOTT DMC-0115 02APR/AVR90

TO CHCGO/VALENTINE

DISTR USS DMT CMD URB UFB

REF YOUR TEL YFAGO628 12FEB90

---CORPORATE REVIEW

OF

WE GREATLY APPRECIATED THE BENEFIT [^] THE INPUT OF YOUR MISSION TO THE ONGOING CORPORATE REVIEW. COMMENTS AND SUGGESTIONS ARE BEING GIVEN FULL CONSIDERATION BY THE VARIOUS WORKING GROUPS AS APPROPRIATE.

2. WE CONTINUE TO WELCOME COMMENTS/SUGGESTIONS/IDEAS YOU OR YOUR STAFF MAY HAVE. FURTHER INPUT CAN BE DIRECTED DIRECTLY TO CMD.

Chretien

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
<i>for</i> B. RICHARDSON SIG <i>N. J. K. Hamilton</i>	CME	993-5533	<i>R. Chretien</i> R. CHRETIEN

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External Affairs
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File/Dossier
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FM EXTOTT DMC-0127 02APR/AVR90

TO WSHDC/HOM

DISTR USS DMT CMD UFB URB ACB

REF YOUR TEL UNGR0468 13FEB90

---CORPORATE REVIEW

HAVE GREATLY APPRECIATED YOUR TAKING TIME FROM YOUR DEMANDING SCHEDULE TO RESPOND TO USS REQUEST TO PREPARE YOUR PERSONAL INPUT TO THE CORPORATE REVIEW.YOUR EXPERIENCE IN AND OUTSIDE THE DEPT LENDS PARTICULAR BENEFIT AND VALUE TO YOUR CONTRIBUTION.VARIOUS ELEMENTS HAVE BEEN PASSED TO THE APPROPRIATE WORKING GROUPS FOR CONSIDERATION.

2.WOULD CONTINUE TO WELCOME ANY FURTHER COMMENTS/SUGGESTIONS/IDEAS YOU OR YOUR STAFF MIGHT STILL HAVE.INPUT CAN BE SENT DIRECTLY TO CMD.

Chretien

DRAFTER/RÉDACTEUR

DIVISION/DIRECTION

TELEPHONE

APPROVED/APPROUVÉ

for B. RICHARDSON
SIG *N.Y. Richardson*

CME

993-5533

R. CHRETIEN

SIG

000085



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TO HKONG/HOM
DISTR USS DMT CMD PGB JID
REF YOUR TEL XBAG0237 15FEB90
---CORPORATE REVIEW

HAVE GREATLY APPRECIATED THE EFFORT WHICH YOU AND YOUR STAFF HAVE
PUT INTO PREPARING THE CORPORATE REVIEW. YOUR THOUGHTS VIS-A-VIS
COST RECOVERY IN THE IMMIGRATION PROGRAM AND REGIONAL
OPERATIONS, WERE ESPECIALLY WELCOME. THESE AND YOUR OTHER COMMENTS
AND SUGGESTIONS HAVE BEEN PASSED TO APPROPRIATE WORKING GROUPS FOR
FULL CONSIDERATION.
2. WE CONTINUE TO WELCOME ANY FURTHER COMMENTS/SUGGESTIONS/IDEAS
YOU OR YOUR STAFF MAY HAVE. THEY SHLD BE DIRECTED DIRECTLY TO CMD.

Chretien

DRAFTER/RÉDACTEUR <i>for</i> B. RICHARDSON SIG <i>W.J. Hamilton</i>	DIVISION/DIRECTION CME	TELEPHONE 993-5533	APPROVED/APPROUVÉ R. CHRETIEN SIG <i>Ray Chretien</i>
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DISTR USS DMT CMD GGB

REF YOUR TEL RSGR1210 19FEB90

---CORPORATE REVIEW

HAVE GREATLY APPRECIATED THE INPUT OF YOUR MISSION TO THE ONGOING
 CORPORATE REVIEW.YOUR THOUGHTFUL COMMENTS AND SUGGESTIONS ARE
 BEING GIVEN FULL CONSIDERATION BY THE APPROPRIATE WORKING GROUPS.
 2.WE CONTINUE TO WELCOME ANY FURTHER COMMENTS/SUGGESTIONS/
 IDEAS.THEY SHLD BE DIRECTED TO CMD.

Chrétien

DRAFTER/RÉDACTEUR

DIVISION/DIRECTION

TELEPHONE

APPROVED/APPROUVÉ

B. RICHARDSON

CME

993-5533

R. CHRETIEN

SIG *[Signature]*

SIG *[Signature]*

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External Affairs
Canada

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DISTR USS DMT CMD URB UFB

REF YOUR TEL ZSTD3703 15FEB90

---CORPORATE REVIEW

GREATLY APPRECIATED THE INPUT OF YOUR MISSION TO THE CORPORATE REVIEW.YOUR COMMENTS AND SUGGESTIONS HAVE BEEN GIVEN TO THE APPROPRIATE WORKING GROUPS FOR CONSIDERATION.

2.WE CONTINUE TO WELCOME ANY FURTHER COMMENTS/SUGGESTIONS/IDEAS YOU OR YOUR STAFF MAY HAVE.THEY SHOULD BE DIRECTED TO CMD.

Christian

DRAFTER/RÉDACTEUR

DIVISION/DIRECTION

TELEPHONE

APPROVED/APPROUVÉ

B. RICHARDSON

CME

993-5533

B. CHRETIEN

for
SIG *N.G. K. O'Hara*

SIG *[Signature]* 000088



External Affairs
Canada

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DE EXTOTT DMC-0137 02APR/AVR90

A RABAT/CDM

DISTR USS DMT CMD GGB

REF VOTRE TEL WQGR0045 07FEV90

---EXAMEN MINISTERIEL

MERCI DE LA CONTRIBUTION DE VOTRE MISSION A L EXAMEN MINISTERIEL
PRESENTEMENT EN COURS.VOS IDEES ET SUGGESTIONS RECEVRONT
L ATTENTION QUELLES MERITENT PAR LES DIVERS GROUPES TRAVAILLANT
SUR CETTE IMPORTANTE REVUE DONT LES RECOMMANDATIONS SERONT
SOUMISES AU CABINET VERS LA FIN JUIN. Amities -

Christian

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
<i>800</i> B. RICHARDSON SIG <i>N.J. Hamilton</i>	CME	993-5533	<i>R. Chretien</i> R. CHRETIEN SIG <i>[Signature]</i>



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TO CNGNY/EYTON

DISTR USS DMT CMD URB UFB

REF YOUR TEL YIAG0091 23FEB90

---CORPORATE REVIEW

HAVE GREATLY APPRECIATED THE TIME AND EFFORT YOU PUT INTO RESPONDING TO THE UNDERSECRETARY'S REQUEST FOR YOUR PERSONAL VIEWS ON AREAS BEING COVERED BY THE CORPORATE REVIEW.YOUR MANY INTERESTING COMMENTS AND SUGGESTIONS HAVE BEEN PASSED FOR CONSIDERATION TO THE APPROPRIATE WORKING GROUPS.

2.WOULD ALSO WANT TO THANK YOU VERY MUCH FOR YOUR PARTICIPATION IN ~~LAST WEEK'S~~ PEER GROUP MEETING WITH THE CORPORATE REVIEW TASK FORCE.

3.WE CONTINUE TO WELCOME ANY FURTHER COMMENTS/SUGGESTIONS/IDEAS YOU OR YOUR STAFF MAY HAVE.THEY SHOULD BE DIRECTED TO CMD.

Chretien

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
B. RICHARDSON <i>Bon</i> SIG <i>N.J. Hamilton</i>	CME	993-5533	R. CHRETIEN <i>R. Chretien</i> SIG 000090



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---CORPORATE REVIEW

HAVE GREATLY APPRECIATED THE TIME AND EFFORT WHICH YOU AND YOUR STAFF PUT INTO PREPARING YOUR MISSION'S INPUT TO THE CORPORATE REVIEW.YOUR MANY INTERESTING COMMENTS AND SUGGESTIONS HAVE BEEN PASSED TO APPROPRIATE WORKING GROUPS FOR CONSIDERATION.

2.WE CONTINUE TO WELCOME ANY FURTHER COMMENTS/SUGGESTIONS/IDEAS YOU OR YOUR STAFF MAY HAVE.THEY SHOULD BE DIRECTED TO CMD.

Chretien

DRAFTER/RÉDACTEUR

DIVISION/DIRECTION

TELEPHONE

APPROVED/APPROUVÉ

Gov B. RICHARDSON

CME

993-5533

Chretien
R. CHRETIEN

SIG *N.S. Hamilton*

SIG *Chretien*

000091



External Affairs
Canada

Affaires extérieures
Canada

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TO TAVIV/HOM
DISTR USS DMT CMD GGB
REF YOUR TEL UHAG0587 31JAN90
---CORPORATE REVIEW

HAVE GREATLY APPRECIATED TIME AND EFFORT WHICH YOU AND YOUR STAFF
PUT INTO PREPARING YOUR MISSION'S INPUT TO THE CORPORATE REVIEW. IT
CONTAINED MANY EXCELLENT COMMENTS AND SUGGESTIONS WHICH HAVE BEEN
PASSED TO THE VARIOUS WORKING GROUPS FOR CONSIDERATION.
2.WE CONTINUE TO WELCOME ANY FURTHER COMMENTS/SUGGESTIONS/IDEAS
YOU OR YOUR STAFF MAY HAVE.THEY SHLD BE DIRECTED TO CMD.

Christian

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
<i>son</i> B. RICHARDSON SIG <i>N.Y.K. Dumith</i>	CME	993-5533	<i>R. SHRETIEN</i> SIG <i>Paul/Chris</i>

000092



External Affairs
Canada

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Canada

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SUBJ/SUJ

FM EXTOTT DMC-0132 02APR/AVR90

TO NROBI/Hom

DISTR USS DMT CMD GGB

REF YOUR TEL WAGR0241 21FEB90

---CORPORATE REVIEW

GREATLY APPRECIATED TIME AND EFFORT YOU AND YOUR STAFF HAVE PUT INTO PREPARING INPUT TO THE CORPORATE REVIEW.YOUR MANY AND VARIED COMMENTS AND SUGGESTIONS WERE MOST INTERESTING AND ARE BEING GIVEN FULL CONSIDERATION BY THE APPROPRIATE WORKING GROUPS.

2.WE CONTINUE TO WELCOME ANY FURTHER COMMENTS/SUGGESTIONS/IDEAS YOU OR YOUR STAFF MAY HAVE.THEY SHOULD BE DIRECTED TO CMD.

Christian

DRAFTER/RÉDACTEUR

DIVISION/DIRECTION

TELEPHONE

APPROVED/APPROUVÉ

son B. RICHARDSON

CME

993-5533

Pat Chretien B. CHRETIEN

SIG *N.Y. Hamilton*

SIG

000093



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SECURITY
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TO BFALO/HOM

INFO

DISTR USS DMT CMD UFB URB

DISTR

REF YOUR TEL ZXGR0113 16FEB90

REF

SUBJ/SUJ

---CORPORATE REVIEW

GREATLY APPRECIATED THE TIME AND EFFORT TAKEN BY YOU AND YOUR STAFF TO PREPARE INPUT TO THE CORPORATE REVIEW. YOUR COMMENTS AND SUGGESTIONS ARE BEING GIVEN FULL CONSIDERATION BY THE APPROPRIATE WORKING GROUPS.

2. CONTINUE TO WELCOME ANY FURTHER COMMENTS/SUGGESTIONS/IDEAS YOU OR YOUR STAFF MAY HAVE. THEY SHOULD BE DIRECTED TO CMD.

DRAFTER/RÉDACTEUR

DIVISION/DIRECTION

TELEPHONE

APPROVED/APPROUVÉ

B. RICHARDSON

CME

993-5533

R. CHRETIEN

for SIG *N.J.K. Hamilton*

SIG *Ra. Chretien*

000094



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Canada

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 ---CORPORATE REVIEW

HAVE GREATLY APPRECIATED THE TIME AND EFFORT WHICH YOU AND YOUR OFFICERS HAVE PUT INTO PREPARING YOUR INPUT TO THE CORPORATE REVIEW. YOUR MANY INTERESTING COMMENTS AND SUGGESTIONS HAVE BEEN PASSED TO THE APPROPRIATE WORKING GROUPS FOR FULL CONSIDERATION. 2. WE CONTINUE TO WELCOME ANY FURTHER COMMENTS/SUGGESTIONS/IDEAS YOU OR YOUR STAFF MAY HAVE. THEY SHOULD BE DIRECTED TO CMD.

Chretien

DRAFTER/RÉDACTEUR

DIVISION/DIRECTION

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B. RICHARDSON

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A. CHRETIEN

SIG *N. Z. K. [Signature]*

SIG *[Signature]*

000095



External Affairs
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REF	REF YOUR LETTER OF 15JAN
SUBJ/SUJ	---CORPORATE REVIEW
	MANY THANKS, ROD, FOR YOUR KIND AND USEFUL LETTER OF 15JAN.
	IT HAS CERTAINLY HELPED ME PUT INTO A BROADER PERSPECTIVE WHAT
	WE WILL BE TRYING TO ACCOMPLISH IN THE MONTHS TO COME. BEST
	REGARDS.

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
RAJ CHRETIEN/cjj	DMC	990-4993	<i>[Signature]</i>
SIG			SIG RAYMOND CHRETIEN 000096



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SUBJECT
SUJET

CORPORATE REVIEW: POLITICAL-ECONOMIC PROGRAM

Security/Sécurité
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Accession/Référence
File/Dossier 2-1-12.
Date March 13, 1990
Number/Numéro EEF-0319

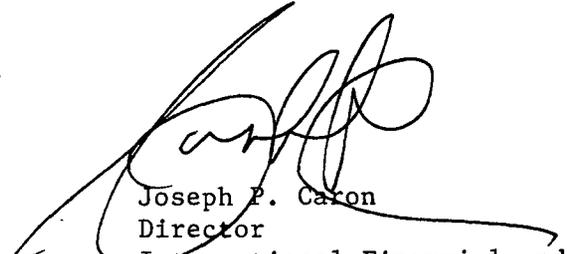
ENCLOSURES
ANNEXES

Attached are a series of suggested "bullets"

DISTRIBUTION

for the program in reference.

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Joseph P. Caron
Director
International Financial and
Investment Affairs Division

EEF/Joseph P. Caron/6-4295

POLITICAL-ECONOMIC PROGRAM

STRATEGY

SUGGESTED AMENDMENTS:

I. Summary of Findings:

- military power is being rapidly replaced by economic power, giving advantage to those who can best manage and integrate their economic and trade objectives in their global foreign policies; geo-politics is being replaced by geo-economic alliances, which require a more precise articulation of national interest.
- the demise of the strategic framework provided by the East-West divide has not done away with the need for a strategic foreign policy; globalization and the centralization of economic power in three poles will blur the edges, and therefore call all the more urgently for an understanding of and commitment to foreign policy priorities;
- traditional government to government diplomacy will be increasingly affected by multilateral commitments made in Breton Woods, Euro-centered, and other fora;
- with the increasing sophistication of single issue pressure groups and their potential to affect Government policy, Ministers will require not only sound advice, but the ability to pull together conflicting interests;

III. Principal objectives:

To draw together the international environment and Canadian interests and devise a strategic response that promotes those interests, the tasks are:

- to analyze and assess the global environment in terms of its relevance to Canadian interests;
- to provide coherent and practical advice as to the policies, initiatives and programmes that will best serve Canada's interests;
- to provide effective advocacy for Canadian positions;
- to convey to the Canadian public, interests groups and the

media Canada's foreign policies;

IV. Alternate or improved delivery mechanisms: comments

a) Functional and b) Geographic

- foreign policy priorities must be reflected at this level if a reordering of the Department's role and resources is to be meaningful;

IV. Personnel requirements: comments

- in lean times, the choice is not between experts or generalists (shades of the Red or Expert debates in China) but to have a coterie of officers who each have some degree of specialization, be it geographical or functional.

Joseph P. Caron
Director, EEF



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MESSAGE

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DE CHRETIEN
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---REVUE CORPORATIVE ET REDUCTIONS BUDGETAIRES
MERCI DE TON EXCELLENT TELEGRAMME. IL CONTIENT PLUSIEURS IDEES
INTERESSANTES QUI SERONT SERIEUSEMENT ETUDIEES DANS LE CONTEXTE
DE LA VASTE REVUE CORPORATIVE QUE NOUS AVONS ENTREPRISE ET DONT
LES PRINCIPALES RECOMMANDATIONS SERONT SOUMISES AU CABINET VERS
LA FIN JUIN. AMITIES.

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
RAYMOND CHRETIEN / cjj SIG	DMC	990-4993	<i>Ray Chretien</i> SIG RAYMOND CHRETIEN

000100



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 TO ALL HOM'S / *MISSIONS* / *TOUTES LES MISSIONS* / TOUS CDM]
 ---GOVERNMENT EXPENDITURE REDUCTIONS/REDUCTIONS DES DEPENSES
 GOUVERNEMENTALES
 FOLLOWING IS TEXT OF INFORMATION CIRCULATED TO HEADQUARTERS STAFF
 FRIDAY, DECEMBER 15, 1989. PLEASE HOLD DISCUSSIONS WITH STAFF
 AND PROVIDE FEEDBACK RE CONCERNS. AS MORE INFORMATION BECOMES
 AVAILABLE REGARDING THE GOVERNMENT PROPOSALS AND EAITC RESPONSE
 IT WILL BE PROVIDED TO YOU.
 DEAR FELLOW EMPLOYEES,
 AS YOU MAY NOW BE AWARE, GOVERNMENT-WIDE EXPENDITURE REDUCTIONS
 WERE ANNOUNCED TODAY BY THE PRESIDENT OF THE TREASURY BOARD.
 SOME OF THESE INITIATIVES DIRECTLY AFFECT THIS DEPARTMENT AND
 WILL BE OF CONCERN TO YOU AS EMPLOYEES. ALTHOUGH I AM NOT ABLE
 TO PROVIDE YOU WITH FULL DETAILS AT THIS TIME, I FELT IT
 IMPORTANT TO GIVE YOU IMMEDIATELY AS MUCH INFORMATION AS WE NOW
 HAVE AVAILABLE.
 FIVE INITIATIVES IN PARTICULAR WILL HAVE AN IMPACT ON EAITC:
 1) THE DEPARTMENT IS BEING REQUIRED TO REDUCE ITS EXPENDITURES
 BY \$10 MILLION IN 1990-91, WITH AN ADDITIONAL \$5 MILLION
 REDUCTION EACH YEAR UP TO AND INCLUDING 1993-94;
 2) THE PASSPORT OFFICE HAS BEEN DESIGNATED AS A NEW SPECIAL
 OPERATING AGENCY;
 .../2

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- 3) WE WILL BE IMPLEMENTING IMMEDIATELY, TOGETHER WITH CEIC, INCREASED COST RECOVERY FOR CERTAIN IMMIGRATION SERVICES;
- 4) WE WILL BE INVOLVED WITH CIDA IN CONDUCTING A FULL REVIEW OF DECENTRALIZATION ARRANGEMENTS; AND
- 5) THERE WILL BE A 20% REDUCTION OF GOVERNMENT-WIDE INTERNATIONAL TRAVEL.

OBVIOUSLY, THE CUTBACK TO OUR RESOURCES HAS SERIOUS IMPLICATIONS AND REQUIRES DIFFICULT DECISIONS. WE ARE THEREFORE LAUNCHING TODAY AN IMMEDIATE AND FUNDAMENTAL CORPORATE REVIEW BASED ON THE WORK ALREADY BEGUN AS PART OF THE DEPARTMENT'S LONG RANGE CORPORATE STRATEGY, "PREPARING FOR THE 1990S: THE MANAGEMENT CHALLENGE FOR EA/TC". I INTEND TO FIND CREATIVE AND PRACTICAL WAYS TO RESHAPE OUR DEPARTMENT SO THAT IT IS TRIM AND TAUT TO MEET THE CHALLENGE OF THE VERY "LEAN" 90S. I KNOW THAT YOU WILL HAVE MANY MORE QUESTIONS AND THAT ELEMENTS OF THESE ANNOUNCEMENTS WILL BE OF GREATER INTEREST TO DIFFERENT PARTS OF THE DEPARTMENT. I HOPE THAT THE INFORMATION ATTACHED WILL ADDRESS SOME OF YOUR CONCERNS. I HAVE ASKED ADMS TO BRIEF YOU AND CONTINUE TO PROVIDE YOU WITH INFORMATION REGARDING THE DEPARTMENT'S RESPONSE TO THESE CUTBACKS AS IT BECOMES AVAILABLE.

I WILL DO THE SAME MYSELF BY WAY OF FURTHER MEMOS, OR BY STAFF MEETINGS IN THE AUDITORIUM AS WE KNOW AND UNDERSTAND MORE OF THE

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IMPLICATIONS OF THESE ANNOUNCEMENTS.

QUESTIONS AND ANSWERS RE GOVERNMENT ANNOUNCEMENT

Q. HOW MUCH IS THE BUDGET CUT FOR THIS DEPARTMENT?

WE HAVE BEEN NOTIFIED THAT CABINET HAS IMPOSED A SIGNIFICANT GOVERNMENT-WIDE EXPENDITURE REDUCTION FOR THE COMING YEAR. THIS DEPARTMENT IS BEING REQUIRED TO REDUCE ITS OPERATING BUDGET FOR THE FISCAL YEAR 1990-91 BY \$10 MILLION, WITH AN ADDITIONAL \$5 MILLION REDUCTION EACH YEAR UP TO AND INCLUDING 1993-94 AS PART OF THIS RESTRAINT EXERCISE.

Q. HOW WILL THE DEPARTMENT RESPOND TO THESE CUTS?

CABINET HAS GIVEN EAITC THE RESPONSIBILITY OF DETERMINING WHERE AND HOW CUTS WILL BE MADE. SENIOR MANAGEMENT IS DEEPLY CONCERNED ABOUT THE SIZE OF THE CUTS WHICH THE DEPARTMENT IS BEING ASKED TO ABSORB AND THE IMPACT ON EMPLOYEES. WE KNOW THAT SOME PROGRAMS WILL HAVE TO BE CUT, OTHERS WILL HAVE TO FIND NEW WAYS TO FUNCTION, OTHERS TO UNDERGO SIGNIFICANT CHANGE.

WE ARE THEREFORE LAUNCHING A FUNDAMENTAL CORPORATE REVIEW BASED ON WORK ALREADY BEGUN AS PART OF THE DEPARTMENT'S LONG RANGE CORPORATE STRATEGY, "PREPARING FOR THE 1990'S: THE MANAGEMENT CHALLENGE FOR EAITC". THIS STRATEGY EMPHASIZES THREE THINGS: RELEVANT PROGRAMS AND SERVICES FOR THE '90S; LEADERSHIP IN GOVERNMENT AND IN THE COUNTRY; EXCELLENCE IN MANAGEMENT.

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ALL BRANCHES AND PROGRAMS WILL BE EXAMINED IN THE COMING MONTHS NOT ONLY TO FIND WAYS TO RESPOND TO THESE IMMEDIATE BUDGET CUTS BUT TO BEGIN A PROCESS OF RENEWAL AND RESHAPING OF THE DEPARTMENT.

Q. WILL THERE BE A LAYOFF?

OBVIOUSLY THIS KIND OF CUTBACK OF RESOURCES HAS SERIOUS IMPLICATIONS. WE CANNOT CARRY OUT THESE REDUCTIONS SIMPLY THROUGH COST CUTTING. THERE WILL BE PROGRAM CUTS AS WELL. IN ADDITION, IN 1986, CABINET GAVE THE DEPARTMENT A DOWNSIZING TARGET TO BE ACHIEVED BY THE END OF THIS FISCAL YEAR.

SO FAR THE DEPARTMENT HAS MET YEARLY TARGETS ALMOST EXCLUSIVELY THROUGH ATTRITION AND BY PROVIDING ALTERNATE EMPLOYMENT. WE HOPE TO BE ABLE TO MAKE THE NEWLY REQUIRED CUTS IN THIS SAME WAY.

TO ASSIST IN THIS REGARD, WE HAVE LAUNCHED A COMPLETE CORPORATE REVIEW TO PROVIDE US WITH OPTIONS AND APPROACHES THAT ARE CREATIVE AND PRACTICAL. OUR INTENTION IS TO USE THE RESULTS TO PROVIDE US WITH THE FLEXIBILITY TO REACT TO CHANGE BY SETTING AND RESPECTING NEW PRIORITIES AND ADAPTING RAPIDLY AND EFFECTIVELY TO ACHIEVE THEM.

Q. WHAT IS MEANT BY A "CORPORATE REVIEW"?

WE ARE GOING TO LOOK AT ALL OF THE THINGS WE DO AND HOW WE DO THEM TO SEE IF THEY SHOULD BE DONE DIFFERENTLY, OR NEED TO BE

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DONE AT ALL. WE MUST DECIDE WHAT THE DEPARTMENT IS PREPARED TO STOP DOING. WE WILL BE LOOKING FOR NEW APPROACHES, OPTIONS AND IDEAS.

THE REVIEW WILL INVOLVE SEVEN INITIATIVES TARGETED FOR COMPLETION BY JUNE 1, 1990: 1) A REVIEW OF HEADQUARTERS ORGANIZATION; 2) A SPECIAL REVIEW OF OPERATIONS AT THE LARGEST MISSIONS; 3) STUDIES OF HOW THE DELIVERY OF INDIVIDUAL PROGRAMS AND SERVICES CAN BE UPDATED TO DEAL WITH THE ENVIRONMENT OF THE 1990'S, INCLUDING THE REVIEW OF ALTERNATE DELIVERY MECHANISMS AND POTENTIAL FOR COST RECOVERY. WE WILL BE WORKING WITH CEIC TO IMPLEMENT IMMEDIATELY SUBSTANTIALLY INCREASED COST RECOVERY IN THE IMMIGRATION PROGRAM; 4) A REVIEW OF THE DEPARTMENT'S ADMINISTRATIVE FUNCTIONS, STRUCTURE AND PROCESSES INCLUDING ACB, MCB, CMD AND ISD; 5) PREPARING RECOMMENDATIONS ON WHAT SHOULD BE THE NATURE OF CANADA'S OPERATIONS ABROAD IN THE 1990'S; 6) A SEPARATE EXAMINATION OF CERTAIN PERSONNEL PROCESSES AND RELATED POLICIES INCLUDING PROPOSALS FOR SIMPLIFICATION OF FSIDS; 7) A REVIEW OF LEVELS OF GRANTS AND CONTRIBUTIONS, AS INSTRUCTED BY CABINET.

Q. WHY THIS KIND OF REVIEW?

THE "MORE WITH LESS" APPROACH CANNOT CONTINUE. NOR CAN WE CONTINUE TO RESPOND TO CUTS BY TRIMMING AT THE EDGES. INCREASING DEMANDS WITH CUTBACKS IN RESOURCES ARE FORCING US TO TAKE A HARD

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LOOK AT WHAT WE DO AND HOW WE DO IT. WE NEED TO RESHAPE THE DEPARTMENT TO BE ABLE TO MEET THE DEMANDS OF A VERY LEAN DECADE AHEAD.

Q. WHY BEGIN A CORPORATE REVIEW NOW?

THE TIME HAS COME FOR THE DEPARTMENT TO TAKE CONTROL OF ITS FUTURE. BEYOND THIS NEED TO RESPOND TO IMMEDIATE CUTS, WE NEED TO FIND WAYS TO DO WHAT WE DO MORE EFFECTIVELY, AND TO DETERMINE WHAT IS NO LONGER NECESSARY OR APPROPRIATE FOR US TO KEEP DOING - TO CHOOSE OUR OWN DIRECTIONS. WE ARE LOOKING BEYOND THE IMMEDIATE SITUATION TO ENSURE THAT WHATEVER SHORT TERM MEASURES THIS DEPARTMENT MUST TAKE, THEY WILL FIT INTO A LONGER TERM STRATEGIC PLAN.

Q. HOW WILL THE PASSPORT OFFICE BE AFFECTED BY THIS CHANGE TO AN OPERATING AGENCY?

AN OPERATING AGENCY IS A SELF-CONTAINED UNIT WITHIN A GOVERNMENT DEPARTMENT. THE PASSPORT OFFICE HAS ALREADY BEEN OPERATING INDEPENDENTLY IN A "SELF FUNDING" MODE SINCE 1970. IT HAS, IN FACT, BEEN USED BY TREASURY BOARD AS A MODEL OF A SUCCESSFUL GOVERNMENT BUSINESS. THEREFORE, THE DAY-TO-DAY FUNCTIONS AND SERVICES OF THE OFFICE WILL NOT BE AFFECTED BY THIS CHANGE.

Q. HOW WILL STAFF AT THE PASSPORT OFFICES BE AFFECTED?

THE ESTABLISHMENT OF AN AGENCY WILL NOT CHANGE THE STATUS OF

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EMPLOYEES AS PUBLIC SERVANTS. IT IS ESSENTIALLY A RE-
ORGANIZATION ALLOWING FOR GREATER FLEXIBILITIES AND CLEARER
ACCOUNTABILITIES. AGENCY PERSONNEL WILL HAVE GREATER
RESPONSIBILITY AND AUTONOMY TO GET ON WITH THEIR JOBS.

Q. WHY IS A REVIEW BEING DONE OF SOME MISSIONS AND NOT OTHERS?

THE LARGEST MISSIONS HAVE BEEN CHOSEN FOR THIS REVIEW BECAUSE OF
THEIR SIZE AND THEIR MORE ELABORATE MIX OF PROGRAMS, MANY OF
WHICH INVOLVE OTHER DEPARTMENTS. THE OBJECTIVE IS TO IDENTIFY
HOW DELIVERY OF PROGRAMS AT THESE POSTS MIGHT BE MORE COST
EFFICIENT. THIS WILL INCLUDE REVIEW OF THE PROGRAMS AND
FUNCTIONS OF OTHER GOVERNMENT DEPARTMENTS WITHIN THESE POSTS. WE
ARE TRYING TO ENSURE THAT THERE IS THE RIGHT MIX OF PEOPLE IN THE
RIGHT PLACES TO DO THE WORK.

Q. WILL MISSIONS BE CLOSED?

NOT AT THIS TIME. HOWEVER, THE DEPARTMENT HAS BEGUN A STUDY OF
THE MEANS BY WHICH WE DELIVER OUR PROGRAMS AND FULFILL OUR
RESPONSIBILITIES AT MISSIONS ABROAD. THE STUDY WILL EXAMINE
WHETHER MISSIONS MIGHT BE STRUCTURED IN DIFFERENT WAYS.

Q. WHO IS RESPONSIBLE FOR COORDINATING THE CORPORATE REVIEW?

A TASK FORCE LED BY LEN EDWARDS, DIRECTOR GENERAL, CORPORATE
MANAGEMENT BUREAU, AND WORKING DIRECTLY WITH DMC, WILL CONDUCT
THE WORK IN COOPERATION WITH OTHERS IN THE DEPARTMENT ASSIGNED TO

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WORK ON VARIOUS PROJECTS. IT WILL REPORT TO A STEERING COMMITTEE MADE UP OF THE UNDER-SECRETARIAL GROUP AND A SMALL GROUP OF SENIOR MANAGERS.

Q. HOW LONG WILL IT TAKE?

THE MAIN ELEMENTS OF THE WORK WILL BE COMPLETED WITHIN THE NEXT SIX MONTHS.

Q. HOW WILL STAFF BE INVOLVED AND WHAT CAN WE EXPECT TO BE HAPPENING IN THE NEXT SIX MONTHS?

THIS IS A DEPARTMENT-WIDE INITIATIVE. ALL BRANCHES OF THE DEPARTMENT WILL BE INVOLVED, SOME STAFF TO A GREATER DEGREE THAN OTHERS. SOME PROJECTS WILL BE MAKING USE OF OUTSIDE CONSULTANTS, OTHERS INVOLVING WORKING GROUPS FROM THROUGHOUT THE DEPARTMENT. DIFFERENT APPROACHES MAY BE USED FOR DIFFERENT REVIEWS INCLUDING QUESTIONNAIRES, SURVEYS, INTERVIEWS, FOCUS GROUPS, ANALYSIS OF DATA, CONSULTATIONS WITH OTHER ORGANIZATIONS ETC.

WE WILL NEED YOUR HELP AND PARTICIPATION. FOR THIS REVIEW TO BE SUCCESSFUL WE MUST SEEK INNOVATIVE WAYS TO RESPOND TO THE FUTURE AHEAD. TO HELP IN MINIMIZING NEGATIVE ASPECTS FROM THIS EXERCISE IT WOULD BE HELPFUL TO MANAGEMENT IF STAFF WOULD CONTRIBUTE THEIR STRATEGIC AND CREATIVE THOUGHTS TO THE PROCESS THROUGH THEIR SUPERVISOR.

SOME OF YOU WILL BE INVOLVED DIRECTLY IN REVIEW ACTIVITIES. FOR

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OTHERS, SUPERVISORS WILL BE KEPT INFORMED OF THE PROCESS AND STATUS OF THE REVIEW AND CAN RESPOND TO ANY SUGGESTIONS, QUESTIONS OR CONCERNS WHICH YOU MAY HAVE.

TO AVOID THE POSSIBILITY OF RUMOURS AND MISINFORMATION WE WILL CONTINUE TO PROVIDE ALL EMPLOYEES WITH INFORMATION DURING THE IMPORTANT STAGES OF THE REVIEW, AND MOST IMPORTANTLY, WITH THE RESULTS ONCE THE REVIEW IS COMPLETED.

RAYMOND CHRETIEN

CHERS EMPLOYES ET CHERS COLLEGUES,

COMME VOUS LE SAVEZ PEUT-ÊTRE MAINTENANT, LE PRESIDENT DU CONSEIL DU TRESOR A ANNONCE AUJOURD'HUI DES COMPRESSIONS BUDGETAIRES POUR L'ENSEMBLE DE LA FONCTION PUBLIQUE. CERTAINES INITIATIVES AFFECTERONT DIRECTEMENT CE MINISTÈRE ET VOUS TOUCHERONT EN TANT QU'EMPLOYES. BIEN QUE JE NE SOIS PAS EN MESURE DE VOUS FOURNIR DES DETAILS À CE STADE, JE PENSE QU'IL EST IMPORTANT DE VOUS COMMUNIQUER IMMEDIATEMENT LES RENSEIGNEMENTS DONT NOUS DISPOSONS JUSQU'ICI.

CINQ INITIATIVES AURONT UN IMPACT SUR AECEC:

- 1) LE MINISTÈRE DOIT REDUIRE SON BUDGET DE FONCTIONNEMENT DE 10 MILLIONS DE DOLLARS EN 1990-1991, ET D'UN MONTANT ADDITIONNEL DE 5 MILLIONS DE DOLLARS PAR AN DURANT LES ANNEES SUIVANTES JUSQU'A L'EXERCICE 1993-1994 INCLUS;

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~~P R O T E C T E D~~ - PAGE TEN

- 2) LE BUREAU DES PASSEPORTS A ETE DESIGNE À TITRE DE NOUVELLE AGENCE OPERATIONNELLE;
- 3) AVEC LA CEIC, NOUS ALLONS IMMEDIATEMENT METTRE EN OEUVRE UN PROGRAMME QUI PERMETTRA À CE MINISTÈRE DE RECOUVRER UNE PLUS GRANDE PARTIE DES COÛTS DE CERTAINS SERVICES D'IMMIGRATION;
- 4) NOUS PROCEDERONS, AVEC L'ACDI, À UN EXAMEN COMPLET DES ARRANGEMENTS EN MATIÈRE DE DECENTRALISATION; ET
- 5) LES FONDS POUR LES DEPLACEMENTS À L'ETRANGER SERONT REDUITS DE 20 %.

BIEN EVIDEMMENT, LA REDUCTION DES RESSOURCES DU MINISTÈRE A DE SERIEUSES IMPLICATIONS ET EXIGE DES DECISIONS DIFFICILES. NOUS PROCEDONS DÈS AUJOURD'HUI À UNE REVUE FONDAMENTALE EN FONCTION DES TRAVAUX DÉJÀ ENTREPRIS DANS LE CADRE DE LA STRATEGIE GLOBALE À LONG TERME: "PREPARATIFS EN VUE DES ANNÉES 90: LE DEFI DE LA GESTION AU MINISTÈRE DES AFFAIRES EXTERIEURES". J'AI L'INTENTION DE TROUVER DES MOYENS NOUVEAUX ET PRATIQUES DE RATIONALISER AU MAXIMUM LES ACTIVITES DU MINISTÈRE DE SORTE À LUI PERMETTRE DE RELEVER LES DEFIS QUI SE POSERONT DURANT LES ANNEES 90 À L'AIDE DE RESSOURCES CONSIDERABLEMENT REDUITES.

JE SAIS QUE VOUS AUREZ BIEN D'AUTRES QUESTIONS ET QUE CERTAINES DE CES ANNONCES INTERESSERONT DAVANTAGE CERTAINS SERVICES DU .../11



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MINISTÈRE. J'ESPÈRE QUE LES INFORMATIONS CI-JOINTES REPONDRONT À QUELQUES UNES DE VOS QUESTIONS. J'AI DEMANDÉ AUX SMA DE VOUS INFORMER DE CE QUI SE PASSE ET DE CONTINUER DE VOUS TENIR AU COURANT, AU FUR ET À MESURE, DE LA RÉACTION DU MINISTÈRE FACE À CES RÉDUCTIONS.

JE VOUS TIENDRAI MOI-MÊME AU COURANT DES ÉVÈNEMENTS, À MESURE QUE J'EN SAURAI DAVANTAGE ET QUE NOUS SERONS MIEUX FIXES, AU MOYEN DE NOTES DE SERVICE OU DE RÉUNIONS DU PERSONNEL QUI AURONT LIEU DANS L'AUDITORIUM.

QUESTIONS ET RÉPONSES CONCERNANT L'ANNONCE FAITE PAR LE GOUVERNEMENT

Q. A COMBIEN S'ÉLÈVENT LES RÉDUCTIONS BUDGETAIRES POUR LE MINISTÈRE ?

ON NOUS A AVISÉS QUE LE CABINET AVAIT, POUR L'ANNÉE À VENIR, IMPOSÉ D'IMPORTANTES COMPRESSIONS BUDGETAIRES À L'ENSEMBLE DU GOUVERNEMENT. IL EST DEMANDÉ AU MINISTÈRE DE RÉDUIRE SON BUDGET DE FONCTIONNEMENT DE 10 MILLIONS DE DOLLARS POUR L'EXERCICE 1990-1991, ET DE 5 MILLIONS DE DOLLARS PAR AN POUR LES ANNÉES SUIVANTES JUSQU'À L'EXERCICE 1993-1994 INCLUS.

Q. COMMENT LE MINISTÈRE VA-T-IL RÉAGIR ?

LE CABINET A CONFIE À AECEC LA RESPONSABILITÉ DE DÉCIDER DE QUELLE FAÇON ET À QUEL ENDROIT RÉDUIRE LES DÉPENSES. LA HAUTE

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DIRECTION EST EXTRÊMEMENT PREOCCUPEE FACE À L'IMPORTANCE DE LA PORTION DES RÉDUCTIONS QU'IL A ETE DEMANDE AU MINISTÈRE D'ABSORBER ET AUX CONSÉQUENCES QUE CELA AURA POUR LES EMPLOYES. NOUS SAVONS QUE CERTAINS PROGRAMMES DEVRONT ÊTRE ELIMINES, QUE D'AUTRES DEVRONT FONCTIONNER DIFFEREMMENT, QUE D'AUTRES ENFIN DEVRONT SUBIR D'IMPORTANTES CHANGEMENTS.

NOUS PROCEDONS DONC À UNE REVUE FONDAMENTALE EN FONCTION DES TRAVAUX DEJÀ ENTREPRIS DANS LE CADRE DE LA STRATEGIE GLOBALE, "PREPARATIFS EN VUE DES ANNÉES 90: LE DEFI DE LA GESTION AU MINISTÈRE DES AFFAIRES EXTERIEURES". CETTE STRATEGIE MET L'ACCENT SUR TROIS POINTS: LES PROGRAMMES ET SERVICES PERTINENTS POUR LES ANNEES 90; LE LEADERSHIP AU SEIN DU GOUVERNEMENT ET DANS LE PAYS; L'EXCELLENCE AU NIVEAU DE LA GESTION.

TOUS LES SECTEURS ET PROGRAMMES SERONT EXAMINES AU COURS DES PROCHAINS MOIS NON SEULEMENT AFIN DE TROUVER DES MOYENS DE REAGIR À CES REDUCTIONS BUDGÉTAIRES IMMEDIATES, MAIS AUSSI AFIN DE COMMENCER À REPENSER ET À REFAÇONNER LE MINISTÈRE.

Q. Y AURA-T-IL DES MISES EN DISPONIBILITE ?

IL EST EVIDENT QU'UNE REDUCTION DES RESSOURCES DE CETTE ENVERGURE A DE SERIEUSES IMPLICATIONS. IL EST IMPOSSIBLE DE PROCEDER À CES REDUCTIONS EN REDUISANT SEULEMENT LES COÛTS. IL FAUDRA AUSSI .../13



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REDUIRE LES PROGRAMMES. OUTRE CELA, EN 1986, LE CABINET AVAIT
FIXE AU MINISTÈRE, EN CE QUI CONCERNE LA COMPRESSION DES
EFFECTIFS, DES CHIFFRES CIBLES QU'IL DEVAIT ATTEINDRE D'ICI LA
FIN DE L'EXERCICE EN COURS.

JUSQU'ICI, LE MINISTÈRE A REUSSI À SATISFAIRE AUX CHIFFRES CIBLES
QUI LUI AVAIENT ETE FIXES PAR LA SEULE RÉDUCTION NATURELLE DES
EFFECTIFS ET EN OFFRANT D'AUTRES EMPLOIS. NOUS ESPERONS POUVOIR
CONTINUER DE FAIRE DE MÊME.

NOUS AVONS, DANS CE BUT, ENTAME UNE REVUE FONDAMENTALE ET
COMPLÈTE DE FACON À TROUVER DES SOLUTIONS ET DES APPROCHES
NOUVELLES ET PRATIQUES. NOUS AVONS L'INTENTION D'UTILISER LES
RESULTATS POUR AVOIR LA FLEXIBILITE DE REAGIR AU CHANGEMENT EN
ETABLISSANT DE NOUVELLES PRIORITES ET EN NOUS Y TENANT, AINSI
QU'EN NOUS ADAPTANT RAPIDEMENT ET EFFICACEMENT AFIN DE LES
RESPECTER.

Q. QU'ENTEND-ON PAR "REVUE FONDAMENTALE"

NOUS ALLONS EXAMINER TOUTES NOS OPERATIONS ET LA FACON DONT NOUS
PROCEDONS POUR VOIR S'IL EST POSSIBLE DE PROCÉDER DIFFEREMMENT,
OU SI CES OPÉRATIONS SONT VRAIMENT NECESSAIRES. NOUS DEVONS
DECIDER DES OPERATIONS AUXQUELLES LE MINISTÈRE EST PRÊT À METTRE
FIN. NOUS ETUDIERONS DE NOUVELLES APPROCHES, OPTIONS ET IDEES.

LA REVUE COMPRENDRA SEPT INITIATIVES QUI DEVRONT ÊTRE TERMINEES

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~~P R O T E C T E D - PAGE FOURTEEN~~

LE 1ER JUIN 1990: 1) LA REVUE DE L'ORGANISATION DE L'ADMINISTRATION CENTRALE; 2) UNE REVUE SPECIALE DES OPERATIONS DANS LES MISSIONS LES PLUS IMPORTANTES; 3) DES ETUDES SUR LA FACON DE REVISER LES METHODES D'EXECUTION DES DIFFERENTS PROGRAMMES ET SERVICES AFIN DE POUVOIR FAIRE FACE AUX IMPERATIFS DES ANNEES 90, Y COMPRIS LA REVUE D'AUTRES MECANISMES D'EXECUTION ET DES POSSIBILITES DE RECOUVREMENT DES COÛTS. AVEC LA CEIC, NOUS METTRONS IMMEDIATEMENT EN OEUVRE UN PROGRAMME QUI NOUS PERMETTRA DE RECOUVRER UNE PLUS GRANDE PARTIE DES COÛTS LIES AU PROGRAMME DE L'IMMIGRATION; 4) UNE ETUDE DES FONCTIONS, DE L'ORGANISATION ET DES SYSTEMES ADMINISTRATIFS DE CE MINISTÈRE, Y COMPRIS ACB, MCB, CMD ET ISD; 5) LA PRÉPARATION DE RECOMMANDATIONS SUR CE QUE DEVRAIT ÊTRE LA NATURE DES OPERATIONS DU CANADA À L'ETRANGER DURANT LES ANNÉES 90; 6) UN EXAMEN DISTINCT DE CERTAINES PROCEDURES EN MATIÈRE DE PERSONNEL ET DES POLITIQUES ASSOCIEES, NOTAMMENT DES PROPOSITIONS AFIN DE SIMPLIFIER LES DSE; 7) UN EXAMEN DES NIVEAUX DE SUBVENTIONS ET DE CONTRIBUTIONS, AINSI QUE L'A DEMANDE LE CABINET.

Q. POURQUOI CE GENRE DE REVUE?

L'APPROCHE QUI CONSISTE À FAIRE "PLUS AVEC MOINS" NE PEUT CONTINUER. MAIS NOUS NE POUVONS CONTINUER NON PLUS D'ASSURER DES REDUCTIONS EN ROGNANT SUR LES BORDS. LES EXIGENCES CROISSANTES

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QU'IMPOSENT LES COMPRESSIONS BUDGETAIRES NOUS FORCENT À EXAMINER DE FACON TRÈS OBJECTIVE CE QUE NOUS FAISONS ET COMMENT NOUS LE FAISONS. NOUS AVONS BESOIN DE RESTRUCTURER LE MINISTÈRE POUR QU'IL PUISSE RÉPONDRE AUX EXIGENCES D'UNE PROCHAINE DECENNIE PAUVRE EN RESSOURCES.

Q. POURQUOI ENTREPRENDRE UNE REVUE FONDAMENTALE MAINTENANT?

LE MOMENT EST VENU QUE LE MINISTÈRE PRENNE EN MAIN SON AVENIR. AU-DELÀ DE CE BESOIN D'AGIR EN FONCTION DE RÉDUCTIONS IMMEDIATES, NOUS DEVONS TROUVER LES MOYENS D'ACCOMPLIR PLUS EFFICACEMENT CE QUE NOUS FAISONS, ET DE DETERMINER CE QU'IL NE CONVIENT PLUS POUR NOUS DE FAIRE OU CE QUI N'EST PLUS INDISPENSABLE - DE CHOISIR NOS PROPRES ORIENTATIONS. NOUS PORTONS NOS REGARDS AU-DELÀ DE LA SITUATION IMMÉDIATE AFIN QUE TOUTES MESURES À COURT TERME QUE DOIT PRENDRE LE MINISTÈRE PUISSENT S'INSERER DANS UN PLAN STRATEGIQUE À LONG TERME.

Q. COMMENT LE BUREAU DES PASSEPORTS SERA-T-IL TOUCHÉ PAR LE CHANGEMENT QUI EN FAIT UNE AGENCE OPERATIONNELLE?

UNE AGENCE OPERATIONNELLE EST UNE UNITE AUTONOME À L'INTERIEUR D'UN MINISTÈRE GOUVERNEMENTAL. LE BUREAU DES PASSEPORTS A DÉJÀ FONCTIONNE DE FAÇON INDEPENDANTE, SELON UN MODE D'"AUTOFINANCEMENT", DEPUIS 1970. DE FAIT, LE CONSEIL DU TRÉSOR S'EN EST SERVI COMME D'UN MODÈLE D'ENTREPRISE GOUVERNEMENTALE

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REUSSIE. LES FONCTIONS ET SERVICES QUOTIDIENS DU BUREAU NE SERONT DONC PAS TOUCHES PAR CE CHANGEMENT.

Q. DE QUELLE MANIÈRE LE PERSONNEL DU BUREAU DES PASSEPORTS SERA-T-IL TOUCHÉ?

L'ETABLISSEMENT D'UNE AGENCE NE CHANGERA PAS LE STATUT DE FONCTIONNAIRES DES EMPLOYES. C'EST FONDAMENTALEMENT UNE REORGANISATION QUI PERMET PLUS DE SOUPLESSE ET UNE MEILLEURE DEFINITION DES RESPONSABILITES. LE PERSONNEL DE L'AGENCE AURA DAVANTAGE DE RESPONSABILITES ET D'AUTONOMIE DANS SON TRAVAIL.

Q. POURQUOI FAIT-ON UNE REVUE POUR CERTAINES MISSIONS ET NON POUR D'AUTRES?

LES GRANDES MISSIONS ONT ÉTÉ CHOISIES POUR CETTE REVUE EN RAISON DE LEUR TAILLE ET DE LEUR COMBINAISON PLUS ELABOREE DE PROGRAMMES, DONT BEAUCOUP INTÉRESSENT D'AUTRES MINISTÈRES. L'OBJECTIF EST DE DETERMINER COMMENT L'EXECUTION DES PROGRAMMES À CES MISSIONS POURRAIT ÊTRE PLUS RENTABLE. CELA COMPRENDRA UN EXAMEN DES PROGRAMMES ET DES FONCTIONS D'AUTRES MINISTÈRES GOUVERNEMENTAUX DANS CES MISSIONS. NOUS ESSAYONS DE FAIRE EN SORTE QU'IL Y AIT LE JUSTE ENSEMBLE DE PERSONNES AUX JUSTES ENDROITS POUR FAIRE LE TRAVAIL.

Q. DES MISSIONS SERONT-ELLES FERMEES?

PAS À CE STADE. TOUTEFOIS, LE MINISTÈRE A ENTREPRIS UNE ETUDE

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DES MOYENS PAR LESQUELS NOUS EXECUTERONS NOS PROGRAMMES ET NOUS ACQUITTERONS DE NOS RESPONSABILITÉS AUX MISSIONS À L'ÉTRANGER. L'ÉTUDE EXAMINERA SI LES MISSIONS POURRAIENT ÊTRE STRUCTURÉES DE MANIÈRE DIFFÉRENTE.

Q. QUI EST CHARGÉ DE COORDONNER LA REVUE FONDAMENTALE?

UN GROUPE DE TRAVAIL DIRIGÉ PAR M. LEN EDWARDS, DIRECTEUR GÉNÉRAL DE LA GESTION CENTRALE, ET QUI TRAVAILLE DIRECTEMENT AVEC DMC, MÈNERA LE TRAVAIL EN COLLABORATION AVEC D'AUTRES ÉLÉMENTS DU MINISTÈRE QUI SONT AFFECTÉS À DIVERS PROJETS. IL FERA RAPPORT À UN COMITÉ DIRECTEUR COMPOSÉ DU GROUPE DES SOUS-SECRETAIRES ET D'UN PETIT GROUPE DE CADRES SUPÉRIEURS.

Q. COMBIEN DE TEMPS CELA PRENDRA-T-IL?

LES PRINCIPAUX ÉLÉMENTS DU TRAVAIL SERONT ACHEVÉS DANS L'ESPACE DES SIX PROCHAINS MOIS.

Q. COMMENT LE PERSONNEL SERA-T-IL EN CAUSE ET À QUOI PEUT-ON S'ATTENDRE AU COURS DES SIX PROCHAINS MOIS?

IL S'AGIT D'UNE INITIATIVE POUR L'ENSEMBLE DU MINISTÈRE. TOUS LES SECTEURS DU MINISTÈRE SERONT MIS À CONTRIBUTION, CERTAINS MEMBRES DU PERSONNEL DANS UNE PLUS GRANDE MESURE QUE D'AUTRES. CERTAINS PROJETS AURONT RECOURS À DES EXPERTS CONSEILS DE L'ÉTRANGER, D'AUTRES FERONT APPEL À DES GROUPES DE TRAVAIL DE

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L'INTERIEUR DU MINISTÈRE. ON PEUT APPLIQUER DES METHODES DIFFERENTES POUR DES EXAMENS DIFFERENTS, Y COMPRIS DES QUESTIONNAIRES, DES SONDAGES, DES ENTREVUES, DES GROUPES DE DISCUSSION, DES ANALYSES DE DONNEES, DES CONSULTATIONS AVEC D'AUTRES ORGANISMES, ETC.

NOUS AURONS BESOIN DE VOTRE CONCOURS ET DE VOTRE PARTICIPATION. POUR QUE CETTE REVUE RÉUSSISSE, NOUS DEVONS CHERCHER DES MOYENS INNOVATEURS DE REAGIR FACE À L'AVENIR QUI NOUS ATTEND. AFIN DE CONTRIBUER À REDUIRE AU MINIMUM LES ASPECTS NÉGATIFS DE CET EXERCICE, IL SERAIT UTILE POUR LA DIRECTION QUE LE PERSONNEL JOUE UN RÔLE DANS LE PROCESSUS EN FAISANT PART DE SES IDÉES STRATEGIQUES ET CREATIVES PAR L'INTERMÉDIAIRE DE SON SUPERVISEUR. CERTAINS D'ENTRE VOUS PARTICIPERONT DIRECTEMENT À DES ACTIVITES DE REVUE. POUR D'AUTRES, LES SUPERVISEURS SERONT TENUS AU COURANT DU PROCESSUS ET DE L'ETAT D'AVANCEMENT DE LA REVUE ET POURRONT REpondre À TOUTES SUGGESTIONS, QUESTIONS OU PREOCCUPATIONS QUE VOUS EXPRIMEREZ.

AFIN D'EVITER LA POSSIBILITÉ DE RUMEURS ET DE FAUSSES INFORMATIONS, NOUS CONTINUERONS DE FOURNIR À TOUS LES EMPLOYES DE L'INFORMATION AUX PRINCIPAUX STADES DE LA REVUE ET, CE QUI EST PARTICULIÈREMENT IMPORTANT, NOUS LEUR COMMUNIQUERONS LES RESULTATS UNE FOIS LA REVUE ACHEVEE.

RAYMOND CHRETIEN



REM/Mitch Vlad/2-8763

TO/À • RAM

FROM/DE • REM

REFERENCE • RAM-1452 05Dec89
RÉFÉRENCE

SUBJECT • Input for Departmental Overview and
SUJET • Bilateral Relations and Operations Reports

Security/Sécurité UNCLASSIFIED
Accession/Référence 637443
File/Dossier 2-1-12
Date C.C. 20-1-2-1 December 6, 1989
Number/Numéro REM-1593

ENCLOSURES
ANNEXES

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In response to your urgent request for updated information for departmental reports, the attached notations and following text describes activities related to the European Community which we would recommend for inclusion.

Departmental Overview

- * ~~implement the Western Europe policy review, aimed at~~ strengthening political and economic ties with Western Europe;
- * ~~continue pursuing~~ implement the multi-program objectives of the National Going Global Trade Strategy;
- * implement a series of ministerial exchanges with Western Europe;
- * expand export markets, attract new investment and , encourage technology transfer, and increase industrial and scientific cooperation;
- * lead in the assessment and potential of the emerging Single Market, Europe 1992, for Canada-European Community trade and economic relations;

Bilateral Relations and Operations

Significant Accomplishments for 1988-89:

- * heightened political dialogue with the European Community resulting from Ministerial meetings led by the Secretary of State for External Affairs and the Minister for International Trade;

Future Priority Activities:

- * communicate assessments of the impact of European Community's emerging Single Market, and propose courses of action to the Canadian business community;

2....

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- 2 -

Ongoing Activities for 1989-90:

- * ~~continue bilateral negotiations for compensation for the negative effects on Canadian exports of wet salted cod, wheat and barley of the European Community enlargement in 1986 on a range of outstanding issues, with particular emphasis on major irritants such as European Community fisheries policy, and compensation for the negative effects on Canadian exports of European Community enlargement in 1986;~~
- * ~~monitor closely the evolution of the European Community Single Market program, and the newly developing political and economic relationships between the European Community, its Member States and the U.S.S.R. and Eastern European countries;~~
- * ~~plan for a 1990 visit by the President of the European Commission, Mr. Jacques Delors;~~


for Margaret Huber
Director
European Community
Trade Policy Division

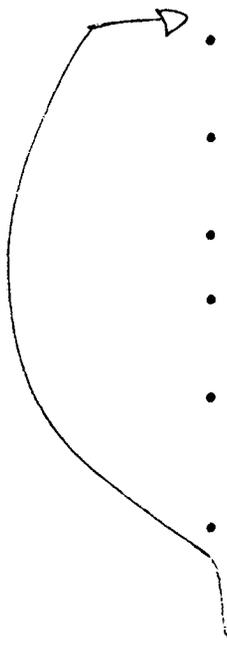
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- expand knowledge and understanding of Canada through communications programs, cultural activity and people-to-people programs;
- develop and implement policies to integrate the newly-industrialized economies into the international economic community and to redress the perceived lack of institutions adequately dealing with Asia-Pacific issues;
- contribute to the post-war reconstruction process in Afghanistan, the search for peace in Cambodia and Sri Lanka, and the resolution of other conflicts;
- encourage greater respect for human rights and for the adoption of the democratic processes;
- support regional cooperation efforts;
- complete studies of our relationship with Japan to identify how various programs should be reoriented for the coming decade;
- support the activities of the Asia-Pacific Foundation, the Canadian Chamber of Commerce, and key National Committees; and
- consult with the provinces, academics and the private sector on the expansion of Asian language studies in Canada.

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Europe: (see p. 2-58 to p. 2-61)

- ~~implement the Western-European policy review, aimed at strengthening political and economic ties with Western Europe;~~
- intensify economic and trade links with the European Community to exploit the potential for trade development and to encourage an outward-oriented approach by the Community;
- ~~continue pursuing~~ ^{implement} the multi-program objectives of the ~~National~~ ^{Going Global} Trade Strategy;
- exploit the closer linkage with the European Political cooperation process to sensitize European leaders to Canada's position on global as well as European issues;
- ensure a successful conclusion to the Vienna Follow-up Meeting of the Conference on Security and Cooperation in Europe, and launch follow-up activities;
- implement a series of ministerial exchanges with ~~Western~~ Europe;
- expand export markets, attract new investment, ^{encourage transfer,} and technology, and increase industrial and scientific cooperation;
- work for reduction of agricultural subsidies and more transparent trade controls, and cooperate in those areas of the Multilateral Trade Negotiations where our interests in reform coincide;
- build upon major defence acquisition programs involving West European countries to identify other trade, defence or political opportunities;



• lead in the assessment of potential of the emerging Single Market Europe 1992, for Cdc-cc trade & economic relations

- increase political dialogue on East-West questions with the U.S.S.R. and Eastern Europe; and develop cooperative programs;
- improve Canada's relations with the U.S.S.R. by expanding exchanges and through political dialogue and re-establish a more stable relationship;
- strengthen cooperation on northern and Arctic matters with circumpolar European states; and
- resolve the dispute over fish between France and Canada.

Latin America and Caribbean: (see p. 2-61 to p. 2-62)

- strengthen political and economic links with Brazil, Mexico, and other countries of major potential economic importance;
- develop dialogue with emerging Latin American groupings and encourage efforts at regional consultation and cooperation;
- contribute to peacemaking efforts in Central America;
- implement trade development initiatives designed to consolidate and expand Canadian exporters' market share;
- develop initiatives to consolidate progress towards democracy in Latin America and the Caribbean;
- encourage and support efforts to improve the human rights situation in Latin America and Caribbean;
- expand cooperation within the hemisphere in environmental matters and the fight against narcotics trade; and
- intensify international cooperation on the Caribbean, with special attention to the implementation of CARIBCAN.

Africa and Middle East: (see p. 2-55 to p. 2-56)

- encourage progress toward settlement of Middle East conflicts and ensure that Canadian policy keeps pace with fast-changing conditions;
- exercise leadership in international efforts to dismantle apartheid, help stabilize the Southern African situation and provide support for the Front Line States and victims of apartheid in South Africa;
- encourage and support efforts to improve human rights generally in Africa and the Middle East;
- contribute, if requested by the U.N., to the transition of Namibia to independence;
- support efforts to resolve African regional conflicts, especially in Ethiopia;
- promote African economic recovery and development, by encouraging adoption of programs and policies protective of the environment; and

3. Western Europe

88/89

Significant Accomplishments for ~~1987-88~~

- relations with France were normalized through visits to Canada by President Mitterrand and Prime Minister Chirac while the Governor General made the first Canadian Head of State visit there;
- relations with the European Community, the United Kingdom and the Federal Republic of Germany were strengthened through meetings and visits at the Prime Ministerial level;
- institutionalization of political dialogue with the European Community;
- exports to Western Europe increased 16% to over \$10 billion. Western Europe also became one of the fastest growing offshore sources of foreign direct investment accounting for some 80% of non-U.S. flows;
- a Canada-Italy Economic and Industrial Cooperation Agreement was concluded;
- participation in 15 National Stands at Western European trade fairs produced on-site sales in excess of \$24 million with future projected sales of approximately \$296 million, a significant portion of which will be to third countries;

1 Add

2-58 (Canadian Interests Abroad Program)

- bilateral meetings took place with the European Community, Germany, France, the United Kingdom and Norway to review and expand Science and Technology cooperation;
- Western Europe remained the second most important source of immigration into Canada with 27,454 immigrant visas issued and 4,861 refugees processed; 495 entrepreneurs transferred \$774 million in capital and created an estimated 2,335 jobs in Canada;
- an agreement providing for Canadian participation with the European Community in nuclear fusion energy research was signed;
- interventions on a number of issues resulted in the avoidance or alleviation of various taxes, duties and security deposit measures (fats, oils, peas, beans and canary seed);
- a \$20 million program was implemented to promote partnerships of Canadian companies with European firms in Eureka Technology Development projects.

Future Priority Activities: (80/91) →

revise

- analyze the impact of the unification of the European Community market by the end of 1992 and respond to the challenges and opportunities it represents for Canadian trade, investment and technology interests;
- introduce new exporters to Europe through development and implementation of a NEXOS (New Exporters to Overseas Markets) program for this region;
- promote the Free Trade Agreement in Western Europe through a program of sectoral seminars accompanying Canadian participation in major regional trade fairs;
- expand and strengthen cooperation with Western Europe in the immigration domain with special emphasis on the processing of entrepreneurs/investors, refugees, selected workers and family class applications;
- further develop the Northern dimension of Canadian foreign policy and expand bilateral and multilateral cooperation with other circumpolar states;
- seek European cooperation in the search for solutions to the international Refugee Crisis.

Ongoing Activities for ^{89/90}1988-89:

revise

- development of country-specific action plans for major European partners in order to implement the Western European policy review, both multilaterally and bilaterally;
- continue bilateral negotiations for compensation for the negative effects on Canadian exports of wet-salted cod, wheat and barley of the European Community enlargement in 1986;
- implement a fairs and missions program with participation in over 40 trade fairs and 30 incoming and outgoing missions;

- intensification of political cooperation with the European Community and individual European states;
- manage an expanding agenda of cooperative mechanisms for the promotion of cultural, scientific and technological interest between Canada and Western Europe;
- contribute to the realization of Canadian demographic goals through the effective management of the immigration program.

Add⁴
4. Eastern Europe

Significant Accomplishments for 1987-88:

- Relations with the Soviet Union continue to improve. The expulsions issue has now been resolved;
- A two-year program of academic, scientific, and cultural exchanges with the USSR will be completed at the end of 1988. The Arctic Ski Trek focussed attention on Canada/USSR Arctic Cooperation;
- Canada played a leading role at the Vienna Follow-up Meeting of the Conference on Security and Cooperation in Europe (CSCE);
- Visits by the Hungarian Prime Minister/General Secretary and the Prime Minister of Yugoslavia provided opportunities to show Canadian technology and review developments in Eastern Europe. There were also talks with the Foreign Ministers of the USSR, Poland and Yugoslavia;
- The Canada/USSR Mixed Economic Commission laid the groundwork for broader commercial relations. EDC and the Soviet Union concluded a \$500 million line of credit;
- A substantial improvement in family reunification and sharply increased demand for visa services.

Future Priority Activities: 80/91

- Assess changes in the Soviet Union and their impact on Eastern Europe and East/West relations, and determine Canadian response;
- Expand political, commercial, cultural, and scientific relations with the USSR and Eastern Europe while pressing for improvement in human rights;
- Promote progress through the CSCE in security and human rights.

Ongoing Activities for 1988-89:

- Restore efficiency of Moscow embassy;
- Conclude agreements with USSR on space, Arctic and nuclear cooperation, develop commercial relations;

- Continue to monitor developments in the USSR and Eastern Europe;
- Secure satisfactory Concluding Document at Vienna CSCE Meeting, ensure interested public is informed, participate in the follow-up meetings on information and human rights;
- Continue active family reunification program.

p 2-61



External Affairs
Canada

Affaires extérieures
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---REVUE DES OPERATIONS DU MINISTERE

CENTRE DES COMMUNICATIONS:PRIERE DE REMETTRE CE TLX A

M RAYMOND CHRETIEN QUI FAIT PARTIE DE LA DELEGATION CDNNE

AU SOMMET DU COMMONWEALTH.

JIM JUDD A INFORME COMITE EXECUTIF 130CT QUE LORS DE SA

CONVERSATION AVEC SEAE,MIN MAZANKOWSKI LUI A DIT QUE L EXERCICE

DE COUPURES BUDGETAIRES QU IL ENTREPREND SERA CIT KINDER AND

GENTLER FINCIT.IL VEUT ECONOMISER 1 MILLIARD DLRS ET A

BESOIN DE BONNES IDEES.IL A REMIS A M CLARK DEUX DOCUMENTS,

L UN SUR LES AFFAIRES EXTERIEURES,L AUTRE SUR L ACDI(JIM NE

LES A PAS/PAS ENCORE RECUS DU SEAE).

2.M CLARK A INFORME MAZANKOWSKI QU IL A ENTREPRIS SA PROPRE

REVUE DES OPERATIONS DU MINISTERE ET QU IL LUI FOURNIRAIT

PLUS DE DETAILS PROCHAINEMENT(JUDD A PRECISE QUE M CLARK

PENSERA A LA QUESTION AU COURS DE SON VOYAGE VERS KLMPR ET

ENVERRA DES COMMENTAIRES A OTT MARDI OU MERCREDI).

3.M TAYLOR A SUGGERE QUE VOUS DISCUTIEZ DE LA QUESTION AVEC

M CLARK.IL ESPERE QUE LE MINISTRE NE SONGE PAS/PAS A FERMER

DES MISSIONS.JUDD A COMMENTE QUE M CLARK N ENVISAGE PAS/PAS

CETTE POSSIBILITE MAIS QUE DE COTRET POURRAIT Y PENSER DE

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DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
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MEME QU A REDUIRE NOS SUPPOSEES CIT CADILLAC STYLE OPERATIONS
ABROAD FINCIT.
4.VOUS VOUDREZ SANS DOUTE DISCUTER DE TOUTE CETTE QUESTION
AVEC M CLARK A SON ARRIVEE A KLMPR.



External Affairs / Affaires
Canada / Canada

MEMORANDUM

TO/À • IFB
FROM/DE • IDA

REFERENCE •
RÉFÉRENCE

SUBJECT •
SUJET • COMBINED REGIONAL - STRATEGIC OVERVIEW

~~A-7~~ **A-7**

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Number / Numéro
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ENCLOSURES
ANNEXES

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The attached document is a redrafted, shorter Branch overview submission that incorporates information from all the Bureaux (except Foreign Intelligence).

It has been prepared in accordance with the suggestion that instructions for both Posts and Bureaux be incorporated into one document for 1987-88. If you agree with the proposed overview submission, it will be converted to telegram form (draft introduction attached) and forwarded to Posts to meet the October 17, 1986 deadline.


R.J. Lysyshyn
Director
Arms Control and
Disarmament Division

CONFIDENTIAL

Political and International Security Affairs Branch

Strategic Outlook 1987-88

Introduction:

This is single package of instructions for both Posts and Bureaux. It represents a major departure from past practice which separated the regional and strategic outlooks. It is hoped that a single document will provide clearer operational guidance for mission and headquarters planning.

As in the past, only three of the four sectors of branch responsibility are covered here: International Organizations, International Security and Arms Control, and Security Services. Foreign Intelligence is dealt with elsewhere in the Government's planning and budgetary process. The responsibilities and activities of the sectors treated here are discussed individually as there is little commonality permitting comparison, beyond the fact that the issues tend to be global rather than regional in nature.

During the 1987-88 period, financial austerity will continue, but should be mitigated to a large extent through the initiation of a long-term modernization strategy and because there will be no piecemeal budgetary reductions to meet immediate targets.

The Department's Strategic Memorandum, CML-274 of September 10, 1986, is being forwarded to Posts. The following guidance compliments that memorandum and updates telegram IFB-265 of November 28, 1985.

International Organizations

I New Objectives: Constructive Internationalism and
Multilateralism

Last Years's priorities and objectives drew attention to the role that the United Nations (UN) and the multilateral system as a whole can play in support of or as a complement to initiatives and policies that were essentially bilateral (Canada-USA trade negotiations) or directly involved only a small number of key countries (arms negotiations and disarmament). Emphasis now is also on using the multilateral system for social or humanitarian goals in the context of a longer-term and more activist foreign policy. The speech from the Throne and the Simard - Hockin report emphasized a policy of constructive internationalism aimed at the promotion of democracy and the protection of Human rights.

The pursuit of these goals is contingent on a well-functioning relevant multilateral system in which Canada maintains a strong and influential position. Importance will therefore be given to strengthening the fabric of international cooperation through such major instruments as the Summit 7, the UN system, the Commonwealth, La Francophonie, the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD).

Greater emphasis will also be given to global equality of women, in particular to implementation of the Nairobi Forward-looking Strategies.

II Political, Economic and Social Directions for Action:

A) 1987/88 will see three Summits in Canada: La Francophonie in Quebec, Commonwealth in Vancouver and Economic in Ottawa. Canadian preparations for these should aim at strengthening international cooperation, projecting Canada's accomplishments and enhancing its international influence.

(B) The UN as a political forum: Arms control and disarmament (ACD) and cooperation to combat terrorism are covered in other sections. A second objective is to promote the development of International Law and the elaboration of international agreements that further our objectives in this area. A third priority is the preparation for our 1988 election to the Security Council.

(C) Economic growth and international trade: The GATT and the IFIs will play a crucial role in revitalizing the world economy and in facilitating global macro-economic management. Canadian participation in the Commonwealth and La Francophonie should be exploited to deal positively with growing pressures on the global trading system and to help build strategic pressure groups concerned with specific trading issues. Other UN or multilateral institutions should play a supporting role, to the extent of curtailing traditional activities that potentially could impair the process of multilateral trade

negotiations. Special effort will be required to minimize the potential disruptive developments of UNCTAD VII as well as to exploit the opportunity it presents to generate greater consensus on appropriate approaches and strategies for development.

(D) The UN and economic development: Canada will continue to endeavour to gather wider support for ongoing efforts and to pursue opportunities for increased development. The follow-up to the Special UN Session on Africa should constitute both the vehicle for a more effective and coordinated effort in that region and a prototype for similar international developmental actions in other parts of the world. In light of the accent on equality, we need to ensure that women are fully integrated (i.e., contribute and benefit from development programs).

(E) Social Justice: Canada will continue to work actively to eliminate discrimination and to promote respect for universal standards of human and equality rights. It remains a priority to press key multilateral agencies, functional commissions and development agencies, to improve their performance in this regard. Austerity and reform in the UN should not lead to further budgetary cuts for human rights or similar programs. Canada should play a leadership role in Vienna, Geneva, New York and Nairobi in defence of the social, humanitarian mandate of the UN. Another area for priority action is the adoption of effective international means to fight drug abuse and trafficking.

(F) The Commonwealth is central to Canada's efforts to promote, through concerted international action, a process of dialogue in South Africa aimed at establishing a representative government.

III Institutional directions for Action:

(A) Management of the multilateral system must be improved through the continued check on costs and growth, a greater say for the major contributors (including Canada) in the decision-making process, and a further improvement of effectiveness and efficiency.

(B) Efforts toward the reform and strengthening of multilateral institutions will continue. Canada's reform proposals will include matters relevant to the Security Council, in preparation for our election to it in 1988. In the broader context, Canada should work for the establishment (or refurbishment) of mechanisms that enable the membership of international organizations to make judicious choices between conflicting priorities and to obtain better value for money. A corollary is that Canada should lower its profile, and be absent altogether when feasible, in forums where discussion flounders on block politics or promises little or no practical benefits.

IV. Lesser Priorities

We would find it difficult to support global economic initiatives emerging from the UN system, given that attention should be focussed on the MTN and on existing proposals such

as the Baker plan. It will be crucial that the GATT, both as a forum and as a negotiation procedure, be protected against the possibility of encroachment from other institutions such as the General Assembly or UNCTAD.

Given the limited resources available, Canada's reform efforts should be concentrated on the achievement of major objectives.

In the social realm, traditional issues such as youth, population, the aged, crime and the treatment of offenders, etc., should be monitored from a distance. The bottom line being that the monitoring system alerts us and provides enough time to react when direct Canadian interests are at stake.

Generally, participation in technical discussions should take place only to defend or promote Canadian interests, in accordance with instructions received from headquarters. Posts should rely on the Secretariats to provide records of proceedings for perusal or analysis by experts back in Canada.

International Security and Arms Control

I. Basic Objectives and Major Interests:

(A) International security and arms control again will be accorded high priority in departmental objectives as Canada continues its multi-faceted efforts to enhance international peace and security. Towards this end, we will support ongoing diplomatic efforts to seek peaceful resolutions including, where appropriate, our contributions to peacekeeping forces;

the strengthening of collective defence arrangements, such as the North Atlantic Treaty Organization (NATO) and the North American Aerospace Defence Command (NORAD), to deter or repel armed attacks; and the need to limit the most dangerous aspects of military confrontation and to reduce the levels of armaments through arms control and disarmament (ACD).

(B) The goal of international security is an elusive and challenging one in a world marked by violence and distrust, and every effort must be made through coordinated action with our allies and the effective use of multinational forums to identify and eliminate or defuse sources of actual or potential conflict. Through active participation in NATO, NORAD, the United Nations (UN) and the Conference on Security and Cooperation in Europe (CSCE), etc., Canadian views will be brought to bear on the principal security questions and issues of the day.

II. Specific Objectives and Directions for Action:

(A) Canada will seek to enhance its ability to analyze arms control developments and options in order to contribute more significantly to ACD negotiations. In this context posts will be called upon to actively participate in and monitor developments rising from multilateral forums and our collective defence agreements.

(B) Canada will continue to ensure, through diplomatic efforts (in both multinational forums and collective defence groups) that appropriate stress is given to continuing the

dialogue and private negotiations between the superpowers (and the superpowers and their allies) towards the goal of progress in ACD.

(C) Canada will strive for progress in ACD through work, both in the CD and domestically, on compliance verification for arms control agreements and will continue to emphasize that verification is an essential element in the arms control process.

(D) Working with the Ambassador for Disarmament, the bureau and posts will place particular emphasis on bringing the Neutral and Non-Aligned (NNA) countries into the arms control process in a responsible manner by explaining the need for multilateral participation in the ACD process, providing guidance on the limitations inherent in this process and underlining the need for a step-by-step negotiated approach.

(E) NATO remains the pre-eminent Western consultative forum and efforts will be made to maintain an enhanced level of alliance consultation. Efforts will also be made to establish and maintain closer communication with key NATO and Warsaw Pact countries and with specially targeted non-aligned states. In this context, encouragement will be given to real growth of Canadian defence capabilities to meet commitments to allies and national security goals. Canada will also play an active role in allied discussion on the new phase of East-West peace and security consultations.

(F) This year the bureau (with appropriate post support) again will assume primary departmental responsibility for the Canada-USA defence relationship, particularly to ensure

Canada's defence effort is understood by the USA and does not adversely affect other areas of the bilateral relationship. A further area requiring close attention will be the impact of the North American defence relationship on weapons procurement and Canadian content in shared defence research and production.

(G) Canada will continue to encourage moderation by all parties involved in Central America, Middle East and Southern Africa conflicts and will play an active role in providing advice and support to peacekeeping efforts mounted by regional groups such as the Contadora countries.

(H) The white paper on defence now being prepared by the Department of National Defence (DND) will require departmental involvement to ensure the mutually supportive nature of Canadian foreign and defence policies is evident in the paper and its implementation. In regard to this paper and the increased sensitivity in Canada to sovereignty issues, posts will be required to closely monitor host country and allies' reactions to Canadian military policy and (particularly in the USA) impediments to the development of closer military relations.

(I) In light of future summits, the CSCE review conference and regular security consultations and negotiations in Geneva, Brussels and Vienna, the bureau, supported by posts, will be actively engaged in the formulation of security policy. In particular, the department will have to closely monitor and ensure Canadian input into the USA-USSR nuclear and space talks, and the accelerated negotiations on a chemical weapons (CW) and nuclear test ban at the Conference on Disarmament

(CD). The bureau and posts will remain actively involved in Canada's continuing efforts to promote full compliance with existing ACD agreements.

(J). As Canada devotes more attention to its military relations with Pacific Rim countries (and the role Canada can play to lessen tension in this area) evaluations of possible areas of cooperation will be essential to the formulation of new policies and initiatives.

(K). As in the past, the task of informing the public of the Government's activities in the ACD field will continue to be given high priority.

III. Logistical Considerations

(A) The Bureau will remain well staffed and will continue to work effectively with other branches and other Government agencies to implement departmental objectives.

(B) It is recognized that pressures resulting from the need to economize continue to be imposed on posts and limit their contribution to departmental objectives (this remains particularly true at three key multilateral posts, Geneva, New York and NATO-Brussels). However, it is expected that posts will maintain their past high standards of reporting on possible initiatives which could help reduce regional tensions or contribute to East-West progress and their assessments of situations and opportunities for Canadian initiatives. In this context, low priorities or unobtainable objectives should be brought to headquarters attention in post plans.

SECURITY SERVICES

I. Major Interests and Priorities

(A) As in the past years, a major priority remains the maintenance of the security and integrity of Canadian interests abroad including ensuring appropriate levels of protection for our 118 posts and all departmental employees, and the implementation of a wide spectrum of established policies on security of personnel, information and installations. Programs will be undertaken to ensure the security of departmental personnel which will rely heavily on the cooperation of and input from posts.

(B) Complementing post security will be the maintenance of headquarters capability for crisis management (and the meeting of Canadian obligations for the protection of foreign missions and personnel in Canada).

(C) Security Services bureau will act as Departmental Responsibility Centre on issues related to international terrorism.

II. Specific Objectives and Directions for Action:

(A) Elaboration of departmental security policies and measures, including the development of personal safety programs and the management of a \$2 million capital acquisition budget will remain high priority. Post input will be essential.

(B) Headquarters "first response" capability will be enhanced through further strengthening of Operations Centre personnel resources, information retrieval and communication systems.

(C) An effective Threat Assessment Program will be developed and managed with post input and support for the allocation of physical security resources at home and abroad, as well as the formulation of policies upon which such allocations are based.

(D) New government-wide security policies, including new information, protection and security clearance procedures will be implemented, with assistance from missions as appropriate.

(E) The furthering of international cooperation against terrorism will require Canadian participation at policy and operational levels of such organizations as the Economic Summit, the UN (including ICAO) and the European Economic Community.

(F) The bureau will manage the External Affairs component of the foreign missions protection program through the administration of a \$3.2 million budget for contract stationary guards and by undertaking departmental responsibility for the coordination of security measures for such protection in Canada effected by the national security measures. While this objective is not of primary interest to posts, the bureau, in specific circumstances, may call for mission informational support.

(G) The bureau will maintain close contact with relevant components of the national security system (CSIS, RCMP, DND and Solgen) to ensure that the External Affairs contribution to operational and policy issues involving national security is timely and effective. Posts will be expected to alert headquarters of overseas developments of relevance to these policies or to national security.

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---POST OPERATIONAL PLAN:FY1987/88

PRESENT TEL SETS OUT GUIDELINES AND PRIORITIES FOR 87/88 FISCAL YEAR FOR POSTS WITH MULTILATERAL RESPONSIBILITIES. IN DEPARTURE FROM PAST PRACTICE, REGIONAL AND STRATEGIC OUTLOOKS HAVE BEEN COMBINED TO PROVIDE CLEARER, MORE COHESIVE OPERATIONAL GUIDANCE.

2. PRIORITIES AND GUIDELINES IN ATTACHED OUTLOOK REFLECT DIRECTION WHICH HAS BEEN PROVIDED TO IFB AND OTHER DEPTL BRANCHES BY MINISTERS AND DEPUTIES IN FORM OF AN OVERALL STATEMENT OF DEPTL OBJECTIVES (COPY BY BAG). CONTENTS OF THIS TEL SHOULD BE INCORPORATED, AS APPROPRIATE, IN YOUR POST PLAN OVERVIEW AND PROGRAM ACTIVITIES.

3. FIVE PRIORITY FOREIGN POLICY OBJECTIVES HAVE BEEN IDENTIFIED: A) SOVEREIGNTY AND IDENTITY; B) TRADE, INVESTMENT AND GROWTH; C) INTERNATIONAL PEACE AND SECURITY; D) SOCIAL JUSTICE; AND

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E) MANAGING INTERNATIONAL RELATIONSHIPS. WHERE APPROPRIATE THESE
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External Affairs
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Canada
Deputy Minister
International Trade
Sous-ministre
du Commerce extérieur

le 26 juin, 1986

A: DIRECTEURS GÉNÉRAUX ET DIRECTEURS

DE: DMT

SUJET: PLANS DU MINISTÈRE DES AFFAIRES ÉTRANGÈRES
EN RÉPONSE AUX RECOMMANDATIONS DU GROUPE
DE TRAVAIL MINISTÉRIEL CHARGÉ DE L'EXAMEN
DES PROGRAMMES CONCERNANT LES SERVICES ET
SUBVENTIONS

Vous trouverez ci-joint la version française du document qui vous a été remis par DMT lors de la session d'information mardi dernier.

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JUN 26 1986
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R.L. Richardson

PLANS DU MINISTÈRE DES AFFAIRES EXTÉRIEURES

Les mesures suivantes sont prévues au ministère des Affaires extérieures pour donner suite aux recommandations du Groupe d'étude sanctionnées par le Cabinet:

- 1) Pour rendre plus visible la fonction relative au commerce international et réduire la confusion quant aux endroits où elle s'exerce:
 - a) on cherchera à donner suite à la proposition en faveur de la réintroduction du terme "commerce extérieur" dans le titre du Ministère (qui est disparu dans la Loi organique de 1983);
 - b) des mesures seront prises, en collaboration avec le MEIR et les provinces, pour la fourniture, dans chacune des provinces, de services plus visibles et plus efficaces relatifs au commerce international.
- 2) Des modifications seront apportées à l'affectation du personnel dans le Ministère et à l'organigramme de celui-ci afin d'indiquer clairement les points de contact pour le secteur privé, les autres ministères et les provinces. Ces changements identifieront les points de contact qui correspondent à la structure des groupes de consultations sectorielles sur le commerce extérieur, facilitant ainsi les contacts et supprimant la confusion lorsque des personnes cherchent à obtenir du ministère des Affaires extérieures des services relativement à la commercialisation à l'étranger ou à des questions de politique commerciale. Ces changements structurels seront complétés par des changements à l'administration centrale afin de faciliter les visites de gens d'affaires au Ministère qui est le point central, au gouvernement fédéral, pour le commerce extérieur.
- 3) Un certain nombre de modifications ont déjà été apportées afin d'améliorer l'efficacité des services relatifs au commerce extérieur, conformément aux recommandations du Groupe d'étude. Parmi celles-ci, mentionnons:
 - a) la mise en oeuvre d'une stratégie nationale du commerce qui établit des priorités, choisit des cibles et fournit un système de surveillance qui permet d'évaluer les résultats par rapport aux objectifs. Cette stratégie a été mise en oeuvre avec la participation et l'appui sans réserve du secteur privé et des gouvernements provinciaux;

.../2

- 2 -

- b) la remise sur pied du Service des délégués commerciaux se poursuivra avec plus d'intensité, le choix et la formation des agents subissent actuellement des améliorations, et l'interaction du service en question avec le secteur privé est accentuée;
 - c) on fait actuellement la mise en oeuvre de WIN Exports, système informatisé de gestion commerciale, pour améliorer la rapidité et l'efficacité avec lesquelles se fait le rapprochement entre les débouchés possibles et les fournisseurs canadiens éventuels.
4. Les échanges entre le secteur privé et les ministères à vocation nationale seront maintenus de façon à accroître les connaissances et à élargir la base de l'expérience et des compétences à la disposition des organismes participants (384 personnes sont actuellement détachées auprès ou par d'autres ministères).

PLANS OF THE DEPARTMENT OF EXTERNAL AFFAIRS

put forward by DMT

The following steps are planned within the Department of External Affairs, to give effect to the Recommendations of the Study Team as endorsed by Cabinet:

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- 1) To achieve greater visibility and to reduce confusion as to where the international trade function is provided:
 - a) a proposal to reinstate "International Trade" in the title of the Department (having been lost in the 1983 Organization) will be pursued; and
 - b) steps will be taken in cooperation with DRIE and the provinces to provide more visible and effective "international trade" services in each of the provinces.

- 2) Changes in the deployment of personnel within the Department and their organizational structure will be made to clearly identify points of contact for the private sector, other departments and the provinces. These changes will identify the contact points which correspond to the structure of the Sector Advisory Groups on International Trade and thus facilitate contact and eliminate confusion for those seeking services from the Department of External Affairs for international marketing or on trade policy matters. These structural changes will be complemented by changes in Head Office to facilitate visits by businessmen to the Department as the focal point in the government for international trade.

- 3) A number of changes have already been introduced to improve the effectiveness of the foreign trade services in accordance with the recommendations of the Study Team. These include:
 - a) the implementation of a National Trade Strategy which sets priorities, selects targets, and provides a monitoring system to measure results against objectives. This Strategy has been implemented with the full participation and support of the private sector and provincial governments;
 - b) the reinstatement of the nomenclature "Trade Commissioner Service" will be accentuated, improvements in the selection and training of officers are being implemented, and the interaction of the Service with the private sector is being strengthened;
 - c) WIN Exports, a computerized trade management system, is being implemented to improve the speed and effectiveness of matching market opportunities to Canadian supply possibilities.

- 4) Interchanges with the private sector and domestic departments will continue to be used to increase knowledge and broaden the base of practical experience and skills available to the participating organizations. (The Department's secondment program currently involves 384 persons, primarily to and from other departments.)

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Date	July 18, 1985
Number/Numéro	CMA-0582

ENCLOSURES ANNEXES

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As you are aware, an Operational Review of the Department of External Affairs is currently being undertaken by a team led by Mr. W.A.B. Anderson. The Review will determine whether the Department is properly resourced to carry out its mandate and functions and will make an objective assessment of the options for resource changes in the Department. Specific efficiency and cost effectiveness issues will be examined. An interim report will be submitted to the Secretary of the Treasury Board and myself in late September with the final report scheduled for early December.

... 2. The attached work plan and position papers outline the scheduling of the work and the scope of the contribution expected from the Department. Eight position papers on various aspects of the Department's operations must be submitted to the review team by the end of August. A list of individuals within your Branches who have been notionally designated as responsible for preparation of individual papers is attached. Once you have confirmed this list, the Departmental members of the review team (Ian Dawson/CME/996-3100 and David Adam/RST/996-6438) will be in touch with the responsibility centres regarding details of the preparation of each paper.

3. The review team will analyze the position papers in September and October. Further information may be required from the Department during that time. I expect you will have the opportunity to present oral briefings to the team in September on the position papers prepared by your respective Branches.

4. It should be stressed that these position papers should not simply reflect the status quo. The Operational Review is taking place within the context of severe governmental restraint. It is thus in our best interests to put forward ideas and proposals aimed at making our operations more cost effective and efficient wherever possible.

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External Affairs
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INFORMATION SYSTEMS AND RECORDS MANAGEMENT DIVISION DIRECTION DES SYSTÈMES D'INFORMATION ET ARCHIVES

CONTROL AND REQUEST CONTRÔLE ET DEMANDE

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Vol 9

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5. While primary responsibility for the preparation of the position papers will fall within your three respective Branches, it is clear that several of the papers will require substantial input from other functional and geographic Branches. Position papers number one (allocation of resources to programs); six (resources for program planning, policy development and coordination); seven (resources needed for very large posts abroad); and, eight (consolidation of functions in "regional" posts) especially will demand considerable inter-Branch coordination.

6. There is clearly a great deal of work to be done within a short period of time. I must stress the high priority which Ministers attach to the Operational Review and its ultimate recommendations. I am confident that the full cooperation of all Branches can be counted upon to ensure the successful and timely completion of the review.



Marcel Massé

OPERATIONAL REVIEW: DEA POSITION PAPERS

Responsibility Centers

1. Allocation of Resources to Programs - CMA/Balloch
2. Personnel Policies - ADD/Morgan
3. "Style" of DEA operations - ABD/Boehm,
A/MRD/Hughes
CMR/Currie
4. Resource Requirements for
Departmental Administration - MCB:
MGD/Small
MFR/Gordon
MFS/Dunseath
5. Size and cost of Canadian foreign
service compared with those of
certain other states - APG/Irwin plus
ADD/Morgan
6. Resources for program planning,
policy development and coordination
functions in DEA Headquarters - To be
determined
7. Resources needed for very large
posts abroad - CME/Kuntze
8. Consolidation of functions in
regional posts - CMA/Balloch

DEA POSITION PAPER #1

SUBJECT

Allocation of Resources to Programs.

PURPOSE

To enable the Team to make an objective assessment of the appropriate level of resources necessary for the effective and efficient performance of DEA's mandate and functions.

SCOPE

This paper should cover the issues raised in Items 1 and 2 under the 'Scope' heading of the Terms of Reference.

Part III of the DEA Estimates for 1985-86 provides a useful framework for the information required.

It would be useful to analyse the allocation of financial resources and persons-years according to geographical regions as well as by functions (e.g. political, economic, trade development, social, etc.)

In addition, the paper should include an historical perspective, comparing the current resource picture with the allocation of resources say, 5 and 10 years ago.

The paper should include an assessment of DEA's grants and contributions.

The paper should identify clearly the resources now devoted to the delivery of programs to satisfy the requirements of other departments and agencies and also the resources provided to respond to the requirements of the central agencies. Wherever possible, the paper should distinguish between fixed and variable costs, and between discretionary and non-discretionary expenditures.

The paper should reflect to the extent possible the parallel work being done by DEA to respond to the need for person-year reductions to be identified by October 1, 1985.

POSITION REQUIRED FROM DEA

- Resources currently allocated and reasons for the allocations required to carry out the existing mandate and functions of the Department.

DEA POSITION PAPER #2

SUBJECT

Personnel Policies

PURPOSE

To enable the Team to assess the extent to which DEA's personnel policies could be modified to achieve greater economy without impairing effectiveness and efficiency.

SCOPE

This paper is intended to cover Items 3, 6 and 10 of the Terms of Reference.

The paper should include the rationale for DEA's policy on rotation and the use of locally engaged staff. In particular, to what extent would it be acceptable to replace any of the Canada-based staff now delivering programs abroad with locally engaged staff? The response to these issues should, of course, differentiate between the several program functions.

To what extent would it be acceptable to replace rotational foreign service officers who are now employed in delivering programs abroad which are related to the interests of other departments and agencies, with specialist officers seconded from these departments and agencies? This study should also examine the broader use of officers from other departments and agencies or the private sector generally. What duration of posting abroad would be optimum in such cases?

The paper should describe the present profile of DEA's work force, and the human resource planning implications of moving towards alternate profiles.

POSITION REQUIRED FROM DEA

Conclusions from an examination of the above issues as to the extent to which alterations in personnel policy would be conducive to greater economy without unacceptable loss of effectiveness and efficiency.

DEA POSITION PAPER #3

SUBJECT

'Style' of DEA Operations

PURPOSE

To enable the Team to understand the special circumstances which influence the style in which DEA conducts its operations and to assess the relative significance of these influences.

SCOPE

This paper, which covers Item 4 of the Terms of Reference, is concerned with how the staff of DEA live and work, what governs the quality of accommodation at posts abroad and what level of hospitality must be offered, and what amount of travel is necessary to operate effectively.

It would be useful to know how Canadian standards differ from those of other comparable countries.

If possible, the paper should include examples of hospitality diaries, and examples of the relationship between the scale of entertaining and the need for suitable accommodation. At what operational levels should an officer have representational accommodation and allowances?

The paper should also examine the composition of Canadian delegations to conferences abroad. To what extent can attendance from headquarters be avoided by relying on staff at posts abroad, and, where headquarters must be represented, to what extent can one delegate represent the interests of all divisions?

Where the subject of a conference abroad is such that representatives of other departments and agencies must attend, to what extent is it necessary for a representative from DEA headquarters to attend as well?

POSITION REQUIRED FROM DEA

An assesment of the extent to which a modification of the standards and practices involved in the above could lead to greater economy without an unacceptable loss of efficiency and effectiveness.

DEA POSITION PAPER #4

SUBJECT

Resource Requirements for Departmental Administration.

PURPOSE

To enable the Team to make an objective assessment of the appropriate level of resources for various DEA administration activities, including operational support, telecommunications, physical resources, and information.

SCOPE

This paper will cover the issues in Item 5 of the 'Scope' heading of the Terms of Reference.

The paper should identify the resources devoted both to DEA needs, and to the needs of other government departments in specific administration activities, and compare the size of DEA Administration with that of other government departments. Workload indicators should be employed whenever possible: for example, volume of telex messages, and properties and records managed, as compared to resources. The more discretionary activities should be identified.

Since many administration functions are influenced increasingly by technological innovation, the paper should highlight areas where administrative efficiency and effectiveness could be improved through the application of new technologies.

POSITION REQUIRED FROM DEA

- Resource currently allocated and reasons for the allocations required to carry out the existing administration responsibilities of the Department.
- Options to improve the efficiency and cost effectiveness of various administration activities, with implications of each option.

DEA POSITION PAPER # 5

SUBJECT

The size and cost of the Canadian Foreign Service compared with those of certain other states.

PURPOSE

To enable the Team to establish a comparative framework against which to assess the issues which will arise from the program review.

SCOPE

This paper covers Item 7 in the Terms of Reference.

Overall figures can probably be gleaned from equivalent publications to our annual estimates and annual reports.

The countries selected for comparison should be confined to the "West" with comparable treaty and other international obligations.

POSITION REQUIRED FROM DEA

- An assessment of how Canada's Foreign Service compares in size with those of selected countries, taking into account international differences in the responsibilities, structure, and interests of national governments.

DEA POSITION PAPER #8

SUBJECT

Consolidation of Functions in 'Regional' Posts.

PURPOSE

To analyze the possibility of consolidating some DEA functions and activities abroad in regional posts.

SCOPE

This paper is intended to cover Item 11 of the Terms of Reference.

This paper should examine whether gains in efficiency and/or cost effectiveness could be achieved through the centralization of some DEA functions and activities abroad at certain strategically-located posts. This may involve possible reductions in the size and scale of activities at some posts, which could lead to the development of more specialized posts in some regions, linked to relatively larger, more general-function posts. Could overhead and operational costs, and duplication/overlap of activities be reduced through such a consolidation?

POSITION REQUIRED FROM DEA

- Options for reorganizing and consolidating some DEA functions in certain posts, including analyses of the relative cost effectiveness of each option, as well as implications.

DEA POSITION PAPER # 7

SUBJECT

Resources Needed for Very Large Posts Abroad.

PURPOSE

To enable the Team to understand the factors which give rise to the size of these posts and to assess the significance which should be attached to each factor.

SCOPE

This paper covers Item 9 in the Terms of Reference.

At least three or four of the largest posts should be selected for analysis.

To assist the Team in understanding the situation in each post, a comparison by program between one post and another would be useful.

The paper should identify the resources required to support DSS and DND operations at these posts.

POSITION REQUIRED FROM DEA

An assessment of the options available for reducing the size of these large posts.

July 15, 1985

WORK PLAN FOR OPERATIONAL REVIEW
OF THE DEPARTMENT OF EXTERNAL AFFAIRS

PURPOSE OF THE REVIEW

To determine whether the Department of External Affairs is properly resourced to carry out its mandate and functions and to make an objective assessment of the options for resource changes in the Department.

TERMS OF REFERENCE

A review team is to be established which will undertake a critical examination of the resource requirements of the Department, including a review of current standards and style of operations, a comparison with foreign services of other countries, and an assessment of specific efficiency and cost effectiveness issues.

The final report of the team is to include an objective assessment of the appropriate level of resources required and options for resource changes.

Draft terms of reference have been made available to the team but have not yet been approved by the Secretary, Treasury Board of Canada, and the Under-Secretary of State for External Affairs.

THE OPERATIONAL REVIEW TEAM

<u>Chairman</u>	-	Mr. W.A.B. Anderson
<u>Treasury Board Secretariat</u>	-	Mr. M. Williams Mr. T. Brown
<u>Office of the Comptroller General</u>	-	Mr. S. Whiteley
<u>Department of External Affairs</u>	-	Mr. I.N. Dawson Mr. D. Adam
<u>Executive Secretary</u>	-	Mr. D. Tippin

The team envisages the need to involve representatives of other departments and agencies when examining the resources committed by DEA to these other bodies. The team will make specific recommendations as to such additions to its membership when the work reaches an appropriate stage.

REPORTING RELATIONSHIPS

The work of the team is under the direction of the Secretary, Treasury Board of Canada, and the Under-Secretary of State for External Affairs to whom a final report will be made in December, 1985. The target date for this report is December 6.

The Deputy Secretary, Program Branch, Treasury Board Secretariat and the Assistant Deputy Minister, Policy Coordination, Department of External Affairs may call for interim reports from the team.

SCHEDULING OF THE WORK

The work will be undertaken in four phases:

Phase I - July 2 - 19. Development and approval of Work Plan.

Phase II - July 20 - August 31. Preparation by DEA of position papers on selected issues.

Phase III - September 1 - October 31. Team discussion of and conclusions on DEA/ position papers.

Phase IV - November 1 - December 6. Development of Final Report.

DEA POSITION PAPERS

The most critical problem confronting the Review Team is to do justice to the quite comprehensive terms of reference in the quite limited time available. The Team has no analytical staff of its own and must therefore depend on the Department of External Affairs to present the Team with a series of position papers on the various issues raised by the Terms of Reference. These papers will contain the relevant facts and the Department's analysis and preferred position on each issue. As a guide, the papers should not exceed some ten pages in length, exclusive of Appendices.

Position papers will be prepared during Phase II on the following subjects:

- Paper 1 Analysis of the resources allocated to DEA programs at headquarters and abroad, including support for other departments and agencies.
- Paper 2 Analysis of DEA personnel policies, including rotational policies, use of secondments from other departments and agencies and the private sector, use of locally engaged staff and the factors affecting human resource planning.

- Paper 3 Analysis of practices which affect the "style" of operations, including accommodation, hospitality and travel.
- Paper 4 Analysis of resource requirements for departmental administration, including operational support, telecommunications, physical resources and information.
- Paper 5 Analysis of comparative size and cost of the Canadian foreign service and those of other comparable states.
- Paper 6 Analysis of resources required for program planning, policy development and coordination.
- Paper 7 Analysis of resource requirements for large posts, including support for DND and DSS operations abroad.
- Paper 8 Analysis of the possibility of consolidating some functions in "regional" posts.

METHODOLOGY

The team intends to use the DEA position papers as agenda items for regular meetings. Meetings for one half-day per week are envisaged for Phases III and IV, to be increased in pace as the work progresses and the need arises.

Any proposal to travel outside Ottawa would be the subject of a separate recommendation.

SECURITY

There is no security attached to the existence of the operational review nor to the nature of its work. Departmental officials will be classifying working papers as appropriate. The Chairman will determine, in consultation with the Steering Committee, the appropriate classification of the interim and final reports.

APPROVAL OF WORK PLAN

This work plan is submitted for approval on July 15, 1985.

W.A.B. Anderson
Chairman



G WEIR/36646/eb

TO/A
FROM/DE
REFERENCE
RÉFÉRENCE
SUBJECT
SUJET

CCB
CGS

*Glenn
return
Director
1984-08-29
Bill*

Security/Classification	Received - Reçu (SECRET) 08-047
Accession/Référence	Aug 28 1984
File/Doossier	2-1-EPD-7
Date	August 24, 1984
Number/Numéro	CGS-0185

Strategic Overviews from
Other Departments: Foreign
Policy Implications

*none
1984-08-29
Bill*

ENCLOSURES
ANNEXES

1

DISTRIBUTION

- A/CGD
- CGL
- CMD
- CPD/Heinbecker
- CPDE/Walsh
- CPDP/Chapin
- EED
- EER
- ETD
- ETS
- EPD
- JCD
- SCD
- SCC
- SID
- IDR
- TIS
- TER

Summaries of the foreign policy-related sections of the 1984 Strategic Overviews received from other Departments are herewith submitted as a contribution to the "Framework" exercise. It should be emphasized that the overviews were prepared prior to 30 June 1984 and that many never received ministerial signatures; these summaries accordingly are offered only as an indication of the policy approaches of senior officials.

2. The summaries are listed in alphabetical order by name of Department. It will be noted that not all departments submitted overviews and that some departmental overviews contained no references to matters of foreign policy relevance and are therefore not listed.

C.V. Svoboda
Acting Director
Sector Policy
and Coordination

SECRET

AGRICULTURE CANADA

- Market development (domestic and international) is one of six strategic areas identified as providing opportunities for progress towards objectives of growth, stability and competitiveness. In many cases, Canadian share in international markets must be maintained or expanded to achieve significant results. The SO notes also that growth depends inter alia on replacement of agri-food imports (involving a considerable range of semi-processed and processed foods) with domestic production.
- To achieve targets, the SO concludes: (1) emphasis on market development needs to be significantly expanded; (2) international credit arrangements and financing of exports need to be "critically examined" in relation to trade policy generally and to trade policies of export competitors.

CIDA

Official Development Assistance -
1985/86 - 1988/89

- addresses the qualitative and quantitative changes in the aid program that will be required to meet Canada's aid pledge of 0.7% of GNP by 1990/91 -- an increase to approximately \$4.5 billion over the next six years from the present level of about \$2.0 billion;
- cuts \$56 million from this year's projected disbursements to help finance the Government's First Chance manpower training program;
- reviews measures which are being taken to establish more efficient delivery mechanisms and strengthen the links between responsibility and accountability;
- includes in the financial framework the Aid/Trade Fund, which will provide up to one-half of the growth in ODA from 0.5% to 0.7% of GNP by 1990/91;
- revisits the issue of country eligibility in the light of continuing person-year constraints;
- proposes special measures for Africa, including the raising of the "untying" authority, in view of the serious economic crisis on that continent.

COMMUNICATIONS

- In noting that the 1983 SO set out the key priority issues and that the underlying circumstances have changed little, the Minister identifies three key priority issues for the Department where essential initiatives need to be undertaken, of which the international dimensions are as follows:
 - a) telecommunications regulatory policy
 - the example of US deregulation is creating mounting pressure for Canada to move in the same direction to guard against the possibility of Canadian users seeking cheaper US services;
 - b) cultural policy
 - the challenge is to retain a clear and satisfying Canadian choice of cultural products in the face of severe competition and "cultural inundation", which will require "fostering the creation and production in Canada by Canadians of world class content";
 - c) Research and Support to Industry
 - SO notes serious balance of payments deficit in area of information technology equipment (more than \$1.6 billion), chiefly made up of trade in computers, and concludes that the major challenge for the Government is its role in assisting and facilitating Canadian industries to compete in intensely competitive markets.

...3

CONSUMER AND CORPORATE AFFAIRS CANADA

- Primary international issue raised is protection and promotion of Canada's interests in matters of international competition policy to facilitate freer trade.
- CCAC foresees economic situation likely leading to an increase in anti-competitive behaviour, including calls for greater protection from foreign competitors.
- Regarding the goal of encouraging and supporting positive competitive forces, CCAC will be concerned with:
 - reviewing product standards to ensure they are not non-tariff barriers to trade;
 - examining legislative and policy-making innovations by Canada's trade partners with a view to possible adoption;
 - reviewing impact of changes in CCAC's regulations and programs on export trade;
 - participating actively in the economic and commercial policy process (including import policy, sectoral free trade, anti-dumping cases and FIRA).

EMPLOYMENT AND IMMIGRATION

- predicts that the volatile international environment will produce increasing flows of migrants to Canada, but notes that domestic economic difficulties may generate some pressure to limit immigration;
- states that the "priority thrusts" for Canadian immigration policy will include:
 - selection of labour market directed immigrants on the basis of occupational imbalances
 - review of family immigration policy and streamlining the refugee status determination process
 - development of a more comprehensive enforcement policy and control mechanisms on immigrant movement and fraudulent documentation.

ENERGY, MINES AND RESOURCES

- In general, the SO notes there has been no fundamental change in the environment to require major changes in the direction of the Department's programs or initiatives.
- On energy, notwithstanding the unpredictability of fluctuating international oil prices and the depressed USA market for natural gas, the Energy Program policy objectives have not changed from those enunciated in the National Energy Program (although federal-provincial agreements have been amended).
 - Department will continue initiatives to foster exports of oil and natural gas as well as coal and electricity.
- On minerals, continuing depressed prices have had impact for employment, new investment and developing new mines, but Department is optimistic on future prospects if measures are taken to enhance productivity and remove non-tariff barriers to exports.
 - In response to Cabinet's request in 1980 for a thorough review of the potential for the minerals and metals sector, a "Framework Strategy on International Minerals," intended to facilitate penetration of foreign markets, is to be submitted to Cabinet in FY 1985/86.

ENVIRONMENT

- calls for a "review of our international stance in relation to global cooperation on development and environment matters, and our environmental security";
- indicates that the Forest Sector Strategy will be adjusted to reflect factors such as the emergence of non-tariff barriers in major markets for Canadian products;
- notes Canada's concerns with clean-up of the Niagara River and with USA emissions of sulphur (SO₂) and nitrogen oxides (NO_x);
- indicates plans to introduce a new Export, Import and Interprovincial Transport of Wildlife Act, and to complete a North American Waterfowl Management Plan.

FISHERIES AND OCEANS

- Emphasis of Department's activity to shift to fishing and ocean industry viability and competitiveness, in part through Marketing and International Initiatives.
- Export potential could be nearly doubled by 1990 (from 1.6 billion to 3 billion), but Canadian industry faces strong competition in export markets, and demand will be influenced inter alia by exchange rate fluctuations, resource fluctuations, market access problems, and market dislocation resulting from introduction of artificial fish products.
- Initiatives to improve marketing include: profile-raising Ministerial missions abroad; creating a forum for processor discussions; establishing new funding mechanisms and developing a comprehensive stabilization program to address risks of extreme fluctuations in world markets; underwriting high risks involved in penetrating non-traditional markets; developing fish export marketing organization legislation; promotion campaigns in existing markets (particularly North America); allocating surplus and non-surplus stocks of fish to other countries in return for trade considerations; taking vigorous action under the GATT to protect the industry from increased trade protectionism; increasing significantly the fisheries component of the food aid basket (as agreed recently by Cabinet); and resolving maritime boundary disputes.
- At same time, a number of important international issues need to be addressed, including, among others:
 - Gulf of Maine/George's Bank boundary dispute with USA, and negotiation of new co-operative arrangements i.e., fisheries and non-renewable resources;
 - effect of acid rain on Atlantic Salmon and freshwater sport fish in Canada;
 - internal differences within the US impeding satisfactory conclusion of a Canada/USA Pacific Salmon agreement;
 - adverse effects of the European anti-sealing movement on earnings;
 - French access to fisheries resources in the Gulf of St. Lawrence.

- Impact of recently concluded Law of the Sea Conference, in particular its implications for technology transfer, which still need to be assessed.

FITNESS AND AMATEUR SPORT

- notes the emergence of international sporting events as instruments of foreign policy, and suggests that such events provide opportunities "to raise the profile of Canada as a nation";
- suggests that provision of Canadian technical assistance to Third World sport programs could be useful in improving relations with developing countries;
- states that Canadian representations will continue to be made in the international community with reference to developing measures to combat drug use in sport.

HEALTH AND WELFARE

- notes that it proposes to utilize a T.B. submission to obtain resources necessary for implementing the terms of the International Psychotropic Convention, which Canada is expected to ratify.

JUSTICE

- states that the Minister of Justice and the Solicitor General will review the role of the RCMP and the Attorney General in regard to enforcement of certain provisions of federal legislation significantly affecting national and international interests (e.g., treason);
- proposes that Canada should continue to be represented, through the active involvement of Justice officials, in international forums dealing with Transborder Data Flow;
- emphasizes plans for legislation dealing with foreign extraterritorial measures, the offshore extension of Canadian law, and extradition and mutual assistance in law enforcement.

NATIONAL DEFENCE

- In considering that any reduction of current undertakings or the commitment of additional forces would necessitate a major review of defence and foreign policies, which in his view would be inappropriate at this time, the MND has presented three program options relating to the shorter-term problem of achieving and maintaining the capability to carry out current defence policies:

- a. OPTION 1: Move gradually towards improving the CF capability to carry out current undertakings. This option provides mitigation of some key shortfalls in capabilities. The most demanding tasks would be better carried out. About 5,000 to 10,000 new permanent jobs in FY 1985/86 and FY 1986/87 would be created in Canada;
- b. OPTION 2: Achieve full capability within next ten years. This option would result in significant improvements to Canada's military capabilities. It will enhance Canada's ability to contribute to its own security and its standing with its allies;
- c. OPTION 3: Maintain current pace of modernization. Under this "status quo" option, which projects approved DSP levels to 1988/89, in MND's view reductions in the forces committed after 1987 would be inevitable. It is unlikely that the substantial gap between current undertakings and capabilities would ever be bridged.

- Their financial implications would be:

<u>OPTION</u>	<u>85/86</u>	<u>86/87</u>	<u>87/88</u>	<u>88/89</u>
1	9,784	10,946	11,887	13,008
2	9,856	11,106	12,458	14,048
3	9,521	10,373	11,153	12,067

- Broader policy questions on which MND will be seeking some preliminary policy guidance in future include:
 - a. whether the continuing evolution of the threats and challenges to Canadian interests warrant a fresh look at how these interests might be better secured;
 - b. Canada's contribution to the defence of North America;
 - c. the cohesiveness of the North Atlantic Alliance;
 - d. the continuing viability of a North American industrial defence base; and
 - e. the possible need for a major review of defence policy.

- Accordingly, the SO recommends that Ministers agree that:
 - a. Canada's current policy continue to govern forthcoming decisions until such time as a defence policy review has been completed;
 - b. the forces should, in an emergency, be able to meet and sustain our collective defence undertakings to the extent possible within approved envelope levels;
 - c. continuing improvements in the capabilities of the forces are required to ensure full implementation of current defence policy; and
 - d. reference levels which permit gradual improvements in force capabilities to carry out current undertakings (i.e. OPTION 1) be submitted to CCPP.

...9

NATIONAL RESEARCH COUNCIL

- reviews the need to improve Canada's R & D record, and recommends that "a more formal mechanism within government" be established to coordinate the promotion of Canadian technology through international collaborative programs;
- states (without elaboration) that the NRC is "exploring a number of ways of improving access to foreign technology".

REGIONAL INDUSTRIAL EXPANSION

- In the face of uncertain growth prospects, competitive adaptation to a world of new technologies and a changing international trading environment, DRIE has identified three broad strategic priority areas: (1) expanding markets, with priority attention inter alia to expanding exports; (2) stimulating investment (including clarifying federal investment policy); and (3) improving competitiveness.
- One of the key initiatives for pursuing these strategic priorities is to identify sectors in Canada-US trade which stand to gain from trade liberalization with the US through further north-south rationalization and joint marketing in other economies.
- In reviewing regional and sectoral strategies, DRIE identifies forest products and metals and minerals for priority attention over the medium term because these areas are heavily export-oriented. DRIE also indicates that priority sectors "in need of adjustment" include textiles, clothing, footwear and tanning, fish products, oil-based petrochemicals, automotive, farm machinery and marine equipment.
- Priorities are to be addressed largely through redeployment of existing financial and human resources. Inter alia the percentage of DRIE program expenditures to be devoted to marketing is to increase from 0.8% in 83/84 to 10% in 87/88.

SCIENCE AND TECHNOLOGY

- emphasizes the key role that science and technology must play in Canada's efforts to remain competitive in world markets, and the importance of reducing barriers to international high technology trade -- particularly non-tariff barriers such as government procurement practices -- in a way that does not impede the development of Canada's high technology industries;
- recommends federal government encouragement of international collaborative S & T activities which offer clear benefits to Canada.

SECRETARY OF STATE

- notes its coordination of the national program for International Youth Year in 1985.

SOLICITOR GENERAL

- expresses "particular concern" about the "increasing sophistication and international nature of organized crime, centred on the trade in illicit drugs," and recommends:
 - implementation of an External Affairs-RCMP educational program warning travellers about the risks of drug trafficking;
 - authorization for the RCMP to conduct selected assistance operations against drug trafficking in foreign jurisdictions;
 - review of the kinds of assistance the RCMP can extend to USA authorities to ensure an effective level of Canadian cooperation;
 - establishment of mutual assistance treaties with selected countries in support of law enforcement;

...11

- states that efforts will be made to ensure that, where appropriate, foreign nationals currently housed in federal penitentiaries will be deported in a timely manner;
- stresses that Canada's "potential as a venue for terrorist activity and as a staging ground for terrorist attacks remains high";
- warns that "the activities of hostile intelligence services constitute a serious long-term threat to national security," and notes that a major priority of such services is scientific and technical intelligence gathering;
- draws attention to legislation establishing the civilian Canadian Security Intelligence Service, which is termed a "first priority" among the Ministry's policy initiatives as well as a reflection of the Government's desire to achieve national consensus on an approach to security intelligence matters.

STATUS OF WOMEN

- submits with reference to immigrant women that "improvements can be made to the design of entry requirements and processing...to ensure that women have equal access and benefit".

SUPPLY AND SERVICES

- notes the challenging world economic environment, and states that "a primary goal of the Supply Program must be to achieve import replacement wherever possible";
- projects an increase in the Canadian content of federal procurement by an average of 10% per year over the next three years, excluding procurements covered by GATT;
- states that improving Canadian industry's international competitiveness is one purpose of "an aggressive program of source development", and that the Export Supply Directorate will seek an additional \$300 million of new export business over the next four years.

TRANSPORT CANADA

- The primary international issue raised is effect of US deregulation on Canadian transportation, both passenger and freight traffic; in particular, diversion of traffic to US carriers is threat to longer-term viability of Canadian trans-border carriers. Also, USA government and carriers argue that Canadian carriers receive unfair regulatory protection in Canada while taking advantage of USA deregulation.
- For air traffic, deregulation is one of two basic factors causing Minister of Transport to consider a liberal domestic air transport policy. Memo was to be submitted to Cabinet in May, 1984. Changes to be phased in over five years.
- For trucking industry, the SO concludes federal government needs to take lead in counteracting US pressures.
- For railroads, the CTC was to report to Minister on effect of US deregulation in summer, 1984.
- A secondary issue is deep sea merchant shipping, where action by other countries to promote and protect their fleets is reducing the competitiveness of international shipping markets. A business-labour task force (announced in Throne Speech) was to report to Minister in summer, 1984, on the question of encouraging a Canadian flag deep sea merchant fleet.



LCD/John W. Graham/3-7895/jgh

Copy given to J. McPhee RE
cc Jan McLean RE
close June 22/84 RE

A-7

TO/À CPD

FROM/DE • LGB

REFERENCE • CML Memorandum no. 087
RÉFÉRENCE dated June 14, 1984

SUBJECT • Departmental Strategic Overview
SUJET

Security/Sécurité	
CONFED. - MANAGEMENT INFO	
Accession/Référence	
2-1-12	
File/Dossier	
- 9/49	
Date	
21 June 1984	
Number/Numéro	
LCD 0173	

ENCLOSURES
ANNEXES

DISTRIBUTION

It was agreed at this morning's meeting of the Executive Committee that any drafting proposals would be put to you rather than raised in the Committee.

2. We would like to propose the following change on page 12 under the heading Central America. At present, the lead-in paragraph reads:

"Central America is an area we have neglected and our trade and economic interests are minimal. But it can no longer be ignored ..."

Given the extensive attention devoted to Central America recently and the articulation of fairly clear Canadian policy, it would be more accurate to say:

"But it is no longer being ignored", rather than "But it can no longer be ignored".

3. If you have any difficulty with this or similar wording, please let us know.

Claude T. Charland
Assistant Deputy Minister
Latin American and
Caribbean Branch

TO/À TOUS LES DIRECTEURS GÉNÉRAUX ET DIRECTEURS, MINISTÈRE DES AFFAIRES EXTERIEURES

FROM/DE DMT

REFERENCE / RÉFÉRENCE

SUBJECT / SUJET SUIVI SUR NOTRE RÉPONSE AUX RECOMMANDATIONS DU GROUPE DE TRAVAIL MINISTERIEL CHARGÉ DE L'EXAMEN DES PROGRAMMES CONCERNANT LES SERVICES ET SUBVENTIONS

Security / Sécurité	SANS COTE
Accession / Référence	
File / Dossier	2-1-12
Date	20 juin 1986
Number / Numéro	DMT-485

ENCLOSURES / ANNEXES

DISTRIBUTION

J'aimerais rencontrer tous les directeurs généraux et directeurs afin de vous mettre au courant des projets du Ministère pour donner suite aux recommandations du groupe de travail ministériel, tel qu'endoctrinées par le Cabinet.

A cet effet, j'ai arrangé deux sessions d'information de 45 minutes chacune, mardi après-midi, le 24 juin, dans la salle de conférence du Crush lobby.

La première session pour les directeurs généraux commencera à 14 heures et sera suivie d'une deuxième session à 14:45 visant les directeurs.


R.L. Richardson

*Seminal
Apparently DOT
will hold a briefing on
June 19 on this subject; hence,
the background papers.*

16/6/86 Nelson Task Force

SECRET

Appendix A to Ministerial Recommendations

Plans of the Department of External Affairs

The following steps are planned within the Department of External Affairs to give effect to the Recommendations of the Study Team as endorsed by Cabinet:

1) To achieve greater visibility and to reduce confusion as to where the international trade function is provided:

a) a proposal to reinstate "International Trade" in the title of the Department (having been lost in the 1983 Organization) will be pursued; and

b) steps will be taken in cooperation with DRTE and the provinces to provide more visible and effective "international trade" services in each of the provinces.

2) Changes in the deployment of personnel within the Department and their organizational structure will be made to clearly identify points of contact for the private sector, other departments and the provinces. These changes will identify the contact points which correspond to the structure of the Sector Advisory Groups on International Trade and thus facilitate contact and eliminate confusion for those seeking services from the Department of External Affairs for international marketing or on trade policy matters. These structural changes will be complemented by changes in Head Office to facilitate visits by businessmen to the Department as the focal point in the government for international trade.

*- surely only
"new" contacts
need pts of contact
on marketing + policy*

3) A number of changes have already been introduced to improve the effectiveness of the foreign trade service in accordance with the recommendations of the Study Team. These include:

a) the implementation of a National Trade Strategy which sets priorities, selects targets, and provides a monitoring system to measure results against objectives. This Strategy has been implemented with the full participation and support of the private sector and provincial governments;

b) the reinstatement of the nomenclature "Trade Commissioner Service" will be accentuated, improvements in the selection and training of officers are being implemented, and the interaction of the Service with the private sector is being strengthened;

c) ~~WIN-EXPORTS~~ a computerized trade management system, is being implemented to improve the speed and effectiveness of matching market opportunities to Canadian supply possibilities.

4. Interchanges with the private sector and domestic departments will continue to be used to increase knowledge and broaden the base of practical experience and skills available to the participating organizations. (The Department's secondment program currently involves 384 persons, primarily to and from other departments.)

DATE RECEIVED DATE REÇUE
JUN 16 1986
PPD

Appendix C to Ministerial Recommendations

Status of Recommendations
of Ministerial Task Forces on Program Review
requiring action by
the Secretary of State for External Affairs and/or
the Minister for International Trade

Para Description and Status

94-85RD Services and Subsidies to Business

- 03 on-line trial of BOSS (Business Opportunities Sourcing System) at 3-4 USA posts. A program using micro-computers to carry BOSS data base is on test and will be evaluated by 30 Jun 86.
- 09 cost recovery of Defence Programs Branch. After further examination with Secretariat officials of the implications of implementing cost-recovery for this small program, it was agreed that this RD should be re-visited. The Minister for International Trade has written to the Chairman of the Task Force to so recommend.
- 11 transfer Research Assistance Fund from Department of Communications to Department of External Affairs. Completed.
- 35 assess potential for contracting out international tourism marketing. Tourism Canada is engaged in discussions with Canadian air carriers, and DEA will complete the conversion of its 22 tourism positions overseas from Canada-based to locally-engaged personnel by Sep 86.
- 36 consolidate the Export Supply Branch of the Department of Supply and Services with the Canadian Commercial Corporation; move to cost recovery; and reduce total resources by at least 10%. Completed.
- 37 P&P and PPP rationalization and cutback to 70% of their aggregate FY84/85 levels. P&P approved a plan on Oct 8, 1985 which provides for the cuts to be phased in over the next two fiscal years. Implementation of the recommendation will be completed on schedule.
- 38 eliminate duplication and reduce overlap in the area of international marketing. Action to implement recommended in this Memorandum.
- 39 transfer the Cost Recoverable Technical Assistance Program to CIDA's Industrial Cooperation Program. Discussions with CIDA have uncovered problems of compatibility, and alternatives are under investigation. To be reported by Sep 30, 1986.
- 43 amalgamate the Import Tribunal, Tariff Board, and Tariff and Clothing Board. Discussions among the departments concerned are well advanced and recommendations will be incorporated in a Memorandum to Cabinet to be submitted by May 31, 1986.
- 48 accede to Patent Cooperation Treaty. Prior action by Department of Consumer and Corporate Affairs is required to amend relevant domestic legislation.
- 91 evaluate all Department of External Affairs information activities. Because of major reorganizations within the Branch concerned the evaluation was delayed, but is now scheduled for Autumn, 1986.
- 95 Trade Publicity Program to be included in the information activities evaluation.

106-85RD Training, Job Creation and Employment Programs

- 21 international exchange programs. The evaluation is complete. The SSEA and the Minister of Employment and Immigration have agreed with its conclusions and recommendations and have co-signed a report to the chairman of the ministerial Task Force.

154-85RD Agricultural Programs

- 03 Agriculture Canada to establish and implement market-oriented strategies from research to export sales. Agriculture Canada is to consider strategies to be formulated in cooperation with, among others, the Minister for International Trade who has written to to assure the Minister of Agriculture of his cooperation. The Deputy Minister for Trade has requested the Deputy Minister of Agriculture to begin consultations on how best to implement the Recommendation at the earliest opportunity.
- 10/6 assignments abroad for agricultural-technical specialists. Senior officials of the Department of External Affairs and Agriculture Canada have agreed in principle on modalities and have begun the process of identifying likely postings.
- 11/1 recommendations affecting grains and oilseeds.
- 1) An MC on Fees for Credit Grain Sales is in process;
 - 2) IOS Pilot Plant Corporation. Completed.
 - 3) Responsibilities of the Department of External Affairs in relation to the Grains and Oilseeds Programs. Discussions between Minister for International Trade and Minister of State (Canadian Wheat Board) to delineate the separation of domestic and international responsibilities are in process.
- 11/2 separate office with operational responsibility for Grains and Oilseeds matters. The Minister for International Trade conveyed views to the Chairman of the Task Force. Action on resource allocation will follow from discussions on Para 11/1 (3) above.

3-0527-85RD(02)(1986) Immigration

- 31 changes to overseas immigration services to Canadians. Secretary of State for External Affairs has reported to P&P sub-Committee regarding recommendations including withdrawal from foreign recruitment and achievement of full cost-recovery where withdrawal is not feasible.

6-0427-85RD(01) Natural Resources

- 01 Department of Fisheries and Oceans to submit a National Fish Products Strategy. Annex notes that Department of External Affairs role in fisheries abroad should be maintained. The Minister for International Trade has written to assure the Minister of Fisheries and Oceans of his cooperation, and to request consultations among officials.
- 03/4 new structure for forestry. DEA has been consulted in respect of a proposal for a new structure for forestry and has indicated it has no objection providing its exclusive mandate for international marketing is recognized in the allocation of responsibilities and resources.
- 06 Energy Mines and Resources in collaboration with External Affairs is to report to the P&P sub-Committee regarding export market intelligence acquisition and enhanced market support for the sector as a whole. EMR, DEA, and DMIE to submit a plan to the sub-Committee on how to reallocate federal resources in the minerals and metals area, to reduce overlap and duplication, identify organizational and resource requirements, and achieve an overall reduction among the three departments of 50 PY's from 1985/86 levels. The Minister for International Trade has written to assure the Minister for Energy Mines and Resources of cooperation and to request consultations among officials.

6-0489-85RD Regulatory Agency Policy

- 11 reiterates decision in 94-85RD para 22 to accede to international Patent Cooperation Act after Department of Consumer and Corporate Affairs amends domestic Patent Act.
- 25 reiterates decision in 94-85RD para 43 to expedite merger of Canadian Import Tribunal, Textile and Clothing Board, and the Tariff Board.
- 26 Ministers for Agriculture and for International Trade to report to sub-Committee re feasibility of increasing imports of regulated products subject to the Farm Products Marketing Agencies Act. Minister for International Trade has written to the Minister for Agriculture to assure him of cooperation.
- 35 energy export licencing procedures. EIR and DEA to shorten and streamline approvals process and report to sub-Committee.

2-0448-85RD Culture and Communications

- 10 subject to review of International Cultural Relations, and Prime Minister's concurrence, Canada Council to assume grants, programming, and related activities of DEA Arts Promotion Program. X
- 21 recommendations concerning Canadian book publishing. Minister of Communications to report to sub-Committee on book publishing policy including continued support to expand markets in coordination with DEA export programs and development of an export strategy.
- 26 Minister for Communications, in cooperation with, among others, Minister for International Trade, to report to sub-Committee on a strategy for promoting and marketing cultural products at home and abroad. The Minister for International Trade has written to assure the Minister of Communications of cooperation and to request consultations among officials.
- 27 review of international cultural relations. MC to be submitted in June, 1986.

6-0489-85RD Regulatory Agency Policy

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- 27 review of international cultural relations. MC to be submitted in June, 1986.

Appendix D to Ministerial Recommendations

COMMUNICATIONS PLAN

Document Title

More Effective International Marketing

OBJECTIVES:

1. to demonstrate the utility and success of the Task Force Review process.

Duplication will have been eliminated and overlap reduced. Resources will have been re-allocated to more efficient and effective program delivery. And, overall real net savings will have been effected;

2. to reinvigorate the commitment to a vital job-sustaining and creating sector of the economy.

Most Canadians are still unaware of just how important exports are in their daily lives, and there is, in Canada, little sense of personal identification with exporting as a national industry as there is, for example, in Germany, Switzerland, or Japan. Implementation of these recommendations would provide a platform upon which a major communications program can be built, a program which will deliver a universally acceptable message, one which will develop a sense of national commitment to an important goal with all the implications of strengthening sovereignty and national culture. At its centre, the idea of Canada Inc.

3. to forge, under the aegis of the National Trade Strategy, a commitment by ordinary Canadians to the concept of exports as a basis of economic development (Canada Inc.), and defuse some of the public's concerns about the Canada/USA Trade Initiative.

By demonstrating both resolve and action to diversify Canada's international marketing activity, and by bringing to the attention of Canadians a National Trade Strategy that seeks to expand exports to all countries on the basis of a carefully developed and efficiently implemented plan of action, the Government will be in a position to counter many of the unreasonable claims made by opponents of the Canada/USA Initiative.

4. to reinstitute much more intimate contact with an influential and powerful lobby which is inherently pro-government.

By re-instating the structure through which the relationship between the government and the exporting community had been nurtured for almost a century, the Government will rebuild grass roots contact with a major constituency, and strengthen the medium through which more effective communications can be channeled.

2. Major Themes:

- a) the importance of exports to the economy at large and the individual in particular; "It's a Team Canada effort.";
- b) the first-ever National Trade Strategy, a clearly laid-out action plan to improve the well-being of all Canadians through job-creation and foreign exchange earnings;
- c) the level of effort (M/N) and anticipated success in diversifying exports to markets other than the USA; and
- d) the increased efficiency and effectiveness of the trade effort as a consequence of the Task Force Review.

3. Impact and Anticipated Reaction:

a) Special Interest Groups:

Exporters, provincial ministers of trade, trade and foreign relations associations, business media: enthusiastic and supportive

b) General Public/other:

news media, business community, individuals: supportive and positive

c) foreign governments and news media: positive, in particular in respect of counter-balance to Canada/USA initiative

4. ANNOUNCEMENT:

Method:

a) Press Release from Deputy Prime Minister announcing changes effected by Task Force Review to improve International Marketing capacity notwithstanding net savings in allocation of resources;

b) Press Release from Secretary of State for External Affairs and Minister for International Trade affirming trade as a primary goal of Canadian foreign policy, and noting strengthening of new Department's ability to deliver;

c) Press briefing by Minister for international trade and senior officials on announcement day to reveal Phase II of the National Trade Strategy; and

d) Inclusion of major themes of NTS in texts of speeches made by Government representatives in all economic fora, but in particular, as a counterbalance in grass roots tours undertaken to promote Canada/USA Initiative.

5. Places: 1. Ottawa 2. Other centres across Canada.

6. Specific Target Groups:

Exporters; Business and Trade Associations; Provincial Authorities; Multi-cultural Communities.

7. Participants:

PMO; Chairman, Ministerial Task Force; Secretary of State for External Affairs; Minister for International Trade; Other cabinet ministers, PC Caucus members.

8. Support Materials:

1. Updated booklets describing outcome of the Ministerial Task Force Review process, the importance of exports to average Canadians, and detailing Phase II of the National Trade Strategy

2. A letter from the Minister for International Trade to all companies (approx. 20,000) carried in the newly created WIN Exporters Directory, an outcome of the NTS Phase I to:

- advise them of the existence of the Directory,
- to request they confirm their listing is correct, and
- to present them with a copy of the Booklet on NTS II.

3. Speech modules for insertion into texts of PC Caucus members.

9. Total Communications Budget:

approximately \$100,000.00



CPD/Mary H. Walsh/6-6002

FILE DIARY CIRC CHRON

TO/À

CML/I. MacLean

FROM/DE

CPD

REFERENCE •
RÉFÉRENCE

SUBJECT •
SUJET

Departmental Strategic Overview

2-1-12
4-1

A-7

Security/Sécurité
Accession/Référence
File/Dossier
Date June 13, 1984
Number/Numéro CPD-0568

ENCLOSURES
ANNEXES

DISTRIBUTION

... As requested, attached is a revised description of Issue I: Structural Adjustment. Your paragraphs 1 and 2 remain unchanged and suggested revisions to paragraphs 3, 4, and 5 are underlined for ease of reference. We also include a resource request proposal related to Structural Adjustment.

Mary H. Walsh
Vice-Chairman (Economic)
Policy Development Secretariat

Policy Development Secretariat
June 13, 1984

Issue I: Structural Adjustment in a Decade of
Slower Growth

(Underlining indicates changes)

Canada must act to press international study, analysis and consensus-building forward on the key aspects of structural adjustment. This would include (a) detailed studies on a sectoral basis, of the causes, processes and patterns of structural change and adjustment (b) extension of country studies and policy reviews in order to look at specific cases of success and failure; and (c) analysis of trade-restricting and trade-distorting domestic policy measures and the scope for action on such measures in a new round of multilateral trade negotiations or in other fora.

It is clear that international arrangements will need to be developed for this process. For reasons of their key role, the OECD, the World Bank and the GATT are essential to the process envisaged. Participation of the newly industrialized countries must be ensured if this process is to have a real impact. Canada has played a significant part, in the OECD and the GATT in launching several components of this process, and strong continuing Canadian input and support will be important to its further progress and success. A Canadian-sponsored international conference on economic change and structural adjustment, early in the next fiscal year, may be a further step in developing understanding, both at home and with trading partners, of the implications of the changes taking place.

The growth in economic interdependence has resulted in a blurring of the distinction between "domestic" and "international" economic policies which necessitates the reconciliation of domestic policy and management and the requirements of an efficient, stable and equitable international economic system. The Department is developing a better capability to bring to the attention of the national economic community the threats and opportunities of the international environment from trends in international competitiveness. The Department will thus participate constructively in the development of domestic adjustment policies aimed at enhancing Canadian competitiveness and lead the preparations for a new MTN round. It is proposed that additional resources be devoted to understanding the issue of structural adjustment and developing positions for international negotiations and relations generally that are anchored in Canada's economic realities.

Policy Development Secretariat
June 13, 1984

1985-86 1986-87 1987-88 1988-89

1. Trade and Economic Development

I Bis Structural Adjustment Study

\$	250	100	50
PY	1	.5	



A-7

2-1-12
147

TO/A CML
FROM/DE CPD/McNee

Security/Sécurité
CONFIDENTIAL
Accession/Référence
File/Dossier
Date
May 30, 1984
Number/Numéro
CPD-0526

REFERENCE •
RÉFÉRENCE
SUBJECT •
SUJET

Strategic Overview: Meeting with RGB

ENCLOSURES
ANNEXES

RGB made two basic arguments on the S.O. outline:

DISTRIBUTION

1. Issue 2 - Canada's Relationship with the USA -- he argued not that Canada's relationship with Europe merited a separate "issue", but that the Canada/USA issue should be reconceived as a bilateral relations issue, i.e. Canada's relations with its major partners -- USA, Europe, Japan. He argued that our bilateral relations cannot simply be reduced to Canada/USA.
2. Issue 5 - Identification and exploitation of emerging markets -- RGB said that this should be expanded to include "maintenance and development of Canadian access in traditional markets".

CPD/
Heinbecker
Chapin

CMD

CGL/Glasgow

Secondary points he raised on the "Factors" included:

4. Global Trade and Protectionism -- what do we mean by "the problem of Europe in the international trading system".
5. East/West Tensions and Collective Security -- implications of USA-USSR relations go beyond arms control.

RGB was pleased to see the new overview of geo-strategic trends and again stressed the inseparability of economic and political matters.

There was also criticism from some of the Directors General of the structure of the S.O., that it was skewed towards trade, would give a new SSEA a partial view of the Department's activities, that culture, public affairs and immigration were relegated to a very secondary role, that it seemed to be neither a resource nor a policy document, that overall objectives seemed to have been downplayed, that its bias was toward the novelty rather than maintenance, which was one of our basic activities. RGB observed that the basic approach and structure had been agreed by the Deputies and the Under-Secretary, hence there was room only for modification, not complete revision.

John McNee
Policy Development Secretariat

CGS/Fowell

A-7

FILE CIRC DIARY

SECRET

RBR

2-1-12	
	44

Your memo CGS-0122, May 4, 1984

External Affairs Ministry of
State Strategic Overview

May 8, 1984

RBR 0940

IDR
IDA

Attached are suggested revisions to the third and fourth paragraphs of Part I "Key Policy Issues" of the Strategic Overview. Our amendments reflect the need to make some reference to Canada's relations with the other super-power, avoid a simple reference to "a policy of differentiation" which has taken on a more aggressive connotation in USA usage and to cover the Prime Minister's peace initiative.

ORIGINAL SIGNED BY
ORIGINAL SIGNÉ PAR
B. M. Mawhinney

Barry Mawhinney
Director
USSR and Eastern Europe
Relations Division.

Canada risks becoming a residual supplier economically and a residual partner politically with Western Europe as efforts to build private sector relationships have not met the success hoped for and as Canada's market shares in pulp and paper and agricultural/food products are coming under pressure. The Canada/France/Québec triangle will remain a preoccupation. Canada will continue to press for a stable bilateral relationship with the USSR while pressing for resolution of humanitarian issues. The cornerstone of Canada's policy vis-a-vis Eastern Europe will be to treat each country bilaterally on its merits rather than as an appendage of the Soviet Union and to encourage them individually to play a more independent role in promoting good East-West relations.

Canada's Contribution to Peace and Security

USA/Soviet relations are destined to remain strained at least until after the ^{ial} President/election, the Europeans are mistrustful of American political leadership in the Western alliance and the public debate within the West on approaches to security issues could intensify. The challenge will be for Canada to maintain the momentum of the Prime Minister's peace initiative; to continue to assert a distinctive role for Canada in encouraging high level East-West dialogue and contacts and in furthering the CSCE process including a human rights meeting in Ottawa in 1985.

FILE CIRC DIARY

9-7

RGB

RBR

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	44

Your memorandum RGB0068, February 20, 1984
and our memorandum RBR0330, February 17/84

February 21, 1984

MYOP AND STRATEGIC OVERVIEW SUBMISSIONS

RBR0348

MYOP

The following have been agreed in principle in the
1984-85 Post Planning Exercise, but are still contingent
upon sourcing from within the region; they are therefore
"double banked" in the MYOP:

RBD
RBP
RBT
RAM

- Budapest - 1 LES gardener/handyman
- Budapest - 1 LES receptionist/telephonist
- Belgrade - 1 LES clerk/typist (public affairs)

New requests in order of priority are:

- Headquarters (RBT), 1 FS and 1 SCY for Mixed Economic Commission activities etc. with Soviet Union
- Headquarters (RGX/RBR), CSCE-related activity. (Although the Department might wish to continue to staff the CSCE process on an ad hoc basis as in the past, this arrangement has been proved unsatisfactory through the experience of the Madrid Meeting; we are firmly convinced that a permanent CSCE establishment is necessary, which can be moved to TD as required to service follow-up meetings. The requests for operating costs for delegations to CSCE meetings are non-discretionary and must be met.)
- Budapest, 1 LES public affairs clerk
- Warsaw, 1 FS commercial relations officer for GDR
- Warsaw, 2 LES, immigration programme
- Moscow, 1 FS, agricultural reporting

Strategic Overview

RBT considers the Agro -business Solo Show to be of very high priority. It cannot however be arranged with money alone; PYS will definitely be required. Supplementary talking points will be provided on this proposal.

ORIGINAL SIGNED BY
B. M. Mawhinney

B.M.Mawhinney,
Director,
USSR and Eastern Europe Relations Di



BICO ✓

2-1-12
A-7 ||

Security/Sécurité
Accession/Référence
File/Dossier
Date February 21, 1984
Number/Numéro RSD 0054

TO/À RGB

FROM/DE RSD

REFERENCE YOUR MEMO RGB 0068 FEBRUARY 20
RÉFÉRENCE

SUBJECT MYOP, STRATEGIC OVERVIEW
SUJET

ENCLOSURES
ANNEXES

DISTRIBUTION

Attached are the priorities within this Bureau for MYOP and Strategic Overview.

R.H.G. Mitchell
R.H.G. Mitchell
Director General,
Western Europe II Bureau.

MYOP PRIORITIES - RSD

<u>LOCATION</u>	<u>CATEGORY</u>	<u>COST (85-86)</u> <u>(\$ 000)</u>	<u>PRIORITY</u>
Ottawa (RSR)	FS	59	1
Ottawa (RST)	FS	59	1
Ottawa (RSR/RST)	SCY	21	1
Ankara*	LEP	16.5	2
Helsinki	FS	200	2
Helsinki*	LEP	29	3
Vienna	FS	200	3
Madrid	FS	200	4

* If I am successful in transforming char staff into locally engaged p/y's I may be able to transfer such resources from Dublin and Athens to Ankara and Helsinki, thus dealing with the indicated positions internally within the Bureau.

STRATEGIC OVERVIEW PRIORITIES - RSD

(A) Opening a Consulate General in Barcelona

I would propose maintaining this, keeping in mind that a decision would flow only from a favourable feasibility study and subsequent Departmental decision.

(B) Public Affairs Programme Enrichment

I would maintain the proposed \$20,000 increase in special project funds but accept to reduce to four the additional LES suggested - reducing the cost to \$100,000.00.



2-1-12
A-7 11

File

TO/À • RGB
FROM/DE • RCD

REFERENCE •
RÉFÉRENCE
SUBJECT •
SUJET

Votre demande.
Priorités: Strategic Overview - MYOP -
Budget

Security/Sécurité
SANS COTE
Accession/Référence
File/Dossier
Date
Le 21 février 1984
Number/Numéro
RCR-0306

ENCLOSURES
ANNEXES

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Strategic Overview

Notre seule demande sous ce chapitre est l'ouverture d'un consulat à Lyon prévue pour 1986-87. Cette dépense a déjà été approuvée par le Cabinet en septembre dernier dans le contexte de "l'Overview of Strategic Overviews". Les implications pour les ressources sont les suivantes:

	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>
dollars (millions)	2.3	1.5	1.5
années-personnes	4	4	4

MYOP

La question du MYOP est plus compliquée. Dans notre demande de janvier dernier, nous avons inscrit certaines ressources additionnelles au cas où l'exercice de la planification des missions ne nous les procurerait pas, et nous pensons ici plus précisément aux décisions concernant Londres et Birmingham. En effet, vous vous souviendrez que l'exercice de planification des missions avait mené à la satisfaction des besoins suivants:

- 1 CBP au Centre culturel venant de Londres
- 1 commis RCTF venant de Londres
- 2 agents RWP venant de Londres et
Birmingham

...2

- 2 -

Dans notre prudence, nous avons réinscrit ces ressources dans notre MYOP 1985-86. Que nous réservera "l'A-base review" de Londres et Birmingham, il est difficile de le prévoir à ce stade-ci. Cependant, cet exercice devrait mettre des ressources en disponibilité. Devrons-nous satisfaire nos besoins à ce moment-là ou devons-nous les planifier dans notre MYOP? La question reste ouverte. Je suggère cependant de les inscrire au MYOP. La seule ressource que nous pouvons dès maintenant abandonner est la position canadienne au Centre culturel à Paris dans la mesure où tout le monde comprend bien que le bureau SCD fournira cette position.

En termes de priorités, je propose donc les positions suivantes:

RCTF	1 commis
RWP	2 agents
	1 secrétaire
RCR	1 secrétaire
RCT	1 agent
	1 secrétaire
RCTF	1 co
	1 commis
	1 secrétaire
RWP	1 <i>FS</i> programme de sensibilisation
Francfort	1 LEP (Tourisme)
Milan	1 LES (Tourisme)

Budget

Nos estimations de décembre dernier s'élevaient à \$538,415 avec près de 60% de ce budget pour les voyages, i.e. \$371,478.

Je vous propose de couper ces estimations de 10%.

Le Directeur général
L'Europe de l'Ouest I,

ORIGINAL SIGNED BY
A.R.A. GHERSON
à SIGNÉ L'ORIGINAL
A.R.A. Gherson



2-1-12
A-7-11

B100 ✓

TG/A • RGB
FROM/DE • RSD

Security/Sécurité	RESTRICTED (with atts.)
Accession/Référence	
File/Dossier	
Date	January 25, 1984
Number/Numéro	RSD 0024

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RÉFÉRENCE

SUBJECT •
SUJET • STRATEGIC OVERVIEW

ENCLOSURES
ANNEXES

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RSR
RST
RWP

Attached for your consideration and onward transmission if you agree are RSD suggestions for input to the Strategic Overview process.

R.H.G. Mitchell
R.H.G. Mitchell,
Director General,
European Northern and Southern
Tier Countries Bureau.

STRATEGIC OVERVIEW

TRADE DEVELOPMENT, CONSULAR AFFAIRS AND

GENERAL RELATIONS PROGRAMMES

Opening of a Consulate General in Barcelona

Both the 1983 Inspection Report on the Canadian Embassy in Madrid and the Post's Plan for 1984-85 recommend that a Consulate General be opened in Barcelona, Spain's largest industrial city.

The current Honorary Consul (appointed in 1981), is unable to cope adequately with consular responsibilities which far exceed those which had been anticipated at the time of his appointment. The principal purpose for opening a Consulate General in Barcelona, however, is based on the promotion of Canadian trade and industrial development. Within time other activities would be expected to expand to include general relations, consular, information and cultural affairs. One feature of Spanish industrial development in recent years has been the growth of advanced industries in the Catalonia region. The absence of any Canadian Commercial representative outside Madrid is becoming increasingly anomalous in this context. Barcelona is now Spain's largest economic centre and it is becoming increasingly difficult to provide adequate coverage of commercial and industrial opportunities there through visits from Madrid. The establishment of a Consulate General in Barcelona would remedy this and would provide a base for provision of other programmes in the region, some of them supportive of trade and industrial objectives, i.e. information and cultural with others additional to those objectives, i.e. the provision of consular services in Spain's second largest city and in a region visited by a large number of Canadian tourists. Moreover, the existence of a Consulate-General would provide a platform for effectively developing the federal presence in Catalonia in the face of an increasing interest on the part of provincial authorities, particularly those of Quebec.

During FY 1984-85 the Madrid Embassy and the geographic bureau will undertake an in depth review of the implications of opening a Canada Based post in Barcelona. In 1985-86 a more systematic feasibility study could be undertaken with a view to opening the post in 1986-87 or 1987-88.

	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>
Dollars \$000	10	1,500	900	1,000
Person/years	.25	12	12	12

RESTRICTED

STRATEGIC OVERVIEW

PUBLIC AFFAIRS PROGRAM

Enrichment of the Public Affairs Programme in Denmark, Norway, Sweden, Switzerland, Austria, Greece, Turkey and Spain

In support of the policy of strengthening key linkages abroad and supporting the promotion of Canadian cultural industries the thrust for strengthening the Canadian Studies Programme in three Nordic countries will be enriched. There is a growing market in these countries for Canadian literature, and the strengthening of academic ties with impact on choice of texts for reading in universities and schools will be encouraged. There will be additional emphasis on areas of common scientific interest i.e. the Arctic and high technology in which areas exchanges and seminars will be encouraged.

In Switzerland the impact of visual and theatre arts will be further exploited to raise the profile of Canada thereby broadening Swiss interest in this country and rendering the Swiss market more susceptible to the direct efforts of the Tourism Programme. There is an additional important requirement to balance a growing Quebec presence among francophone Swiss.

There is a requirement in Austria to reinforce an Austrian perception of Canada as a culturally sophisticated land. This process touches in particular key figures in business and industry, it will require enriched activities in the music field and in the presentation of high quality prestige films.

Both Greece and Turkey are important growing markets for Canadian products. A particular effort will be made in Greece focussing on cultural activities and the development of the Canadian Archeological Institute; in Turkey a more sophisticated visual arts programme will be needed to support commercial initiatives. A modest speakers' programme will be launched. To hit elite audiences and for a wider group of opinion formers the dubbing of Canadian films and film clips in Turkish will be examined.

Spain is of growing significance to Canada. Our economic interests lead us, as noted elsewhere, to propose the opening of a Consulate General in Barcelona in 1986/87. Our major public affairs activities must be expanded so that Spain is included in their normal circuit of activities; a particular effort would be made to provide the Spanish market and major Spanish film festivals with commercial films dubbed into Spanish. This will also assist in penetrating a number of Spanish speaking Latin American countries.

	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>
Special Projects\$	20,000	20,100	20,150	20,200
LES	5.0	5.0	5.0	5.0
Salaries	125,000	125,000	125,000	125,000



B1000



FROM/DE

RGB

RSD

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SUJET

STRATEGIC OVERVIEW

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File/Dossier
Date
January 25, 1984
Number/Numéro
RSD 0024

ENCLOSURES
ANNEXES

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RSR
RST
RWP

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R.H.G. Mitchell
R.H.G. Mitchell,
Director General,
European Northern and Southern
Tier Countries Bureau.

STRATEGIC OVERVIEW

TRADE DEVELOPMENT, CONSULAR AFFAIRS AND

GENERAL RELATIONS PROGRAMMES

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	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>
Dollars \$000	10	1,500	900	1,000
Person/years	.25	12	12	12

RESTRICTED

STRATEGIC OVERVIEW

PUBLIC AFFAIRS PROGRAM

Enrichment of the Public Affairs Programme in Denmark, Norway, Sweden, Switzerland, Austria, Greece, Turkey and Spain

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	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>
Special Projects \$	20,000	20,100	20,150	20,200
CBP	5.0	5.0	5.0	5.0
Salaries	1,000,000	600,000	600,000	600,000
LES	4.5	4.5	4.5	4.5
Salaries	112,500	112,500	112,500	112,500



External Affairs Affaires extérieures
Canada Canada

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SUBJECT • STRATEGIC OVERVIEW
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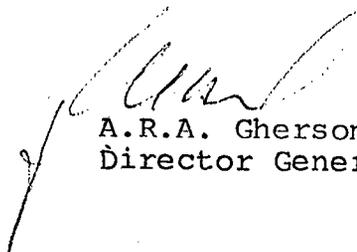
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File/Dossier	
Date	19 January 1984
Number/Numéro	RCD-0013

ENCLOSURES
ANNEXES

DISTRIBUTION

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--- Attached are two copies of our Strategic Overview for the period 85/86 to 88/89. Our only request is the opening of Lyon.


A.R.A. Gherson
Director General

STRATEGIC OVERVIEW

Programme title: Opening of a Consulate-General in Lyon, France in 1986-87.

Initiative: Following Cabinet review of Canada/France relations and the 1983 Foreign Policy Overview of Strategic Overviews, it was agreed that a Consulate-General in Lyon would be opened in 1986-87. The principal role of the Consulate would be in trade and industrial development, Lyon being the second most important center for trade and economic activities in France after Paris. The absence of any Canadian commercial representative outside Paris is a hindrance to the development of closer economic ties with France. Therefore, the establishment of a Consulate in Lyon would remedy this situation. In time, other normal activities such as general relations, consular, information and cultural affairs would complete the role of our Consulate.

<u>Resource Implications:</u>	<u>1985/86</u>	<u>1986/87</u>	<u>1987/88</u>	<u>1988/89</u>
Dollars (millions)	-	2.3	1.5	1.5
Person Years	-	4	4	4

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SUBJECT • Strategic Overview Inputs
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Accession/Référence
File/Dossier
Date
January 17, 1984
Number/Numéro
RWP-0100

ENCLOSURES
ANNEXES

DISTRIBUTION

--- You will find attached Western Europe Programs
Division's Strategic Overview input.

J. Zawisza
Director
Western Europe Programs Division



MESSAGE

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Align first character of Security Classification under this arrow
Alignez le premier caractère de la Sécurité sous cette flèche

SECURITY / SÉCURITÉ	UNCLASSIFIED	121	10
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---STRATEGIC OVERVIEW SUBMISSION:PROPOSED OSAKA CONSULATE-GENERAL
 WE ASSUMED THAT AT LEAST SEVERAL OF THE ESTIMATES WE REQUESTED
 IN OUR REFTEL WERE INCLUDED IN FAIRWEATHERS 1983 MEMO TO THE
 AMBASSADOR ON SUBJECT OF OSAKA CONSULATE-GENERAL AND THEREFORE
 READILY AVAILABLE.
 2.AS SUBMISSION MUST BE FINALIZED BY TODAY WE WILL ESTIMATE
 FROM 1976 INFO AVAILABLE IN OUR FILES.NEVERTHELESS WE WOULD
 APPRECIATE RECEIVING,AT YOUR CONVENIENCE,AS MANY OF THE FIGURES
 REQUESTED IN OUR REFTEL AS YOU CAN PROVIDE,FOR FUTURE REFERENCE.

DRAFTER/RÉDACTEUR	DIVISION/DIRECTION	TELEPHONE	APPROVED/APPROUVÉ
<i>G. Scott</i> SIG GARRY SCOTT/kh	PPR	7-7939	<i>Philip Slyfield</i> SIG PHILIP SLYFIELD 000207

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SUPPLEMENT TO DND STRATEGIC OVERVIEW - 1984/85

AN ANALYSIS OF THE CAPITAL EQUIPMENT PROGRAM

OBJECT

1. My predecessor, in his Strategic Overview of the Defence Program for 1984/85, which was considered by the Cabinet Committee on Foreign and Defence Policy last month, noted that the presently established funding levels for defence for the current PEMS period and their extension in future years would permit the government to deal with pressing military problems in the very short term only. In view of his concern over the large number of militarily important equipment projects unaffordable within the established envelope levels, he indicated his intention to supplement the Overview by bringing forward the results of the Department's review of the capital equipment program. Cabinet's decisions last month on the Canadian Patrol Frigate and the Tribal Class destroyer modernization and update (TRUMP) programs, and the specification of costs for these programs, has put the Defence Staff in a better position to analyze the state of the capital program and to make recommendations as to priorities. The object of this supplement is to bring before Ministers the results of the equipment program review, and to analyze implications of currently planned levels of capital expenditure for capabilities of the Canadian Forces, for viability of the Force posture, and for Canada's future capacity to meet agreed international defence commitments.

DECISION REQUIRED

2. Ministers are invited
 - a. to note the results of the Defence Staff analysis confirming that the defence medium and long term capital program is seriously underfunded in relation to the Government's defence policy and defence commitments;
 - b. to note that the results of this review:
 - underline the importance of maintaining in full the established 1983/84 budget allocation for defence;
 - add strength to the Cabinet Committee on Foreign and Defence Policy's July recommendation to the Cabinet to maintain the established reference level for defence for 1984/85;
 - indicate the need for the Government to reconsider whether growth in real terms in the purchasing power of the defence budget should be provided in the 1985/86 and 1986/87 reference levels; and
 - reconfirm the importance of preserving the planning goal of a stable defence budget after 1986/87.

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Ministers' advice is sought as to how DND should plan with regard to the need for more adequate levels of funding for defence in the future years of the PEMS and defence planning cycles.

ANALYSIS

3. As stated in the Strategic Overview for 1984/85, priority within the Defence Program continues to be given to acquiring, in relation to established defence commitments and as rapidly as resources permit, modern equipment central to the maintenance by Canada of combat effectiveness in each of the sea, land and air environments. There has been a good deal of progress since 1975; but a great deal remains to be done to make up for the very low levels of investment in the late 1960s and early 1970s and the improvements in the capabilities of our potential adversaries. At currently envisaged rates of investment, it is unlikely that the modernization program could overcome the backlog and offset the rate at which operational equipment continues to become obsolete before the end of the twentieth century.

4. It has been clear for some years that maintaining real annual growth in defence expenditures -- at a rate no less than one approximating the 3% target adopted by NATO -- until at least 1986/87 was essential, if the Canadian Forces were to be in a position to achieve the Force posture agreed in 1975 and to be in position to carry out their assigned responsibilities in the strategic environment we face in the years ahead. It was decided last fall, however, to maintain annual real growth of 3% only until 1984/85. The reference levels set for 1985/86 and 1986/87 reflected a decision to allow for inflation only on the basis of the GNE deflator, and to calculate "annual real growth" for NATO reporting purposes on this basis. Historically, the difference between the GNE and defence deflators has been about 3% -- reflecting higher than average inflationary cost of operating, maintaining and purchasing military equipment. The effect of this change to using GNE deflators was to terminate real growth in the purchasing power of the defence program two years earlier than anticipated and to reduce the funds available for capital investment by withholding previously anticipated increments of some 300 million dollars in each of 1985/86 and 1986/87. This change, when combined with an arrangement to hold constant the purchasing power of the defence budget after 1986/87, in effect removed \$8 billion from the 15-year long-term capital program. The implications of this reduction -- within a program already highly constrained -- for the progress that could be made in maintaining the Forces and their ability to meet commitments has been severe.

5. The review undertaken this summer by the Defence Staff indicates that the Department would need to have approximately 315 equipment projects (each estimated at \$5 million or more) underway between now and the end of the century to update current capabilities to the degree judged necessary to maintain commitments. The level of expenditure required over the next 15 years for all equipment projects needed for this purpose is estimated at \$55 billion (at 1983 prices). Major Crown Projects (ie.

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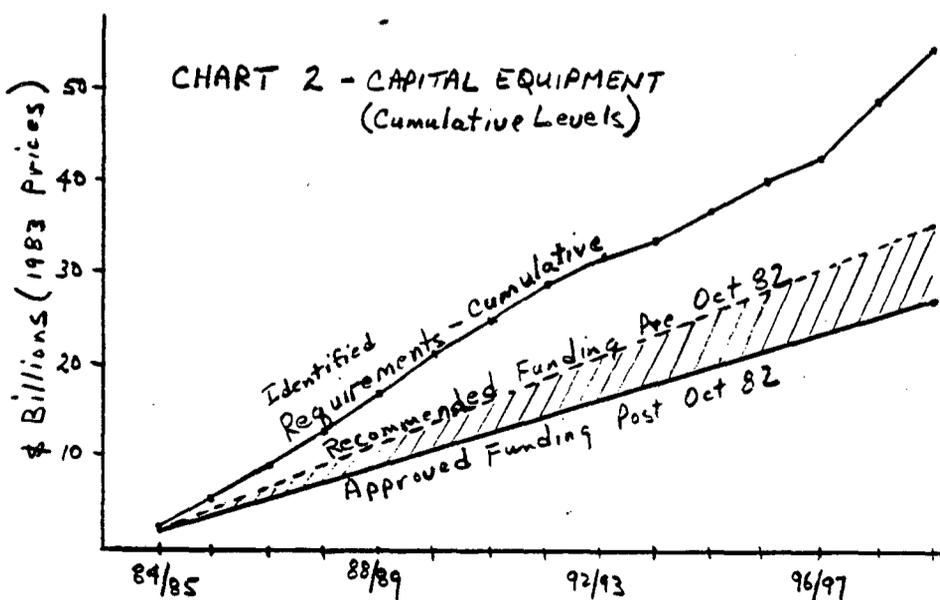
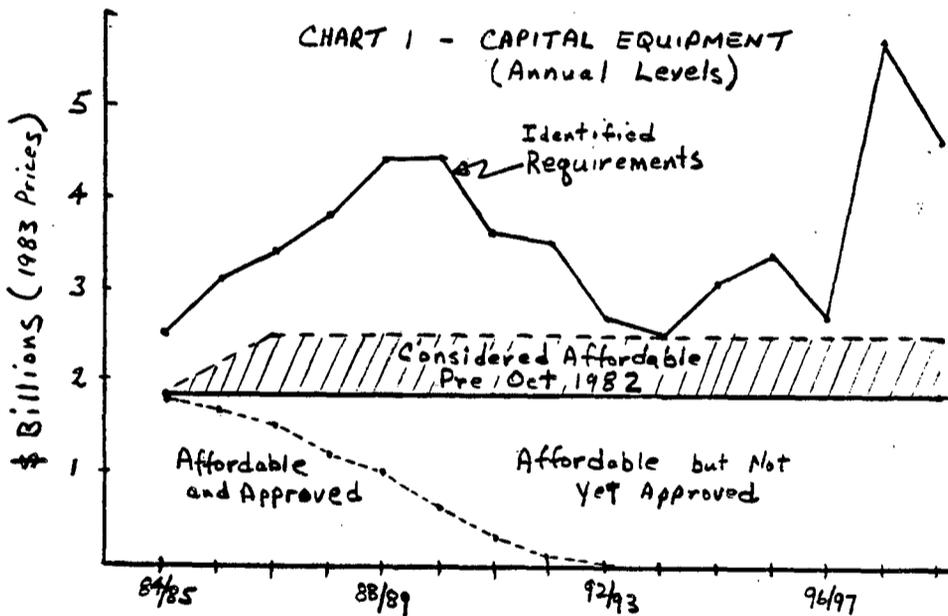
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those projects in excess of \$100 million) account for approximately ___% of the required equipment expenditure; those which are foreshadowed for possible submission to Cabinet in the 1980s are briefly described in Annex A.

6. In considering DND's Review of Defence Allocations and Planning Guidance, Cabinet agreed (60-83 RD(C) 2 Mar 83) that defence long term planning be based on a planning level which assumes the Government would sustain the purchasing power of the defence budget at a roughly constant level following expiration in 1986/87 of the 3% annual real growth commitment to NATO. Together, the current reference levels and the long term planning levels are expected to provide \$28 billion (at 1983 prices) for equipment by 1998/99. On this basis, only some 51% of DND's basic capital equipment requirements would be fundable. The levels would permit a number of high priority equipment projects to be implemented. As the following charts suggest, however, the achievable capital program would not be sufficient to complete the modernization judged necessary to maintain Canada's defence capability, until well beyond the end of the century. Indeed over the next decade, the gap between perceived military needs and the resources allocated to defence would continue to widen.



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Impact on Canadian Forces Capabilities

7. The impact of the foreseen investment levels on the Canadian Forces ability to meet Canada's defence commitments and national tasking is summarized below and set out in more detail in Annex B.

8. Maritime Capability. Canada's maritime forces are no longer capable of fulfilling simultaneously national requirements and international commitments. This situation results from financial constraints over the past decade which led to the failure to make timely provision for the modernization or replacement of obsolescent ships and other major combat systems. The major concern stems from the projection that there will only be 12 seaworthy surface combatants remaining in service by the early 1990's (six CPF, four Tribal Class and two Annapolis Class) before later phases of the overall ship replacement program can make good this deficiency. Over the same period, insufficient funds will leave shortfalls in respect of the replacement or modernization of the Oberon Class submarines, the destroyer borne helicopters, certain major weapons and sensor systems, and shore training facilities to keep abreast with the rising Soviet threat. The projected decline in Canada's maritime capabilities can only be checked by a substantial increase in funds to permit the systematic implementation of replacement programs.

9. Land Capability. The capability of the land forces has been seriously affected by the lack of funds for Capital equipment and current predictions show little hope for significant improvement. Priorities had to be assigned; first, to equip the mechanized brigade in Central Europe, second the CAST Brigade Group and third, as able, to modernize the land forces in Canada. The funding situation is such that only the first priority, ie, the re-equipment of the mechanized brigade in Europe, can be achieved, and even it will have significant capability short falls. Regarding the remainder of the land forces, although they can be expected to receive some new vehicles, and new small arms, there will be few funds remaining for other projects. A particular concern would be the inability to fund helicopters to replace those which are expected to reach the end of their useful life in the early 1990s. Lack of such equipment will severely handicap the mobility of the land forces.

10. Air Capability. Although the CF-18 is proving to be a highly satisfactory fighter, in accordance with plans which were recognized in the Cabinet decisions to purchase the aircraft, additional funding will be required to acquire the necessary stocks of weapons and to enhance the capability of the basic aircraft to survive and fight in the European theatre. For example with existing funding, the CF-18 will not have the quantity of air-to-air missiles which will enable it to meet either NATO or NORAD standards and, in the event of war, it will contribute less to the collective defence effort than its high performance potential would otherwise permit. Other air capability concerns include the lack of funds to procure replacement transport aircraft to meet essential military airlift requirements. If the needed equipment is not provided in the time frame required, the overall airforce capability will be seriously eroded.

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11. General Support Capability. The affordable equipments are expected to upgrade some strategic (long range) communications, automatic data processing equipment and maintenance and repair facilities. Major concerns include the requirement to reduce the funds needed to upgrade strategic communications and the supply system.

12. From foregoing discussion and the elaboration provided in Annexes A and B, our military forces would be able by and large to meet Canada's collective defence commitments in peacetime, over the next few years, but their longer term capability to do so would be seriously in doubt. As is the case with any military force, the cumulative impact of many seemingly small shortcomings in equipment effectiveness could have devastating effects under combat conditions. This situation is particularly acute for the Canadian Forces because of the need to cope with the effects of under-funding in several high priority major equipment projects required to maintain capabilities at minimum levels of effectiveness. The significant risks to which the present situation exposes the government, particularly in the medium and longer term, is that

- if a major international crisis were to occur, the Canadian Forces could not make a credible contribution to deterrence; and
- in the event of hostilities, the Canadian Forces would not be sufficiently manned and equipped to carry out the tasks expected of them in supporting the Allied effort and would consequently be overly vulnerable to enemy attack.

13. It will be evident that the Committee's decision last month to recommend to the Cabinet that the currently established reference levels for defence be maintained is very important. It was the basis upon which the recently approved CPF, TRUMP, and other projects already approved or urgently needing to be approved, such as the projects for Military Operational and Support Trucks (MOST), Small Arms Replacement Program (SARP), and Low Level Air Defence (LLAD), were judged to be affordable. In addition, by reducing the base on which future years' reference levels and indicative planning levels are calculated, reductions in these reference levels would compound the medium and longer-term planning problem, and risk making difficult problems unmanageable over any but the short term. It is indeed this medium and longer-term planning problem that is the central problem for defence. Reductions in the real value of the reference levels for defence, particularly in view of the compounding effect, would call into question the viability of the modernization program itself. In addition, provision of sufficient funds to reinstate those high priority projects that are considered to be no longer affordable as a result of last fall's funding decision, would greatly help to reduce weaknesses in the capabilities of our military forces to meet our commitments in the late 1980s and 1990s.

14. Ministers may therefore agree that unless something can be done about the problem of the medium and longer-term -- such as restoring, the provisions for annual real growth in the defence budget in 1985/86 and

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1986/87 -- the government will face a choice, within the next two years, of significantly increasing the resources available for defence, or making changes in defence policy and commitments.

RECOMMENDATION

15. I recommend that the Committee

- a. note the results of the Defence Staff analysis confirming that the defence medium and long term capital program is seriously underfunded in relation to the Government's defence policy and defence commitments;
- b. note that the results of this review:
 - underline the importance of maintaining in full the established 1983/84 budget allocation for defence;
 - add strength to the Cabinet Committee on Foreign and Defence Policy's July recommendation to the Cabinet to maintain the established reference level for defence for 1984/85;
 - indicate the need for the Government to reconsider whether growth in real terms in the purchasing power of the defence budget should be provided in the 1985/86 and 1986/87 reference levels; and
 - reconfirm the importance of preserving the planning goal of a stable defence budget after 1986/87.

16. I also seek Ministers' advice as to how DND should plan with regard to the need for more adequate levels of funding for defence in the future years of the PEMS and defence planning cycles.

Hon. Jean-Jacques Blais
Minister of National Defence

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ANNEX A

MAJOR CROWN PROTECTS
FORESHADOWED FOR POSSIBLE SUBMISSION TO CABINET
IN THE 1980s

Approval and commencement of the following Major Crown Projects (at 1983 prices) would be needed in this decade if the approved force structure is to be achieved within the next 10 years. To the extent permitted by priorities and the availability of funds, these projects would be brought forward to Cabinet for consideration within the next five years. The amount considered affordable is based on military priorities and on the currently approved reference and planning levels. The projects are grouped by maritime, land, air and capabilities and listed in order of proposed project start date.

1. MAINTENANCE OF MARITIME CAPABILITY

MK 46 Torpedo Update (M1462) \$144M 1983/84

The existing stock of MK 46 torpedos are only 25% reliable and have no capability against surface targets. This project would correct these deficiencies by updating stocks to the Mod V level. Currently 0 % is considered to be affordable.

Submarine Replacement (M1837) \$1685M 1984/85

The present Oberon class vessels will reach the end of their safe hull life in the early 1990s. This project helps maintain our underwater surveillance and control capability. Currently 51% is considered to be affordable.

Ship Replacement Project II (M1831) \$4363M
1984/85

This project would continue the replacement of obsolete steam destroyers which was started by approval of the Canadian Patrol Frigate. Currently 69% is considered to be affordable.

Maritime Air-Sea Torpedo (M1120) \$129M 1984/85

This project would replace the MK44 torpedo and other obsolete anti-submarine torpedoes with the MK46 (Mod V) torpedo which is the only one that has been proven effective against modern submarines in most water conditions. Currently 53% is considered to be affordable.

Infra-Red Designator (M1867) \$138M 1985/86

This project would provide a passive capability to identify and track enemy electronic warfare equipment used in conjunction with low flying aircraft and missiles. Currently 0% is considered to be affordable.

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Sea King Replacement (A1676) \$1880M 1986/87

Helicopters are needed to localize and destroy submarines beyond the range where they can attack ships. This project would maintain and upgrade this capability which is now provided by the ageing Sea Kings. Currently 56% is considered to be affordable.

New Submarine Torpedo (M1701) \$108M 1986/87

This project would acquire advanced heavyweight torpedoes for Canadian submarines to counter the threat presented by surface ships and submarines expected to enter service in the 1990s. Currently 76% is considered to be affordable.

CP 140 Aurora Update (A1677) \$124M 1986/87

Continuing improvements in the ability of submarines to avoid detection necessitate periodic updates in detection equipment carried by aircraft. This project would also improve the Aurora's self-protection ability and provide an air-to-surface missile capability. Currently 24% is considered to be affordable.

Auxiliary Vessel (M1354) \$150M 1986/87

Many of the vessels of the auxiliary fleet have reached or are approaching the end of their economical and functional lives. Modernization of the fleet is needed to sustain maritime operations. Currently .53% is considered to be affordable.

EHF Communication Satellite (M1925) \$173M 1986/87

This project would provide a maritime communications system operating in an uncongested frequency band, which incorporates directional transmissions, anti-jamming, and low probability of intercept features. Currently 0% is considered to be affordable.

Officer Training Vessels (M1743) \$110M 1989/90

This project would maintain the supply of trained junior watchkeeping officers to the fleet. Currently 0% is considered to be affordable.

2. MAINTENANCE OF LAND CAPABILITY

MOST (L2019) \$430M 1983/84

Military Operational Support Trucks (MOST) project would start with replacement of the 1/4 ton vehicle and project definition studies for the later replacement of the 5 ton vehicle. Currently 38% is considered to be affordable.

SARP (L1515) \$237M 1984/85

Small Arms Replacement Project (SARP) would replace ageing small arms with new light automatic rifles and light machine guns capable of using standard NATO ammunition. Currently 100% is considered to be affordable.

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LLAD (L1436) \$560M 1984/85

Low Level Air Defence (LLAD) project would provide an urgently needed capability to defend Canada's committed land and air forces in Europe against the threat of armed helicopters and close support/bomber aircraft. Currently 100% is considered to be affordable.

Artillery Guns for Reserves (L1809) \$149M 1984/85

This project would replace current holdings of obsolete militia guns with standard NATO calibre weapons. Currently 0% is considered to be affordable.

Attack Helicopter (A1882) \$295M 1985/86

This project is required to maintain current land capability in light of the increasing speed and mobility of Warsaw Pact forces on the battlefield. Currently 0% is considered to be affordable.

Target Acquisition Radar (L1168) \$135M 1985/86

This project would provide land forces with the capability to locate hostile guns and mortars. Currently .39% is considered to be affordable.

Trunk Communication (L1057) \$127M 1985/86

This project would improve and life-extend existing land radio-relay communications systems until the introduction of relevant portions of the Tactical Command, Control and Communications Systems. Currently 0% is considered to be affordable.

Oversnow Vehicle (L1967) \$100M 1985/86

This project would help to increase the mobility of the land forces assigned to the Northern European Region. Currently .11% is considered to be affordable.

Tactical Command, Control & Communication (L1574) \$1454M 1986/87

This long-term project would eventually replace all existing communications systems in the Army by 2000 and would also introduce the automation assistance necessary to operate effectively on the high intensity battlefield. Currently .47% is considered to be affordable.

Long-range Anti-armour (L2030) \$189M 1986/87

This project would upgrade the capability of in-service TOW missiles to match the increase armoured protection of Warsaw Pact tanks and would also provide armour protection to the TOW weapon and crew. Currently 79% is considered to be affordable.

Mid-range Anti-armour (L2029) \$628M 1987/88

This project would provide Canada's NATO-assigned infantry battalions with the capability to destroy Warsaw Pact tanks to a range of 2000 meters. Currently 47% is considered to be affordable.

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Short-range Anti-armour (L2028) \$581M 1987/88

This project would replace the ineffective Carl Gustav anti-tank weapon in NATO-assigned infantry battalions with a manportable weapon capable of defeating Warsaw Pact tanks to a range of 1000 meters. Currently 16% is considered to be affordable.

Improved Munitions-Stocks (L1789) \$229M 1987/88

This project would provide more lethal 155mm operational munition stocks containing anti-tank and anti-personnel bomblets. Currently 60% is considered to be affordable.

Anti-APC Infantry Weapon (L1758) \$124M 1987/88

This project would provide a modern automatic cannon able to pierce armoured personnel carriers of the Warsaw Pact forces. Currently 0% is considered to be affordable.

CH 136 Kiowa Update (A1639) \$159M 1991/92

This project would overcome emerging deficiencies in the Kiowa helicopter's ability to operate and survive in high intensity conflict and thus permit it to continue to be used for reconnaissance, command and liaison as well as observation of artillery fire. Currently 100% is considered to be affordable.

Artillery Scattered Mines (L1233) \$324M 1988/89

This project would supplement the capability to implant mines by aerial delivery or ground mechanical means by providing the capability to counter rapidly moving mechanized forces. Currently 30% is considered to be affordable.

Infantry Tank-Destroyer (L1759) \$1211M 1988/89

This project would provide a cost-effective direct fire capability which would in turn permit the tanks that now have to be assigned to protect infantry to be used in other critical operations. Currently 0% is considered to be affordable.

Artillery Ammunition Vehicle (L1936) \$145M 1988/89

This project would provide an armoured vehicle for transporting artillery ammunition in a high-intensity battlefield. Currently 0% is considered to be affordable.

Night Vision Equipment (L1143) \$147M 1989/90

This project would enable artillery, helicopter and reconnaissance units to operate effectively at night and during periods of reduced visibility and counter the night time capability of Warsaw Pact forces. Currently 0% is considered to be affordable.

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Multiple Rocker Launcher (L1741) \$458M 1989/90

This project would acquire a weapon system capable of instantaneous high-volume firepower that could destroy hostile artillery battalions as well as moving armoured and mechanized formations. Currently 0% is considered to be affordable.

155 mm Ammunition (L1935) \$123M 1989/90

This project would provide extended range 155mm ammunitions which would improve artillery effectiveness and enable Canada to come closer to meeting NATO's associated force goal. Currently 0% is considered to be affordable.

3. MAINTENANCE OF AIR CAPABILITY

NORAD Modernization (L1399) \$559M 1984/85

This project would provide for participation in a modern system to replace the ageing CADIN/Pinetree radars and maintain the capability to control Canadian airspace. Currently 95% is considered to be affordable.

CF-18 Air to Air Missiles (A1641) \$472 1985/86

This project would provide the required sustained combat capability for the CF-18 in the air-to-air missions and associated training stocks. Currently 25% is considered to be affordable.

CF-18 Fuel Tanks (A1970) \$116M 1986/87

This project would provide fuel tanks for CF-18s assigned to NATO and NORAD in accordance with current stockpiling guidance. Currently 47% is considered to be affordable.

CF-18 Target Acquisition (A1687) \$146M 1987/88

This project would provide target acquisition systems for CF-18 night air-to-air and air-to-surface operations. Currently 0% is considered to be affordable.

Medium Support Aircraft (A1889) \$687M 1987/88

This project would maintain aircraft fleets needed for surveillance, light transport, and search and rescue missions. Currently 40% is considered to be affordable.

Training Aircraft (A1669) \$1427M 1987/88

This project would enable Canadian Forces to continue to undertake its own aircrew training. Currently 63% is considered to be affordable.

Air-to-Surface Munitions (A1686) \$250M 1988/89

This project would provide air-to-ground munitions which could be delivered at night or in adverse weather at a greater (and safer) distance from the target. Currently 47% is considered to be affordable.

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CF-18 Attrition Aircraft (A1738) \$682M 1988/89

This project would purchase sufficient additional CF-18 aircraft to maintain the operational and training fleets -- and commitments -- until its projected phase out date. Currently 0% is considered to be affordable.

Space Based Radar (A1664) \$354M 1988/89

This project would provide a follow-on capability to exercise surveillance of Canadian airspace. Currently 0% is considered to be affordable.

Light/Medium Transport Aircraft (A1682) \$128M
1989/90

This project would maintain the capability provided by the VIP Falcon and Cosmopolitan aircraft. Currently 0% is considered to be affordable.

4. MAINTENANCE OF SUPPORT CAPABILITY

Communications Plan 2000. (G1780) \$732M 1984/85

This project would acquire a modern, integrated, efficient data and communications system which is needed for the exercise of proper military command, control and administration at headquarters and over commanders. Currently 50% is considered to be affordable.

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ANNEX B

ASSESSMENT OF THE IMPACT THAT
CURRENTLY APPROVED FUNDING LEVELS WOULD
HAVE ON CANADA'S MARITIME, LAND, AIR AND
SUPPORT CAPABILITIES AND COMMITMENTS

1. In the past two years the Department has drawn up a list of those projects which in the judgement of the Defence Staff, are deemed essential to fulfilling national requirements and agreed international commitments. This judgement is based mainly on the forecast evolution of military threats implicit in Canada's collective defence commitments and on agreed funding and indicative planning levels. The reequipment program has been restructured to ensure that projects of the highest priority would be proposed for implementation given the highly constrained financial resources allocated to defence. The equipment priorities will be re-screened this fall after the envelope setting exercise is completed and may well lead to a revision in the projects proposed for implementation.

2. Last year's Strategic Overview stated that a capital investment amounting to 30 % of the annual defence budget would be necessary to achieve a proper balance of resources -- but it also noted that an even higher level would be needed to provide adequate readiness and sustainability. This year's Strategic Overview went on to note that foregoing the additional funds needed to achieve a proper balance, would preclude replacement of our present inventory of ageing equipment within the next 10 to 15 years. Instead, the investment rate of 25% of the annual defence budget deemed to be affordable would permit DND to maintain only those minimum capabilities necessary to carry out prime missions. Our in-depth evaluation of equipment requirements confirms that the approved funding levels would lead to capabilities shortfalls -- as was suspected earlier this spring. The consequences of such shortfalls on our maritime, land, air and support capabilities are discussed below.

Maritime Capability and Commitments

3. Canada requires combat effective Maritime forces to safeguard her Maritime interests and to fulfil agreed collective security commitments. The capability of the Maritime forces to meet these growing demands has declined with the lack of timely modernization or replacement of obsolescent ships and other major combat systems. As a result, Maritime forces will have difficulty in maintaining national and international commitments. It is important therefore to pursue plans for the revitalization of Canada's Maritime forces with a degree of urgency.

4. Canada's existing maritime commitments to NATO comprise 23 destroyers, 3 submarines, 18 long range patrol aircraft, 18 medium range patrol aircraft, 32 ASW helicopters and 3 replenishment ships. Of the 23 destroyers committed, 10 are Category A1 which means they must be available within 48 hours. The existing fleet falls significantly short of meeting this commitment and it's obsolescence is discussed below. The recent government approval of the Canadian Patrol Frigate (CPF) project represents a significant step forward, but should be regarded as the first step in the overall modernization of our Maritime capabilities.

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5. Canada's current inventory of surface combatants is, by and large, obsolescent. With the exception of the Tribal class destroyers, the ships would be vulnerable in a modern hostile environment since most lack sufficient sophisticated modern sensors, fighting systems and self-defence capabilities. Of the older steam destroyers only the two Annapolis Class ships have hull and machinery life remaining which warrant modernization. In addition, the Tribal Class destroyers now possess a limited combat capability relative to the anticipated threat and so warrant the major modernization program recently approved by Cabinet. At the time of delivery of the first CPF in 1989, the numbers of then available ships and aircraft will be dependant upon the cost of maintenance and the to be determined life expectancy. The situation would begin to improve with the implementation of the second phase of the Ship Replacement Project.

6. As it now appears, the Department will only be able to provide for a small proportion of the Maritime projects of high military priority. In essence, the Maritime forces will not have the modern combat effective equipment to meet national requirements and agreed international commitments until replacement projects are completed. The most significant shortcomings, from an operational viewpoint, are:

- a. funding for the Maritime Combat Procedures Training Facilities has had to be reduced leaving the Maritime Forces unable to adequately meet shore training requirements. This will necessitate additional very expensive on-the-job training at sea in lieu of the relatively inexpensive simulator training ashore;
- b. funding for Ship Replacement Project II (SRP II) has had to be reduced and delayed. This delay risks jeopardizing the department's ability to capitalize on the existing CPF infrastructure and thereby minimize costs for SRP II and to build these ships in an unbroken production run. There will be political and industrial implications;
- c. the Canadian Submarine Acquisition Project funding has had to be cut and cash phasing extended into the next century. As a result, new submarines will not be acquired in time to replace the Oberon class when they eventually pass their safe-to-dive hull expectancy. Canada will therefore be unable to meet her agreed commitment to NATO for a significant number of years. Furthermore, there may be a critical loss of submarine expertise resulting from the lapse in submarine operations;
- d. the Sea King Replacement project has been cut and delayed. These aircraft provide a fast reaction stand-off capability that is integral to the combat effectiveness of the fleet during the conduct of anti-submarine warfare (ASW) operations. The CPF and Tribal class destroyers will not be capable of as effective ASW operations without this vital support;

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- e. update of the Aurora has been reduced by 75%. These aircraft provide the primary means of surveillance and control of the Maritime approaches to North America and the ocean areas for which Canada has responsibility. As the number and sophistication of the Warsaw Pact submarines increases, there are clearly too few of these aircraft to meet commitments. It is important, therefore, that the capability of the existing Aurora fleet be maintained to the state-of-the-art; and
- f. the CFMETR Support Vessels, Mobile Influence Range, and Junior Officer Training Vessel projects are, in effect, dropped from the Maritime Forces re-equipment plan. This loss will mean that there will be no capability to analyze and correct ships' acoustic and magnetic signatures; the Reserves will be unable to adequately support the Regular Force in tension and war; and officer training requirements will be prejudiced.

7. The operational implications of the currently indicated funding are severe indeed -- to the extent that the effect on Canada's Maritime Forces will be significant. As described above, Canada cannot meet, simultaneously, agreed national and international Maritime commitments with existing operational assets. The situation will not improve until arrival of the CPF's in-service. Continuance of the improvement will be dependant upon achievement of the follow-on ship replacement and other programs.

Land Capability and Commitments

8. Land forces are designed to meet their most difficult mission: to provide, in an emergency, combat ready forces for the defence of the European NATO area. These forces must be prepared for high intensity operations against a well equipped and numerically superior enemy. Army units and formations prepared for this task, would also be prepared to carry out tasks related to defence of Canada, aid of the civil power and peacekeeping.

9. Canada has two formations directly committed to collective defence of the European region of NATO:

- a. the 4th Canadian Mechanized Brigade Group (4 CMBG) in West Germany is operationally committed to the Commander Central Army Group (CENTAG); and
- b. the Canada-based Canadian Air Sea Transportable (CAST) Brigade Group is assigned to the defence of NATO's northern flank in time of emergency, and committed to the Commander of Allied Forces North (AFNORTH).

4 CMBG which is CENTAG's only in-theatre reserve formation, must be at a state of readiness that demands modern weapons, comprehensive training, war stocks of ammunition and materiel, as well as trained augmentees and reinforcements. The CAST Brigade Group would be assigned to the defence of Northern Norway to protect NATO's Norwegian

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airfields which control the access of the Soviet northern fleet to the North Atlantic. The remainder of the army's Regular and Reserve Forces are tasked to the defence of Canada and to provide trained augmentees and reinforcements for the NATO-assigned formations.

10. Each army formation needs to be an effective combat system which is balanced in terms of its capability to move, to concentrate firepower, to defend itself from ground and air attack and to exercise command and control over its elements. The funding restrictions in the past decade have resulted in a deterioration of this balance within Canada's land forces to the extent that its formations lack the necessary combat effectiveness required on the battlefield today. An army equipment plan which would regain the balance divides each essential project into three parts:

- a. Part 1. Equipment for 4 CMBG and the CAST Brigade Group;
- b. Part 2. Equipment for the remainder of the Regular Force; and
- c. Part 3. Equipment for the Reserve Force.

11. Only 29% of the equipment required to maintain the land capability and commitments is deemed affordable at currently approved funding and indicative planning levels. The currently affordable equipment plan would ease the combat effectiveness shortfalls of 4 CMBG and to a lesser extent the CAST Brigade Group over the 1984-1999 timeframe. The critical operational shortfalls that would remain for the CAST Brigade Group include inadequate medium oversnow capability, inadequate field engineer support, and a limited night fighting capability. Acquisition of equipment for the remainder of the army, including 16,000 reserves, is by and large unaffordable. These forces will continue to train with inadequate quantities of increasingly outdated equipment or without many essential equipments. As a consequence, their capability to provide combat ready forces to augment or replace those troops committed to NATO or to conduct sovereignty/defence of Canada tasks is seriously jeopardized.

12. Several land equipment projects have been programmed for early implementation to overcome critical combat and support deficiencies. Accompanying this supplement are Cabinet Memoranda for the Small Arms Replacement, Military Operational and Support Trucks and Low Level Air Defence projects which detail the importance and urgency of implementing these projects. Nevertheless, the large amount of equipment that would still be unaffordable if funding levels are not increased would lead to or perpetuate major shortcomings in the ability of the land forces to carry out their tasks. Of particular concern are:

- a. Warsaw Pact forces have a night fighting capability and would undoubtedly use it. Acquisition of thermal imagery observation devices would enable our existing anti-tank and artillery systems to operate at night and during conditions of reduced visibility. However, the projected availability of funds

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would limit procurement to minimum quantities for 4 CMBG and the CAST Brigade Group -- but not before the 1990s.

- b. The family of tactical radios now in service are obsolescent, increasingly incompatible with the modern radios of our allies, and cannot operate effectively in the electronic warfare environment which the Warsaw Pact forces would impose upon us. Communications projects to correct this situation would be unaffordable until the mid-1990s -- and then only in minimum quantities for the Regular Force.
- c. Soviet tanks are a major threat to our land forces and their defensive capability is steadily increasing through the development and introduction of special armour. The programs to provide improved operational ammunition required to defeat modern Soviet tanks cannot be implemented before 1991. Similarly, a modernization program to improve the combat effectiveness of the Leopard tanks cannot be implemented before 1992.

13. The slow pace of replacing old equipment will continue to cause serious maintenance problems in a number of areas. In this regard, we have to consider the high costs associated with the maintenance of old equipment and to ensure that a program which is not cost effective is not pursued. This is a matter of growing concern because equipment, critical for operational efficiency will continue to be unavailable to field force commanders causing an erosion of confidence. There are several areas of concern where timely replacement cannot be afforded

14. In summary, implementation of the projects deemed affordable would eventually meet the minimum needs of 4 CMBG but would be insufficient to overcome serious combat deficiencies in the CAST Brigade Group. Other consequences of approved funding levels are that:

- a. Regular Force units tasked to augment and reinforce the NATO-assigned brigades would lack the necessary equipment to provide adequately trained and equipped soldiers;
- b. very little equipment would be available to replace any lost in the initial phases of a conflict;
- c. the non-NATO-assigned brigades would exhibit a steady decrease in combat effectiveness;
- d. the land forces will be unable to match the increasing sophistication of our potential opponents;
- e. equipment to enable the Reserves to become an effective part of the Total Force will not be available; and
- f. higher maintenance costs will be incurred which exacerbates the pressures on the re-equipping program.

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In essence, Canada's ability to meet the commitments assigned to her land forces will continue to be at risk. The affordable programs do not provide the equipment necessary to provide balanced, combat effective units and formations able to conduct sustained operations against the increasingly capable Warsaw Pact Forces.

Air Capability and Commitment

15. The primary military commitments to which Canada's Air Forces are dedicated are the collective defence of the NATO area, and cooperation with the US in the air defence of North America. To meet these responsibilities, three fighter squadrons are based in Germany (1 CAG), two Canada-based fighter squadrons are committed to the reinforcement of Northern European Command (NEC), and three squadrons are assigned to NORAD. Implementation of the CF-18 program will reduce NORAD-committed squadrons to two, however, augmentation should be available from the CF-18 training squadron. The disposition of these tactical forces also permits the exercise of a measure of sovereignty and control of Canadian airspace. While the transport aircraft fleets should seemingly play a less important combat role, deployment of the NEC squadrons, the CAST Brigade Group and reinforcement of 4 CMBG and 1 CAG make the maintenance of long-range air transport essential to our NATO commitments. The Search and Rescue formations have an important and very visible function in peace-time Canada. Finally, the training aircraft fleet is essential to providing the skilled aircrew for all air force elements including those in support of maritime and land forces. Thus, the components of the air force structure are interdependent and a change in one component is likely to have repercussions on a number of capabilities.

16. The CF-18 aircraft is now entering service and its initial performance is highly satisfactory. Deployment of the CF-18 will continue through 1988. The mandate given the CF-18 Program Manager was to procure, within the CF-18 Project budget, a fleet with initial operational capability; the Defence Services Program was to provide sustaining logistic stocks. Under the latest projected funding levels of the DND Capital Equipment Program, there is serious concern over the sustainability of CF-18 war operations.

17. Based upon NATO-agreed sortie and expenditure rates, the current funding and indicative planning levels preclude the procurement of minimum air-to-air missile stocks as prescribed for NATO-assigned forces. Similarly, insufficient funding exists for plans to satisfy minimum North American Air Defence missile requirements and deficiencies will also exist in operations stocks of fuel tanks, advanced air-to-surface weapons, target acquisition systems as well as electronic warfare/electronic countermeasures equipment; these deficiencies would begin to become apparent during deployment of the 1 CAG Squadrons in 1986. It is estimated that without these systems and munitions, the CF-18 would fail to continue to provide the minimum capabilities which the technologies of the battlefield will demand even at a commencement of hostilities, not to mention its inability to sustain operations at the reduced level of capability.

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18. While it is intended that the CF-18 will remain in operation until the year 2003, there will be a need to replace aircraft lost in accidents. In the CF-18 main contract, there is the option to order attrition aircraft prior to April 1985 at the original contract price. If this option is not exercised, considerably higher costs would be encountered in the out years by ordering "off-the-shelf", if, indeed, the production line is still open and the aircraft configuration is suitable. Under the latest predicted funding level, timing of the CF-18 Attrition Procurement project precludes its funding. Attrition rate calculations predict that the fleet will fall below its peacetime establishment by 1995. Any decision to permit the fleet to fall below currently committed numbers should be taken early so that roles and tasks may be reduced and while allowing us to maintain a balanced force.

19. The critical balance required between aircraft fleets faces another potential disturbance with the scheduled replacement of our air transport aircraft. Based on current and forecast utilization and as a result of previous replacement program slippages caused by financial constraint, replacement of all fleets will be required within a six year time period. This will occur at a time when indicative planning levels indicate that adequate funds will not be available for full fleet replacement. While mobilization of civilian resources could provide some strategic airlift, these resources could not carry out the vital tasks of air refuelling, carriage of oversized military cargo, flight into hazardous areas, aerial resupply, or peacetime needs for heavy airlift in support of non-military goals. As a consequence, it appears there will be a serious limitation in our ability to carry out our primary missions.

20. The importance of the training fleet in providing aircrew to all air elements of the forces, including maritime and land aviation, was mentioned earlier. A discontinuity in the training flow would have severe repercussions in all aviation elements. The currently affordable long term program provides funding of only part of the training aircraft replacement which is scheduled for implementation in the early to mid 1990s.

21. The NORAD modernization project will provide a follow-on capability to the CADIN/Pinetree Line for the exercise of sovereignty over Canadian airspace. Technology appears to be leading the United States toward the development of space-based surveillance. Therefore, a project for Space-Based Radars would offer the opportunity for our participation with the United States in space systems. The reduced funding levels will most likely preclude Canadian participation in a Space-Based surveillance system, with a concomitant effect on the traditional exercise of Canadian sovereignty.

General Support Capability

22. General Support encompasses those internal activities necessary to raise, maintain and administer armed forces and to provide for command and control of the Canadian Forces. The affordable equipments are expected to upgrade strategic (long range) communications, automatic data processing equipment and maintenance and repair facilities.

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23. The largest support project is "Communications Plan 2000" which stretches from 1984/85 into the 1990s. Communications essential for Emergency Government Services and for providing information and direction to Canadian Forces in Canada and overseas would be updated. Within approved funding levels, however, DND has had to reduce Plan 2000 by over one half and will be unable to replace some obsolete communications and security equipment and systems critical for effective command and control of the Canadian Forces. For example, this reduction will make most unlikely implementation of a modern satellite communications system, improvement in the ability to communicate with Canadian Forces units operating in the high Arctic, and will create problems for the Canadian Forces operating with United States and NATO forces who are already making extensive use of satellite communications. DND, moreover, will also be unable to fulfil its mandate to provide Emergency Government communications.

24. Part of the automatic data processing equipment is for use by the Canadian intelligence community while the remainder is designated to improve the management of the Department in accordance with central Government agency guidelines. The additional constraints on funding levels have necessitated cuts in automatic data processing equipment which will have an impact on intelligence services -- an area where UK and US allies are relying upon Canada's participation and without which Canada will likely lose some existing sources of information.

25. Also of concern is the requirement to reduce the funding required for the Canadian Forces Supply System automated inventory control. It may not be possible to provide automated support to ships, and mobile land and air units. The affordable system is unlikely to be survivable in the event of war and it may not be capable of supporting national mobilization.

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Committee of Deputy Ministers on Foreign and Defence Policy		12 5 87	
FILE		2-1-12	DOSSIER A6

DMs' Committee Meeting, June 7, 1983 - Chairman's Note

Subject: Agenda Item 1 - The Defence Strategic Overview 1984/85

Issues to be Raised

1. The Strategic Overview discusses future directions and program strategy and outlines particular issues and concerns in a more diplomatic and low-key manner than was the case last year. In the process some may find the real message less than clear since this is very much a "don't rock the boat" document.
2. The Strategic Overview weighs the worrisome international developments against the national short term prospects for economic recovery and concludes that DND should be able to get through the next year or two on the currently established restricted reference levels. There is also concern expressed that Ministers may be unaware of the size and scope of defence problems that will face the Government in the latter half of this decade if current defence policy is continued and additional resources cannot be found to implement that policy.
3. These problems concern the lack of balance between assigned defence commitments and current military capabilities and involve: (a) the large backlog of old equipment which could take decades to replace; (b) the continuing shortage of personnel and materiel to attain adequate levels of military readiness and sustainability. Concern is expressed about the impact that the large number of unfundable projects will have on future capabilities and it is stated that the Strategic Overview will be supplemented with the findings of a review of priorities within the capital program (S.O. paragraph 25 refers).
4. Hence the current situation has changed little, although this is implied rather than stated in the Strategic Overview:
 - a) The 1975 force posture model has yet to be fully implemented, putting the effectiveness of the forces in question;
 - b) Obsolescence in our inventory of military equipment seems to be outdistancing our efforts at re-equipping the forces - again putting effectiveness of forces in question;
 - c) The international situation has deteriorated - putting the adequacy of the 1975 force posture model in question and making it difficult for the government to authorize force reductions and base closures;
 - d) The current economic situation has reduced the Government's revenues and increased its expenditures - putting the Government's ability to pay in question.

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5. The recommendations in the Strategic Overview are designed to ride out the "economic storm". The first recommendation (SO paragraph 30 a) seeks to reconfirm planning assumptions established by CCPP in February 1983 (60-83RD para 1). The second (SO para 30 b) seeks to reconfirm CCFDP decision of September 1982 on readiness and sustainability (467-82CR, para 10). The third recommendation asks for the establishment of a FY 87/88 reference level of \$11.2 billion which DND considers the minimum requirement to maintain constant purchasing power plus one percent for readiness and sustainability. TBS considers the emphasis should rest on the constant purchasing power formula (GNE deflator plus 3%) rather than on a fixed figure which is likely to change by autumn. Finance appears to be focussing on methods to reduce the deficit and may be more inclined toward an X-budget exercise.

L.E. West, LCol/D.S. Wright
June 6, 1983

G.S. Shortliffe,
Assistant Deputy Minister,
Sector and Corporate Planning

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A-7



Minister of National Defence / Ministre de la Défense nationale

Ottawa (Canada)
K1A 0K2
May 20, 1983

The Honourable Allan J. MacEachren, P.C., M.P.
Chairman of the Cabinet Committee on Foreign
and Defence Policy
Room 209-S
House of Commons
Ottawa, Canada
K1A 0A6

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My dear Colleague:

I refer to your letter of 18 March 1983, concerning the preparation and submission of the National Defence Strategic Overview for the planning period 1984/85 to 1987/88, and to my interim reply of 27 April 1983.

I enclose twelve copies of my department's Strategic Overview. You will note that this Overview does not seek to reopen the decisions taken by the Committee and Cabinet last fall and in March of this year. Not much has changed since then, and we can expect that the Department of National Defence would, with judicious management of the previously agreed reference levels, get through the next year or two without our needing to review our defence policy.

I believe, nevertheless, that our colleagues should be apprised of the state of our military forces and of the difficult problems that lie ahead. Therefore, this year's Strategic Overview attempts to elaborate upon the delicate relationship that exists between maintaining the modernization momentum to upgrade our defence capability and the tenuous nature of the Canadian Forces' ability to continue to meet our commitments and tasking for the rest of the decade and beyond. I hope we can agree that, in effect, there is no flexibility in the proposed defence program. It is for this reason that, as our situation improves, I suggest we give consideration to allocating additional resources to defence to alleviate some of the defence problems which we will inevitably have to deal with in the medium and long term.

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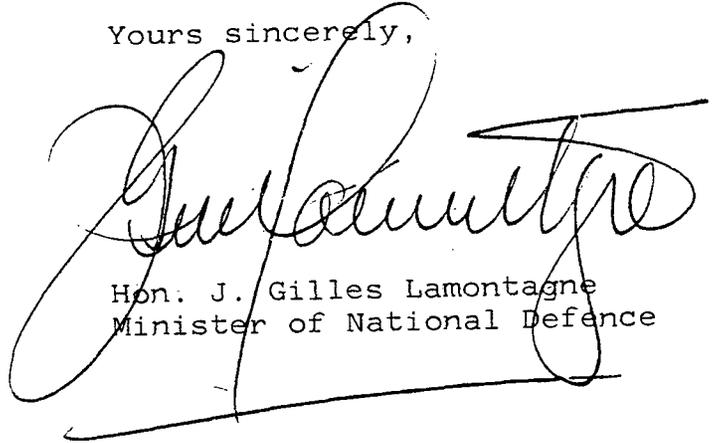
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Three copies of my Strategic Overview will be sent to the Treasury Board Secretariat for the information of the Treasury Board, and one copy will be sent to the Assistant Secretary to Cabinet (Foreign and Defence Policy) of the Privy Council Office.

Yours sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'J. Gilles Lamontagne'. The signature is written over the typed name and title.

Hon. J. Gilles Lamontagne
Minister of National Defence

Enclosures: 12

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STRATEGIC OVERVIEW - 1984/85

DEPARTMENT OF NATIONAL DEFENCE

INTRODUCTION

1. This year, the Strategic Overview of the Defence Program which I am submitting for 1984/85 follows hard on the heels, not only of Cabinet's decision last fall establishing defence envelope levels for the years 1983/84 through 1986/87, but also, more particularly, of Cabinet's subsequent decision of 2 March 1983 (60-83 RD (C)(R)), on defence allocations and planning guidance for the Defence Program. The Budget, brought down on 19 April 1983, affirms the decision we took in October 1982 to increase by three percent annually the share of national resources which we shall allocate to defence over the next four years. Broadly speaking I see no evidence that developments in the intervening months and weeks warrant my reopening these decisions at this time. I do not therefore intend to bring forward for consideration strategic options for the defence program involving shifts in national security policy or major new resource initiatives.

2. The time is one, in policy terms, to hold steadfastly to the course we have now set, even as we reflect upon the choices of destination which in future may be open to us. It is one, in program terms, for consolidation of the gains we have already made and for maintenance, to the extent that present economic and fiscal circumstances allow, of the momentum of the program to modernize our armed forces, which we initiated in 1975. This is not to say that there are no choices or problems in the defence sector, both of policy and program, which require the attention of Ministers. There are, indeed, both. Our defence policies and our defence program are not precisely in match one with the other. The time is coming when a thorough review of both may need to be undertaken, but I believe that my Cabinet colleagues will agree that the time is not here and now. In the meantime, and for the four year cycle of the Policy and Expenditure Management System (PEMS) to which the Strategic Overview relates, I see no likelihood that the decisions, which we must take, will unduly limit our real policy choices for the future or commit us to programs incompatible with those choices.

3. I say this in the knowledge that we shall soon have to take (and, in recent years, have already taken) some important defence decisions which will limit, to some degree, the range of choices in theory open to us in any future review of defence policy. For example, we will need to negotiate a Canadian contribution with the USA to modernization of the North American air defence surveillance and warning system. Certainly a contribution along the lines of that recommended in my Memorandum to Cabinet on this subject of 10 March 1983 (3-83 MC) will make it less easy for us to alter, fundamentally, our defence relationship with the USA. But do we see any likelihood of circumstances in which fundamental alteration of that relationship could conceivably promote Canada's national security or be in our national interest? While we must, again for example, soon decide on the first steps to modernize our fleet of surface warships, this decision does not impel us to decide now on subsequent steps. Do we, moreover, in reality, foresee any circumstances, short of Armageddon or the establishment of Paradise on Earth, where Canada would not, by the end of this century, need a fleet of surface warships larger than the ten with which, even if we undertook no further new construction, the six new Patrol Frigates and the four relatively modern Tribal Class destroyers now in service would, by then, provide us?

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FUTURE POLICY DIRECTIONS AND CHOICES

4. Nonetheless, even as we move forward with these, in my view, inescapable decisions, it is, I believe, incumbent on us to think about the factors which, in any future review, would have to influence our national security and defence policy choices. In the last few years, the "Peace Movement" and the various campaigns for nuclear disarmament, the continuing build-up of Soviet military capabilities, the NATO decision of December 1979, on intermediate range nuclear forces (INF) in Europe, and the strategic weapons decisions of both the Carter and Reagan administrations in the USA, have brought the issues of security and defence more to the fore in national, and international, public debate than perhaps at any time since the end of World War II. This is surely then a time when, as Ministers, we should be, and should be seen to be, coming to grips with these issues; when we should be assuring ourselves, and giving assurance to the Canadian public, that our national security and defence policy signposts are, at least broadly, pointing the right direction across what we can perceive of the national and international landscape that lies ahead of us.

5. Last year, I presented briefly in the main body of my Strategic Overview for 1983/84 and more fully in its Annex D, a review of the strategic or national security policy choices which, at least in concept, appeared to be open to us. We did not discuss those choices in policy committee. I did not then, nor have I since, detected a desire by Ministers to consider choices involving the kind of fundamental reorientation of our foreign and defence policies necessary if we should seek to move away from the policy of collective defence, in association with the USA and our other NATO allies, which has been the foundation of our national security posture since the end of the last World War. Ministers have, on the contrary, expressed to me renewed support for that policy.

6. Unless the situation has changed -- and the Foreign Policy Framework, which we discussed earlier in Committee and within which we have been invited to cast this year's Strategic Overviews, would suggest that it has not -- our real defence policy choices are neither many nor broad. They relate, in fact, to the number and nature of the undertakings we give to contribute to the military strength of the Alliance and to the size, organization, training and equipment of the armed forces we maintain to carry out these undertakings.

7. It is not impossible that consultations with our allies could, in future, enable us to make changes, of the kinds discussed in my Strategic Overview last year, in the contributions we make to the collective deterrence and defence posture of NATO. We should recognize, however, that our choices here are few and that, at least in my judgement, the times are not propitious for seeking to exercise them. The Alliance and all allied governments are under pressure, from economic circumstances, and from segments of public opinion, to constrain defence expenditures. These pressures are felt at a time when the clear need is for greater effort, collective and national, to maintain the cohesion and the deterrent strength of the Alliance, in face of the challenge of growing Soviet and Warsaw Pact military capabilities. For any ally, Canada included, to seek changes now in its collective defence contributions, especially if they could be seen as reductions, would run the risk of precipitating a process of unravelling within the Alliance, having adverse consequences potentially far outweighing whatever national benefit the ally itself might hope to gain.

8. Within the Alliance, I find a consensus that present circumstances require of Governments the resolute collective and national leadership and the steadfast determination to carry through the collective defence decisions and the national and joint

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military measures, no matter how difficult or, to some, distasteful they may be, which we have judged in common to be essential to avoid erosion of the relative deterrent and defensive strength of the Alliance. It is only by displaying, especially at this juncture, the collective will to do what is needed to deter aggression, that we can expect to make real progress in negotiating equitable and verifiable arms control and disarmament agreements with the Soviet Union and its Warsaw Pact allies. I am the first to hope that success will attend these negotiations and that it will, before too long, be possible to rely for our security and that of our allies, on a balance of armed forces and of nuclear and conventional armaments at lower levels than now. It is, in the meantime, important that we avoid, through faint-heartedness or overly sanguine neglect of the need to strengthen our military capability, ceding to the Soviet leadership the position of dominance to which it seems to aspire or weakening its incentives to negotiate with us.

9. Resolute support of our national contributions to collective deterrence and defence, and pursuit with our allies of initiatives to negotiate balanced measures of arms control and disarmament, are themselves a policy choice. I believe Ministers will agree that this policy choice is, indeed, the right one.

10. A national security policy of collective deterrence and defence has served Canada well for over thirty years. Continued adherence to that policy, in the troubled circumstances of the 1980s, can provide the sure and necessary foundation not only for the security of the nation but also for attainment of those other objectives of national policy which figure prominently in the Government's priorities. The USA, our other North Atlantic allies and those other democracies, such as Japan, Australia and New Zealand, which, through alliance with the USA, are part of the Western security system, include most of our major economic and trading partners. Our purchases of goods and equipment to enable the Canadian Forces to carry out their defence missions constitute a major element in the Government's efforts to use its own procurement to develop Canada's industrial capacity and to contribute to economic development. Those purchases, the offsets which we receive for them when they have to be made abroad, our defence trade and especially the preferred access which, as the North American ally of the USA, we have to the US defence market, are important stimuli to our high technology aerospace and electronics industries and a significant channel of technology transfer to Canada. Above all, however, it is in an alliance of democracies that we find the surest protection of our democratic institutions and of our personal and political liberties which lie at the heart of our policies of social justice and welfare for all of our citizens.

DEFENCE PROGRAM STRATEGY

11. We must, however, recognize that the benefits we gain from a policy of alliance are accompanied by obligations. As long as we continue to commit our armed forces, within the alliance, to demanding military tasks in North America, at sea, and in Western Europe, it is up to us to make sure that those forces are manned, trained and equipped suitably to carry out their tasks in face of the military threats to which they are exposed. It is around this precept that my department's program strategy has been organized.

12. Since 1975, the priority within the Defence Program has been to make necessary improvements in the military capabilities of our forces by reequipping them with modern weapons systems. We have, in addition, gradually increased the strength of our Regular Forces towards the benchmark of some 83,000 agreed by Cabinet in 1977 and we have sought, albeit with less than adequate resources, to

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enhance the quality and effectiveness of our Reserve Forces. We have sought to hold the line on civilian employment in support of the forces and, to the extent possible, on expenditures for operations and maintenance. Since 1975, by far the lion's share of the real increase in budgetary resources, which the Government has been able to allocate to defence, has gone to equipment.

13. We have made great strides forward. Capital investment, mainly in equipment, has risen from an abysmal low of some 8 per cent in 1974/75 to a respectable 23 percent in 1983/84. Important major equipment projects (eg, Leopard Tanks, Aurora Long Range Patrol Aircraft, General Purpose Armoured Vehicles) have been completed; others (eg, CF 18 Fighter Aircraft, 2½ ton Trucks) are well under way; still others (eg, the six Canadian Patrol Frigate Program, Small Arms Replacement, modernization jointly with the USA of the North American Air Defence surveillance and warning system) either have recently or will shortly come forward for consideration by Cabinet.

14. Much, however, still remains to be done. There is a considerable distance yet to go before we shall have overcome the large backlog of elderly and increasingly ineffective equipment, which too little investment some years ago has left in service with our armed forces. It will be some years, also, before we shall have brought our current holdings of military equipment into balance with the rate, unfortunately tending to increase, at which such equipment becomes obsolete.

15. Ministers agreed last year, and again in March, that the most appropriate programming strategy for National Defence continues to be one that gives primary emphasis to the acquisition of those modern equipments central to the maintenance by Canada of combat effectiveness in each of the land, sea, and air environments. Ministers will no doubt also continue to be of the view that this modernization ought to proceed as rapidly as the availability of budgetary resources permits. We cannot, however -- even though present levels of resource allocation leave us little flexibility to attend to them -- afford to neglect other elements of the Defence Program and other factors bearing upon our own and the Alliance's defence posture.

PARTICULAR ISSUES AND CONCERNS

16. Last year, Ministers focussed on the implications, for the Alliance and for Canada, of achievement by the Soviet Union of parity with the United States in nuclear systems, apart from intermediate range nuclear forces where the Soviet Union currently enjoys superiority. Awareness and appreciation of the importance of this development continues to deepen; indeed, fear of its implications is in some measure at the origin of the pacifist and neutralist currents in sectors of public opinion -- at least in Europe. Ministers noted that if the conditions essential to the maintenance of peace and liberty are to be maintained, there is no responsible alternative to increasing the effectiveness of the Alliance's deterrent capabilities at the conventional level.

17. Readiness and Sustainability. This was the context in which, last year, I brought before the Committee, at the same time as my Strategic Overview, my Memorandum on Defence Preparedness (467-83MC). In it, I exposed the problem that Canada's current force posture is increasingly ineffective in providing a fully ready and sustained conventional response in the event of a major crisis. This state of affairs has arisen because our war plans have not been backed by the comprehensive preparations or the resources -- human and materiel -- necessary to permit current military commitments to be met in conventional combat. The Committee's recognition of the need for the Canadian Forces, in the

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interests of effective deterrence of conventional aggression, to be able in an emergency to meet and fully sustain themselves when committed to combat and, if so directed, to further expand their capabilities (467-83CR), is without doubt, in principle, one of the most significant decisions we have taken since 1975. Implementation of the associated measures will lessen the vulnerability of our forces in Europe, and will help to raise -- to some degree -- the threshold at which recourse to nuclear weapons could be necessary.

18. Bringing our forces up to the standard which would be required in an emergency represents a formidable challenge, one that cannot be met within current resource constraints in a manner that my military advisers and I would regard as timely enough. The goal, moreover, will require us to change our present thinking about the Forces. We will need to think in terms of a "total forces concept", involving much better integrated and better equipped reserves. Readiness and sustainability would, then, be achieved by means of the rapid generation of the required additional forces, in an emergency, through the mobilization of effective reservists and the provision of equipment from augmented war reserve stocks or from rapidly implementable emergency production facilities. More effective reserves -- both human and materiel -- would appear to offer the most economical and practical means to improve the readiness and sustainability of committed forces. To give effect to this concept will require higher levels of equipment availability for the Reserve Forces, increases in our war stock of equipment and supplies, and possibly larger Regular Force cadres to train and support the reserve forces. More study is needed to determine what the most appropriate mix would be. It is clear, however, that difficult choices of priority and additional costs will face us if we are, in fact, to improve more than marginally the level of effectiveness of our Reserve Forces.

19. Ministers agreed last Fall to add funds to the Defence envelope as a modest step forward towards improving readiness and sustainability. The additional amount agreed was to be equivalent to .25% real growth per year commencing in FY 1984/85 until a total annual increment of 2% real growth was reached in FY 1991/92. It appears that this decision for the period beyond 1986/87 was overlooked in the recent decision on the Review of Defence Allocations and Planning Guidance. For FY 1987/88 the increment would be an additional 1% real growth. Even with this amount reinstated, the pace at which readiness and sustainment measures will be implemented will be very slow. Based on the preliminary estimates shown in my Defence Preparedness submission, we will, even after 10 years, still be considerably below what my Department judges to be necessary to sustain our commitments for 30-days.

20. Studies are now underway to refine the estimates of our requirements and of their costs. It is, therefore, too soon for us to reconsider the particulars of the decision on defence preparedness taken in Committee last Fall, but I suggest that we should reconfirm that decision as it applies to the period beyond fiscal year 1986/87. If we do so, readiness and sustainability will be given at least the priority in future planning which the Committee intended they have. Even so, we shall not achieve appropriate levels of preparedness in anything like the near future and, depending on circumstances, we shall probably have to return to the subject in future Strategic Overviews.

21. Maritime Capability. Canada is highly dependent on the sea both for its economic well-being and for its military security. Capable and balanced maritime forces are needed both to safeguard our extensive maritime interests and to make our agreed contribution to NATO's deterrence at sea. The entry into service of the new Aurora long range patrol aircraft and the purchase of the first

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six of a new fleet of surface warships, which we have now under consideration, mark the beginning of an overdue program to modernize our maritime capabilities. We still have a long way to go. Most of our present surface warships are obsolete. By 1988, when we can expect the first of six new Canadian Patrol Frigates to enter service, their average age will be over 26 years, compared with an extended life expectancy of some thirty years. By the same date, our submarines will be 21 years old as against an extended life expectancy of 25 years, and our anti-submarine helicopters (ASW) will be 22 years old. Of our current assets, only the new Aurora aircraft, the four Tribal class destroyers, which will need a mid-life modernization, and possibly the ASW helicopters, if it proves more economical to modernize than to replace them, will see us through to the end of the century. The fact is that the pace of our modernization program is not fast enough to prevent a continued run-down of our overall maritime capabilities which will become critically low in the last years of this decade and will extend well into the 1990s. It is, for me, a matter of concern that, unless resource allocations to defence can be increased substantially above what is now foreseen, the modernization program will have to be spread over some fifteen to twenty years and that, in the meantime, our naval forces will continue to have to depend for many of their tasks on old technology and equipment declining in capability relative to that of both our allies and our potential enemy. The challenge to correct this situation is a formidable one, but it is clearly one that we should have to consider accepting as we look forward beyond the middle-term future.

22. Land Capability. There is reason for concern also in the state of our army as we look towards the longer-term future of our land force capabilities. It will be some time before we attain a satisfactory capability to reinforce rapidly and subsequently sustain our principal army commitments in Europe, while providing for the security of the home front. We require increased numbers of combat trained forces in order to be able, in a crisis, to bring our brigade in Germany quickly up to its full fighting strength, provide a brigade-size force for the defence of North Norway, provide for the security of Canadian territory, and provide replacements for the casualties which would ensue from sustained conventional combat. Moreover, under current funding projections, much of the equipment needed by these forces can not be programmed for procurement for some considerable time. Unlike air and naval forces, the army is not structured around a few particular major items of equipment; it is, on the contrary, dependent on large numbers of less costly and more varied weapons and equipments which, in total, are equally critical to the army's effectiveness. Some of the more critical deficiencies include weapons and equipment to give our troops protection against air attack, against enemy tanks and against artillery fire.

23. Air Capability. Introduction of the CF-18 fighter is making a quantum improvement in our air combat capability -- both in the tactical role in Europe and in the air defence role in Canada. Although it will be 1988 before the last operational squadron becomes combat-ready, in terms of quality, these forces will be second to none -- and no doubt a source of pride for many of us. It is unlikely, however, that -- in the context of maintaining an overall balance among maritime, land and air capabilities -- we will be able to acquire, at present levels of resource allocation, all the air-to-air missiles that would be needed in an emergency. Nor are we likely to be able to purchase additional aircraft needed to meet all of the predicted peacetime losses; it could in these circumstances be necessary, sometime in the 1990s, to reduce our air commitments to collective defence. The air defence modernization which we will be jointly undertaking with the United States should greatly improve our capability to gain warning of air attack and to maintain surveillance of our air space. Even so, we will

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still have some difficult choices to make in the next few years when it comes time to consider replacing our fleet of strategic and tactical transport aircraft as well as the family of aircraft for training pilots, and many of the helicopters that currently support our land forces.

RESOURCE CONSIDERATIONS

24. Capital Investment. Ministers will recall that in my last Strategic Overview I had proposed to increase capital investment to an optimum level of about 30% of the annual defence budget. This rate of investment would have provided for the replacement of most of our present holdings of old equipment over the next ten to fifteen years. As my Memorandum on Review of Defence Allocations and Planning Guidance suggested, however, it was believed that, with a separate readiness and sustainability program and with an investment rate of about 25% of the budget, it should be possible to undertake a reasonably balanced, although tightly constrained, re-equipment program which would, at least, prevent us from losing ground. I remarked, however, that while this lower level should enable us to meet core requirements -- and, in turn, to meet our commitments in peacetime -- we would not be able to do so without incurring high risks, in the event of a major emergency. Ministers will, moreover, be faced with a number of difficult choices in the years ahead amongst high priority maritime, land and air projects.

25. Choice and Prioritization. My Department is in the process of completing an in-depth evaluation of our equipment needs in order to establish military priorities in respect of those projects which are, and are not, affordable at the lower rate of investment. Preliminary results indicate that the pressures on our modernization program are greater than originally anticipated. The projects which have been approved and those which I shall be recommending for approval will be affordable within existing envelopes levels and the indicative planning guidance agreed in March. What concerns me is the increase in the number of projects which we shall be unable to afford and the impact of that increase on the future capabilities of our armed forces. I intend, therefore, to supplement the Strategic Overview as soon as possible by bringing forward the results of the review of program priorities now in train and an analysis of its effects on our future military capabilities.

26. Operations and Maintenance. The cost of operating and maintaining our armed forces continues to rise. Although acquisition of new equipment enables the CF to make gains by disposing of old, ineffective equipment which is becoming ever more more costly to repair and use, the savings are largely offset by the higher skills and more expensive spare parts required to support the new equipment. Given the pressure on financial resources, replenishment of our previously depleted stock holding does not appear feasible and activity rates (for operations and training) must continue to be closely monitored. I expect that the Canadian Forces will be able to continue to carry out essential tasks, although they may be hard pressed to maintain all activities at their current levels.

27. Personnel. The benchmark ceiling on Regular Force personnel is 83,756; the authorized number of person years is, however some 2,000 below this figure. Current plans provide for annual increases in this authorized level of 400 additional person years in the Regular Force. However, as noted in last year's Strategic Overview, the numbers needed to man the Canadian Forces in peacetime at the required level of readiness and to provide for even a modest level of increased sustainability exceed this benchmark. In the light of the limited funds available for personnel, I have approved a planning framework which shifts our force structure from one based on a small and inadequate force maintained at a high

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level of readiness to a larger force in which the less urgent and critical tasks are met by personnel at lower levels of training and availability. I have also initiated studies which are to take account of the following policies:

- a. increases in Regular Force strength will be limited to those operational elements which have the greatest need for a high level of readiness and availability and those support agencies which would contribute to a significant expansion of the Reserves, or otherwise increase the readiness and sustainability of the total force;
- b. the full potential of the ready Reserve, within the framework of the Supplementary Reserves, will be exploited in order to fill war establishment positions in a crisis; and
- c. the full potential of the Primary Reserves will be exploited in order to provide the necessary individuals, the sub-units, units, formations and other organizations needed to meet the personnel demands of the overall war establishment.

I am hopeful that we will be able to increase efficiency of the resources allocated to manpower by making greater use of Reserves to back-up our Regular forces and by re-assigning the less time critical tasks to Reserve forces. I am also hopeful that modernization of the North American Air Defence system would reduce pressures on existing force levels. Needless to say, any freeing-up of resources would greatly help in updating our capabilities and in implementing our readiness and sustainability measures.

28. Grants and Contributions. The greater part of the funds provided in this expenditure category are used to pay our agreed contributions to programs financed in common by all or most NATO nations. The cumulative effect of commitments previously entered into, inflation and accelerated implementation of approved programs spurred mainly by collective efforts to improve the military balance between NATO and the Warsaw Pact, have been increasing the rate at which our contributions have been called for and consequently the annual rate of our expenditures. Our current resource allocations and envelope projections cater to the foreseen requirements, but pressures for more and larger commonly-financed projects are building within the Alliance. If these pressures continue, it may be necessary to consider, in future years, whether Canada should, in common with its allies, contribute more to this particular area of NATO activity.

29. Maintain Real Purchasing Power of the Defence Budget. During this Committee's and the Cabinet's review earlier this year of Defence Allocations and Planning Guidance, it was established and agreed that our defence policy, agreed commitments, and approved force posture could be sustained only if the government maintains the real purchasing power of the defence budget in the years beyond 1986/87, when Canada's current commitment to the NATO 3% real growth per annum guidelines ends. Since these discussions and the Cabinet's decision, officials of the Department of National Defence and of the Treasury Board have worked together to ensure that indicative planning levels satisfactory from both the defence and fiscal planning viewpoints were established. One of the central elements in determining the basis for deriving specific indicative planning levels has been the historic relationship between the level of price changes in the economy as a whole, measured by the GNE deflator, and in the defence sector, measured by the DND economic model. There has been over the years a 3% difference between the two, reflecting the higher than average cost of operating, maintaining and purchasing military equipment. The cooperatively

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established indicative planning levels for defence thus amount to the GNE deflator forecast, plus 3%. This circumstance, while coincidental, would permit the government to associate itself with our Allies in satisfying the NATO 3% annual "real growth" funding target in the years ahead, including its extension to 1990 which it appears likely will be sought at the NATO Ministerial meeting at the beginning of June. It will thus be possible for the government to continue to adhere, at least formally, to the NATO 'real growth' target while, in fact, holding constant the value of defence expenditures in real terms since Canada will now be reporting defence expenditures to NATO and calculating performance by reference to the national GNE deflator. We should not delude ourselves into thinking that our real defence output will thereby be increased.

30. 1985/86 - 1986/87 Reference levels. The currently approved 1985/86 and 1986/87 reference levels should provide sufficient funds for the Department to maintain the real purchasing power needed to carry forward the tightly constrained programme which at this juncture I am prepared to accept and to recommend to the Cabinet. With judicious management, I believe that it will be possible to proceed with the Canadian Patrol Frigate project and with those other major equipment projects of the highest immediate priority for the continued effectiveness of the Canadian Forces. There will, however, be no flexibility within the currently established envelope level either to fund additional programmes or policy initiatives, or to respond to conditions now unforeseen. Specifically, it could become necessary to review the established levels if wage settlements escalate after the 6/5 program ends, or if price increases in the defence sector prove to be higher than would be catered for by the allowance of 3% above the GNE deflator now included in the envelope for 1985/86 and 1986/87 which, in these two years, was intended to meet the NATO 3% real growth target. The adoption of the GNE deflator for FY 1985/86 and 1986/87 means that all of the real growth in resources provided for by the NATO 3% commitment will be required just to maintain the purchasing power of the defence budget at a constant level. Real growth in the output of the defence program will in effect cease some two years earlier than we had previously expected.

CONCLUSION -

31. In my introduction to this Strategic Overview, I made reference to the present conjuncture, of an unstable, worrying international environment, and domestic circumstances of economic and financial difficulty. In view of this setting, I do not intend by means of this Overview to reopen in any major way previous decisions of the Cabinet regarding the level of funding for National Defence for the period immediately in front of us. The defence program I am recommending to the Cabinet this year, will, with judicious management, get us through this difficult period without major dislocation in the Canadian Forces modernization program or in relations with the Allies. It is nevertheless a program which will not permit us to deal with pressing military problems over any but the short term, and I intend to supplement this Strategic Overview with a further report on this problem as soon as the Department has completed a review now underway of priorities within our modernization program. I look forward to the improvement in Canada's economic conditions which will permit the government to dedicate to national defence the additional resources needed to sustain our established policies and Canada's agreed international defence commitments.

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RECOMMENDATIONS

32. I recommend that the Committee:
- a. reconfirm that, while actual defence contractual commitments would be regulated so that expenditures will not exceed the established envelope levels, the fifteen-year long-term defence program should be guided by an indicative planning level based on -
 - (1) the government's intention to sustain the purchasing power of the defence budget at a roughly constant level, in real terms, for the period beyond 1986/87, and
 - (2) the government's intention to maintain within the defence budget a capital program not below some 25% of the overall budget;
 - b. reconfirm that the improvement of the Canadian Forces readiness and sustainability is a concern of the government and should continue to be given the priority agreed by the Committee last fall by providing the agreed additional funding in 1987/88 and incorporating it in the indicative planning level for subsequent years; and
 - c. recommend to the Cabinet, in addition to the levels already set for 1984/85 through 1986/87, a reference level for 1987/88 of \$11,200 million.

Hon. J. Gilles Lamontagne
Minister of National Defence

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Addendum #1 To
DND Strategic Overview - 1984/85

PROGRAM EVALUATION STUDIES - SUMMARY OF FINDINGS

DND Construction Engineering - Update

1. The summary of program evaluation findings reported last year noted that departmental senior management had reviewed an evaluation report of DND Construction Engineering and that consequential action plans were being held in abeyance pending further study of a particular issue.
2. Following study of that issue, provision is being made for enhancement of the long-term infrastructure planning function, including the development and maintenance of infrastructure controls.
3. Another initiation in progress, scheduled for completion within the fiscal year is the delineation and quantification of indigenous construction engineering capability based on identified military capability requirements.

Evaluation of Automatic Data Processing Personnel - Update

4. The summary of program evaluation findings reported last year noted that departmental senior management had reviewed an evaluation report on automatic data processing personnel and that action plans were being developed.
5. The report and the action plans have been approved by the DM and CDS. In the important area of improved guidance on the employment of military versus civilian personnel resources and on the use of departmental versus contracted expertise, guidelines have been developed, approved by the DM and CDS, published, and are being implemented.

DND Policy/Capabilities in support of Peacekeeping Operations

6. This evaluation study reviewed DND policies and capabilities in support of international peacekeeping operations.
7. The general finding was that the peacekeeping program component of the Defence Services Program remains a requirement under current government policy. There is an established and defined policy basis and framework within which the activities and resources involved in the described profile of the peacekeeping component are undertaken and committed. The report noted that the program is responsive in nature and the rate of activity is generated primarily by factors and developments beyond the control and influence of the CF and the department. Nevertheless, opportunities to enhance the department's capability to meet certain contingencies could be taken.
8. The benefits to DND and the government resulting from CF peacekeeping activities have been significant with respect to favourable public support, international recognition, credibility of CF knowledge of and expertise in peacekeeping, and the operational and training experience gained. This is particularly so in consideration of the relatively small percentage of the CF total effort expended on the activity.
9. The evaluation report has been endorsed by the Audit and Program Evaluation Committee; action plans are being developed for consideration by the DM and CDS.

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Sea Mine Defence In DND

10. The evaluation study assessed the possible threat posed by the mining of Canadian waters and examined the CF capability to deal with the threat.

11. The major finding was that the Canadian Forces Mine Counter-measures capability is insufficient to carry out the assigned task and that it could not deal with a minimum mining threat.

12. The evaluation report and associated recommendations have been endorsed by the DM and CDS. Capability options are being developed as part of the normal program development process.

Northern Patrol Program

13. This evaluation study reviewed and assessed the DND Northern Patrol (NORPAT) Program with respect to its continuing relevance to the Government's sovereignty policies and objectives and their effectiveness in support of the roles and tasks assigned to the Canadian Forces.

14. The general finding of the study is that the NORPAT Program, as executed, is both appropriate and effective. However, a number of inconsistencies in expressed policies, operational guidance and operations, related to the DND Role of Protection of Sovereignty in general, and NORPATs in particular, were identified. These were judged to be a cause of some current uncertainties and a potential source of difficulty in the future.

15. The evaluation report has been endorsed by the DM and CDS. Actions are in hand to strengthen operational guidance to commanders in the area of sovereignty objectives and to clarify certain taskings. No program changes are contemplated.

DND Research and Development Program

16. This evaluation study was designed to assess how effective the restructuring of the R&D activity in DND and the formulated R&D policy have been in achieving the underlying aims of that policy and, more specifically, to examine how the department plans and implements its R&D activity.

17. The major portion of the analysis was concentrated on issues which involved decisions by corporate management. There was particular concentration on the Chief, Research and Development activities where government and departmental policies for equipment procurement and support of Canadian Defence Industry (to which the department's R&D activities respond) impact, and on the department's corporate level decisions, responsive to these policies, that direct the department's R&D function.

18. The primary finding was that the R&D program is well mandated and responsive to departmental needs to the degree that they are articulated. However, there are important areas where improvements could be made. The R&D program is, in general, generated through a bottom-up process. The central theme of this evaluation report was the need for more top-down direction and control. Consequently the main emphasis of the detailed findings is on those issues which require decision at the corporate management level.

19. The evaluation report has been endorsed by the DM and CDS, together with action plans for addressing the recommendations, with particular emphasis on improving procedures for program planning and the clarification of objectives. A working group is being formed, led by ADM(Mat) to carry out this task.

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Strategic Overview

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MEMORANDUM TO CABINET
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OVERVIEW OF STRATEGIC OVERVIEWS
FOREIGN AND DEFENCE POLICY

SURVOL DES STRATEGIES GLOBALES
POLITIQUE ETRANGERE ET DE
LA DEFENSE

Chairman, Cabinet Committee on Foreign and
Defence Policy

Président, Comité du Cabinet chargé
de la Politique étrangère et
de la Défense

September 2, 1982

OVERVIEW OF STRATEGIC OVERVIEWS
FOREIGN AND DEFENCE POLICY
1983/84- 1986/87

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OVERVIEW OF STRATEGIC OVERVIEWS
FOREIGN AND DEFENCE POLICY
1983/84 - 1986/87

September 2, 1982

I. OBJECT

1. (a) To provide Ministers with an overview of the policy thrusts and initiatives having international implications that have been proposed in sectoral and departmental strategies throughout the Canadian government.
- (b) To assess these proposals against the Government's foreign policy objectives and current priorities.
- (c) To propose, in light of the above, policy options together with their expenditure implications.
- (d) To obtain Ministerial direction.

II. FOREIGN POLICY DIRECTIONS

(a) Introduction

While this Overview is not intended to be a foreign policy review it is nevertheless desirable to recall the principal elements that have guided Canadian foreign policy in the past decade and to identify some of the key issues in the currently turbulent international situation. This will provide Ministers with a background for assessing the policy thrusts and initiatives being proposed by Departments and Sectors. It should also assist in deciding on appropriate courses of action for meeting the challenges of the next few years.

(b) Foreign and Domestic Policy

As much as any nation and perhaps more than most Canada is dependent on the world outside its borders. Our economy is heavily influenced by international economic developments, our security is of a collective nature and we have historically sought to attenuate great power influence through bilateral and multilateral arrangements. There has been increasing recognition over the years of growing global interdependence. Canada's open society and open borders compound our responsiveness to events abroad.

Interdependence with other countries and with international systems has also been manifested in other ways. Since the Treaty of Versailles Canada has deliberately set out to extend its bilateral relationships and to participate in multilateral organizations. This policy has been necessary for the pursuit of domestic objectives but also to dissipate an over reliance on preponderant bilateral influence whose origin has already shifted at least once. The enlargement of the community of sovereign states, the proliferation of multilateral institutions and the widening range of subject matter covered internationally now impinge on many areas of Canadian interest. Such exchanges can only be ignored at our peril.

A close relationship and sometimes a direct linkage accordingly exists between domestic and foreign policy in Canada. They can seldom be developed in complete isolation from each other. Trade and economic policies

probably provide the clearest examples. The international economic systems on which we depend are currently under severe strains which directly affect our well being. Our actions can, in turn, contribute to or ease these strains.

Because the international environment can have such a significant influence on Canada two basic strategic frameworks were developed to provide coherent direction to the decision-making process. A third in the form of priorities has more recently been established. They are:

1. Foreign Policy for Canadians (1970) reoriented perspectives from the assumptions of the post-war period towards the larger prospects of a multi-polar world. It assumed that foreign policy was largely an extension of domestic policies and it postulated six national goals having international dimensions:

- 1) fostering economic growth;
- 2) safeguarding sovereignty and independence;
- 3) working for peace and security;
- 4) promoting social justice;
- 5) enhancing the quality of life; and
- 6) ensuring a harmonious natural environment

2. The Third option (1972) considered the consequences of Canada's open border policies which had, over the years, led to a high degree of foreign ownership of the Canadian economy and considerable foreign influence in other fields, predominantly by the United States. It is worth recalling that the paper outlined three options, of which the Third selected by the government was to pursue a comprehensive, long-term strategy to develop and strengthen the Canadian economy and other aspects of our national life and, in the process, to reduce the present Canadian vulnerability, particularly to U.S.A. actions.

3. Priorities - The six national and international goals outlined in "Foreign Policy for Canadians" are inter-related. They are accordingly less than ideally amenable to being ranked in order of priority but since Autumn 1980 the government has placed decided emphasis on Economic Growth and on Social Justice.

There are, of course, other important documents establishing policy directions in specific international fields, such as Defence, Aid, Trade, and Immigration. These directions conform with the foreign policy objectives described above and outline sectoral considerations with quantified targets which usually have a medium term duration.

III FOREIGN POLICY ENVIRONMENT

4. The prospects for achieving Canada's foreign policy objectives are made more difficult by the current and immediately foreseeable environment in which Canada must pursue its foreign policy interests. The principal trends of direct concern include:

Trade

- The world economy is under severe strain, accompanied by persistent inflation, high interest rates, stagnating industrial production, and high unemployment in many countries.
- A number of countries are concentrating on export-led growth and competition is fierce.

- Increasing pressures for subsidization of exports and for protectionism persist in many countries. Actions by any country can lead to retaliation by others. Actions by Canada, while defensible in the light of domestic circumstances, could contribute to an escalation of protectionist moves. The risk of trade wars is a growing threat.

Finance

- Many countries face BOP problems which were temporarily alleviated by recycling petro dollars through the banking system. However, repayment of the ensuing debt burdens has produced further BOP difficulties. Some are now unable to meet debt obligations and to import. The ability of the international financial system to ensure adequate capital flows also is under strain. The system itself is fragile through over-extension and low liquidity; defaults could cause severe shocks.

Security

- The East-West relationship, always difficult, is undergoing another period of precarious adjustment. Canada and its Allies face a challenging near term military security situation, their former military superiority has been replaced by rough parity at the strategic nuclear level and by conventional and theatre nuclear inferiority, raising doubts as to the credibility of NATO's deterrent strategy. The task of preserving Western unity is made no easier by economic circumstances and by an American administration seemingly bound on asserting its premises for East-West relations. At the same time, doubts exist about the intentions of the U.S.S.R. which is increasingly experiencing economic difficulties as well as continuing problems with contiguous satellites e.g. Poland and Afghanistan. Arms levels will continue to attract considerable attention both domestically and internationally, as remedies for adverse trends in the East-West balance are sought, and as conventional and nuclear arms reduction talks proceed. Regional instability, most dangerously in the Middle East, can be expected to continue.

The Third World

- The developing world is caught in the squeeze of great internal difficulties without many having immediate prospects for resolving these internationally. Yet some developing countries could become economic partners of considerable importance to Canada, i.e. NICs because of their continuing strong economic performance. Moreover, this group of countries should more properly be considered as industrialized countries with which the so-called "North" has significant ties.

Others present possibilities for instability that could be damaging to Canadian interests. Our interdependence is significant. The conundrum is how best to bring the Third World into the international mainstream to our mutual advantage. The North-South dialogue, NIEO, Global Negotiations, and Aid programs, seen in this light, are part of a process from which we can benefit.

Domestic Factors

- Questions about Canada's future have received international attention as a result of federal/provincial differences over resources ownership and exploitation; the Quebec referendum; and the achievement of Constitutional patriation. These domestic strains have had repercussions on our relations with the U.K., France and the U.S.A. The interrelated economic situations in Canada and abroad have been marked by recession, inflation, unemployment and high interest rates necessitating fiscal and budgetary restraint, most recently manifested in the Government's 6%/5% program.

Assessment

5. The foreign policy directions we have been following for over a decade were aimed at reducing our vulnerability and striving to achieve six national and international goals. We face problems with the U.S.A. but such costs were expected. They have been accentuated by the greater than anticipated depth and duration of the current economic crisis. Moreover the limitations on Canada's ability to modify international circumstances in its favour were seldom more apparent than they now are. This may not be the time to doubt our foreign policy directions. Questions could however be raised about the consistency of our policy pursuit and about the effectiveness with which domestic and international realities have been matched. For instance, the diversification of our interests to Europe and Asia. The financial and other adjustments of the rapid rises in energy prices have been slow. The credibility of our contribution to western security was and is held in doubt at a time when we are endeavouring to forge the "contractual link" with the EEC. Account needs also to be taken of the lack of vigor among Canadian entrepreneurs in seizing past opportunities.

6. An approach to the questions of consistency and effectiveness may exist at the process level to ensure that:

(a) the foreign policy implications of well conceived domestic policies and strategies are more fully taken into account.

(b) the strategy and decision-making process for adapting domestic policies to the sometimes devastating influence of trends and events outside Canada is sufficiently responsive.

7. It is accordingly desirable to assess whether the many sectoral initiatives and strategies proposed this year are likely to assist in the attainment of our key domestic and foreign policy goals in currently unfavourable international circumstances and whether they are likely to assist in reducing our vulnerability to events abroad.

IV KEY FOREIGN POLICY STRATEGIES

8. In the light of known priorities, Canada's fundamental interests and values, and the assessment of the international situation, the following are considered to be Canada's key foreign policy strategies for the planning period and are discussed below:

(A) Reducing Vulnerability and Contributing to the Attainment of the Government's Economic Development Priority Through Bilateral and Multilateral Relations.

(B) Contributing to Global Stability and Western Security.

(C) Contributing to Social Justice.

A. REDUCING VULNERABILITY AND CONTRIBUTING TO THE ATTAINMENT OF THE GOVERNMENT'S ECONOMIC DEVELOPMENT PRIORITY THROUGH BILATERAL AND MULTILATERAL RELATIONS.

9. In December, 1980 Cabinet approved the "Bilateralism Strategy", developed by External Affairs in response to the Government's economic development priority. This strategy recognizes that the successful pursuit of Canada's tangible interests, particularly economic, lies in the purposeful, consistent and coherent management of all elements of a relationship. Prototype strategies for Mexico and the FGR are being implemented. Trade and sectoral marketing plans are also being pursued in other countries.

Canada-USA Relations

10. Politically and economically the Canada/U.S. relationship is by far the most important of our bilateral relationships. It is fundamental to Canadian well-being and requires careful and comprehensive management. The opportunities for cooperation are many, as can be the irritants. The state of the relationship is at present quite strained and seems likely to stay that way at least over the medium term. Current, difficult problems derive ultimately from differing, perhaps diverging approaches to the role of government in society, from conflicting interests in some sectors, including the nationality of ownership, and from protectionist pressures occasioned by a profound economic recession. A significant U.S. economic recovery would ease bilateral tensions considerably.

The short-term requirement for managing the relationship is to make such progress as is possible on economic and non-economic matters alike, particularly environmental protection, while preserving the fundamentals of our economic policies designed to serve Canadian interests over the longer term. It will be necessary to integrate foreign, particularly U.S. relations considerations into domestic policy-making. For example, new Canadian measures appearing to restrict access to the Canadian market could in the current climate exacerbate protectionist tendencies in the USA. The bilateral defence relationship is healthy but intra-alliance relations have been made more difficult, including bilaterally, as a result of the U.S. attempt to assert territorial jurisdiction in the U.S. oil and gas sanctions/Siberian pipeline issue.

Over the years Canada's success in reducing its vulnerability has varied. We have often been able to obtain exemptions from measures primarily directed outside North America. We have often been able to modify and diminish the impact of measures directed primarily at Canada. We have also on many occasions managed to use the influence of like-minded nations in NATO, OECD and in summits to attenuate proposals to our better advantage. Where we have been less successful is in the management of Canadian proposals that impinge on the U.S.A. and in diversifying our interests away from the United States.

11. Experience with the NEP and FIRA suggests that greater attention should be devoted to the development of implementation strategies particularly oriented towards the United States that are designed to take optimum advantage of available channels and mechanisms including special interest

groups to increase comprehension of goals, diminish opposition and obtain acceptance of policies designed to reduce vulnerability. It is this aspect rather than the policies themselves that often need changing.

12. In this context Ministers should note that some proposals put forward by Departments and Sectors have considerable implications for our relations with other countries, particularly the United States.

13. The number and range is large: in agriculture - upgrading of the natural resource base and import substitution targets in vegetable and food grains; in communications - the integrated approach to the North-American market and Canadianization of cultural industries; in minerals - the development of EMR's international strategy; in environmental protection, particularly the proposed "Water Strategy for Canada" from DOE; in fisheries the Pacific and Atlantic Fishery studies and bilateral Pacific Salmon Agreement; in government procurement - the proposal to establish a joint federal/provincial/municipal venture to harness annual public sector procurement in Canada; in sourcing - import substitution in private commercial projects; in Northern Affairs - the proposed framework for northern economic development and environmental protection; in offshore development - extending Canadian legal and economic jurisdiction offshore; in transportation - proposed modifications to the Canada Shipping Act; in legislation - the revision of many Acts.

The above are in addition to any specific action or legislative changes that may be required to exercise appropriate control over U.S. subsidiaries in Canada. Sight must not be lost of sensitivities over defence relations where joint planning on improving North American defences is being reopened.

14. The potential gains from each of these initiatives should be balanced against the negative effects of a possible further worsening in Canada/U.S. relations. Timing is very important and some initiatives may need to be reconsidered or delayed until a more propitious time. Where it is important to proceed, careful attention will need to be paid to the presentation of policy changes and initiatives. In this connection it may be possible to tailor some of the above initiatives and some existing policies more closely to present exigencies by distinguishing between the essential and the non-essential. On FIRA, for example, we should reduce processing time and we should eliminate excessive Canadian preferences in purchasing commitments. There does not appear, however, to be the same scope for amendment of the NEP.

15. Ministers will receive in the early Autumn a proposed strategy for the Canada/U.S.A. relationship. The opening of a new post in Denver, Colorado, to assure a more balanced representation of Canada in the U.S.A., to meet Western provincial concerns and to promote trade also is proposed. A feasibility study on whether to participate in the Louisiana 1984 World Exhibition, for which Canada eventually will receive an invitation, also is advocated.

16. Canada's frictions with the U.S.A. seem to have led to a renewal of well meaning proposals for exploring some form of free trade arrangement with the U.S.A. Studies could be undertaken of such an alternate strategy if Ministers so wish. Nevertheless, it is well worth recalling that by 1987 well over 90% of current Canadian exports will enter the United States at tariffs of

5% or less and close to 80% will be duty free. On balance, therefore, the foreign policy direction established in 1972 by the government and particularly the possibilities of diversification have neither been disproved nor exhausted. Therefore, renewed attention to certain key traditional as well as new relationships and markets is warranted over this planning period to reduce vulnerability to the U.S.A. while pursuing economic development. For instance:

● Europe

Several avenues for improving Canada's image in and relations with, Western Europe suggest themselves:

- (a) prospects should be explored for deliberately building a better industrial and natural resource connection with Europe. Joint ventures and energy offer considerable possibilities.
- (b) increased political consultation with the Ten and alignment where warranted of Canadian and West European viewpoints on foreign policy issues, such as the Caribbean and Africa;
- (c) demonstration of Canada's willingness to contribute its share to the defence of Europe through, inter alia, continuation of the 3% real growth in defence expenditures commitment;
- (d) a purposeful and multi-year sensitization of French opinion leaders as to the federal viewpoint on questions of Canadian unity is being undertaken to counter the unbalanced influence achieved by Quebec. In this connection Ministers will receive proposals related to the events marking the 450th Anniversary of Jacques Cartier's arrival in Canada and Canadian Participation in the Paris '89 World Exhibition marking the 200th Anniversary of French Revolution;
- (e) the high level and systematic attention to the Canada/FRG relationship should be adapted to relations with the EEC and France;
- (f) a heightened public relations, cultural and academic presence in general.

Meanwhile, the uncertainties of the East/West relationship suggest that Canada should review and establish a basic long term attitude toward the U.S.S.R. The review need not prevent the immediate development of productive relationships in areas of basic interest to Canada, such as the conclusion of consular conventions with Eastern Europe countries.

● Pacific Basin

- (a) Bring to bear Japanese and other Asian interests in Canada as a source for industrial materials, foodstuffs and energy;
- (b) technical delays of Japanese auto imports occur at a time when we need to diversify away from the U.S.A. We must continue the search for means to deepen and strengthen the relationship whose two way trade now totals

\$8.5 billion. Canada will receive an invitation to participate in a major world exhibition being hosted by Japan in 1985;

- (c) continue our interest in having China emerge as a responsible member of the international economic, political and security community;
- (d) build on our ties with Australia and New Zealand as partners in the Pacific;
- (e) support and be involved in the growing political and economic cohesion (ASEAN) and interdependence of the region to encourage its democratic societies and market economies;
- (f) ensure we are involved with and are seen as a participant in the gradual development of the Pacific Community Concept. Endeavours ranging from the creation of a Canada Foundation for Asia and the Pacific (likely requiring \$500,000 from the External Affairs envelope in start-up costs and \$50 million from other envelopes in endowment funding) or grants to various organizations to heighten public awareness and involvement and trade-oriented seminars will be or have been proposed.

o Newly Industrializing Countries

- (a) Since the pronouncement of the Third Option in 1972 certain countries in Asia (Korea, Taiwan, Singapore, India), Middle East (Saudi Arabia, Kuwait, Iraq, Egypt) and Latin America (Mexico, Venezuela, Brazil) have become economic partners of great potential to Canada. This situation is often double-edged for Canada. Some with highly competitive resource and manufacturing industries cause pressure on third country markets. They have access to Canada but continue to restrict our access to their markets. In other cases questions arise concerning their capacity to pay for large projects, as in the case of the CANDU reactor to Mexico and Egypt. Accordingly, there is a need for Canada to strengthen its bilateral relations and to reinforce its efforts to bring these countries more effectively into the multilateral trading system, inter alia, to capitalize on opportunities and to come to grips with market access problems.
- (b) In still other cases, particularly in the Middle East, one of the fastest growing export markets today, political factors appear to have inhibited Canada from taking full advantage of the commercial opportunities available. It is proposed to open a new post in the United Arab Emirates (UAE). Such a move, combined with the opening of a post in Jordan in 1982/83, should burnish Canada's political image and help its commercial endeavours in all Arab countries.

o Latin America and the Caribbean

Canada was actively involved during the decade of the 1970's, but particularly so during the past 2½ years,

in developing and enhancing our relations with the countries of Latin America and the Caribbean in many fields. In 1981 total trade with Latin America and the Caribbean reached \$8.9 billion of which exports were \$3.7 billion and imports were \$5.1 billion, the imbalance being caused by the fact that 40 to 50% of Canadian petroleum imports comes from Venezuela and Mexico. Over 33% of Canadian exports to the region is made up of manufactured or semi-processed goods. Prospects for increased exports to most of the countries of the area, but especially to the leading markets of Brazil, Mexico, Venezuela, Cuba, Colombia, Peru, Argentina and Chile are good. In the Caribbean and in Central America as well as in some of the countries of Latin America major Canadian aid programs are contributing to economic and social development which promotes political stability and regional security vital to Canada and this hemisphere.

While much of the medium term effort will be devoted to consolidating the significant gains achieved by various initiatives of the past two years the following initiatives are proposed:

- (a) modest increases or adjustments to our diplomatic representation in the area, including the re-establishment of an Embassy in the Dominican Republic;
- (b) the conclusion of appropriate economic cooperation agreements or arrangements;
- (c) to consider whether Canada's interest would be served by full membership in the organization of American States (OAS), a move which would likely involve an annual cost of \$7 million as our share of the OAS assessment, an increase of two Canada based officers and two support persons at our OAS mission in Washington and the addition of two officers and one support person at Headquarters in Ottawa to ensure adequate support to Canadian representation in the organization as a full member.

● Multilateral Fora

Canada's stake in an open international trading and payments system dictates that it should seek opportunities to reinforce its relevance and effectiveness and to broaden its scope. This Canada attempts to do by actively participating in multilateral fora such as the OECD, GATT, IBRD, IMF and the Economic Summits, all of which are oriented towards attempting to manage and to resolve jointly common economic problems affecting the international trade and payments system. The November, 1982 GATT Ministerial meeting, for which instructions on the Canadian position will be sought from Ministers, will offer an important such occasion. Similarly Ministers will receive a review of Canadian policy towards the IMF prior to a major meeting of the IMF/World Bank in Toronto this autumn. Similar opportunities and constraints exist in the political and security fields where Canada pursues its interests through participation in NATO and NORAD, CSCE and arms control (MBFR), as well as in addressing global problems in the U.N. and its Agencies.

Assessment of Sectoral Proposals

18. The Government has established an economic strategy founded on the continued development and expansion

of a) resource based industries along with the b) revitalization of industrial capacity towards specialized international competitiveness. Departments have responded with proposals and initiatives designed to implement the strategy (Appendix A). Ministers will wish to weigh the implications of these on our international objectives over the immediate and longer term. Some proposals involve potential costs to our bilateral relationships, particularly with the United States as already mentioned and some give the appearance of impinging on such basic foreign policy tenets as our GATT obligations and other international agreements. The issues raised by these proposals are being addressed in a comprehensive Trade Policy Review, currently under preparation.

19. There are however several other aspects of Sectoral proposals requiring attention, some are of a general nature and others refer more specifically to natural resources and to industry.

(a) General

- (1) An expansion of export markets is crucial to the success of most resource sector strategies. But demand is low and prices currently are depressed, with the timing of increases uncertain.
- (2) Being so dependent on access to foreign markets it is important to avoid protective and subsidy measures in Canada which could lead to trade relations difficulties. Some of Canada's trading partners have threatened or have already appealed some of our trade and economic policies to the GATT.
- (3) Import substitution, which is stressed in several resource strategies, will need to be carefully handled, particularly in the agricultural sector, if retaliation is to be avoided.
- (4) The management of energy relations will be especially critical with the U.S.A. and to a lesser extent with Japan and Western Europe. The pace of development of Canadian energy resources, particularly coal and natural gas, will be significantly affected by export opportunities and the availability of adequate investment capital as well as appropriate technologies which will raise important policy issues.
- (5) Duplication: A number of resource and other Departments have proposed increasing their international marketing and representational efforts. The proposals should be viewed in the context of follow-up to the Government's recent reorganization.

(b) Natural Resources

20. The Strategic Overviews for resource departments are well directed in stressing the need to improve productivity and to expand export markets. Much preparatory work has already been accomplished in the Agri-Food

Strategy, the Minerals Policy and the Forest Sector Strategy. The international dimensions, including market access and market development, are being elaborated in ongoing work on fish, minerals, International Food Strategy and in the Trade Policy Review.

21. Canada's changing oil import needs may require adaptations in offshore oil sourcing, including by Petro-Canada to less vulnerable areas. The political and commercial implications of changed sourcing will need careful assessment. The NEP will continue to attract critical attention from foreign governments, e.g. on energy pricing and conditions for foreign investment. The principles and measures of the NEP will need to be explained and stoutly defended bilaterally, especially in the U.S.A. and in multi-lateral fora such as the International Energy Agency and several OECD committees.

(c) Industry

22. Few significant new program proposals for the revitalization of industry have been brought forward this year. As the export of processed, manufactured and capital goods have a recognized effect on unit cost and on the Balance of Payments close liaison is being established with the appropriate Departments to elaborate business and sectoral plans.

23. The health, even survival, of Canada's nuclear industry though most of the decade is likely to depend critically on export sales of nuclear technology and/or the construction of additional domestic nuclear capacity for power exports. Effective political management of nuclear relations with a variety of countries will be essential, as will perseverance in maintaining and strengthening an international non-proliferation régime in which governments and their publics can have confidence.

(d) Science and Technology

24. Cabinet has approved a target for gross expenditure on capital R&D of 1½% of GNP by 1985. Canadian industry is expected to fund one-half of this effort. Good progress has been made towards the 1985 target, yet, it must be recognized that our competitors are now in the process of raising their R&D expenditure levels even further. As one means of deriving maximum economic benefit from our R&D expenditures in the international field, Ministers recently received a strategic framework for S&T collaboration in selected technologies with partners chosen from OECD countries and the NICs.

(e) Communications

25. Cultural and telecommunications issues can have sensitive international aspects. The further Canadianization of cultural industries will in some cases elicit a strong U.S. reaction. There are also questions in some proposals about responsibility for the delivery of cultural programs abroad.

Telecommunications issues have both bilateral (particularly with the U.S.A.) and multilateral implications which are both highly technical and increasingly political in nature, requiring careful management.

(f) Coordinated Procurement

26. Although the proposal to establish a National Cooperative Supply Agency takes into account the fact that

Canada is party to an Agreement on government procurement negotiated in the GATT during the Tokyo Round, care must be exercised in its implementation to avoid the impression that indefensible advantages are being conferred upon Canadian suppliers.

(g) Environment

27. The development of strategies for the Northern environment and for energy development will have implications for multinational enterprises as well as for the Canadian private business sector. Much work has been devoted internationally to the development of accepted standards to guide MNE operations; these should be taken into account.

Ministers will receive this autumn proposals concerning a "Water Strategy for Canada" which is a subject of great national importance, particularly for the Prairie Provinces. It is also an issue that is likely to have long term implications for our relations with the United States reminiscent but probably greater than the difficulties encountered over the Columbia River, the Skagit and the Garrison Diversion. Every aspect of the proposed water strategy from its preparation to its implementation must be developed in the context of Canada-United States relations.

(h) Legislative Changes

28. Measures designed to resist the extraterritorial application of United States laws to the operations of firms in Canada could become prominent. Also the international implications should be noted as they come forward of such legislation proposals as:

Consumer and Corporate Affairs

- Combines Investigation Act
- Copyright, Patent and Trade Marks Act

Justice

- Fugitive Offenders Act
- Extradition Act

B. CONTRIBUTING TO GLOBAL STABILITY AND WESTERN SECURITY

29. The dual policy agreed upon at the recent NATO Summit of "defence and dialogue", with special emphasis on arms control conforms with fundamental Canadian approaches to peace and security. For this approach to continue to be viable the Canadian forces require further long-term real growth in defence expenditures in order to be reasonably equipped in discharging their current commitments. However, there are major shortcomings in their capability to sustain these commitments in the event of hostilities. Stringently curtailed equipment planning in the past has resulted in an imbalance between the approved structure and size of the Canadian forces and their equipment. That imbalance can be redressed within a fixed or declining defence budget only by reducing the number of people so as to apply a greater percentage of it (ideally 30% in DND's view) to equipment. But to reduce personnel would mean a reduction in commitments and probably a change in Defence Policy (Appendix A). This state of affairs, combined with an unencouraging global environment and the significance to Canada of relations with its Allies, suggests that Canada should:

- (i) extend beyond 1983/84 its 3% real growth in defence expenditures commitment to permit Canada to demonstrate that it is contributing an equitable defence share, as well as to achieve the 1975 agreed Canadian Forces posture at a time of concern for NATO conventional forces inferiority;
- (ii) provide additional funds to achieve an acceptable degree of readiness and sustainability of the Canadian Forces for crisis situations.

But security cannot be assured solely through increasing the level of armaments, about which there are continuing public expressions of concern. This state of affairs suggests that Canada, with its tradition of involvement and high reputation in the arms control field, should:

- (i) continue to support efforts aimed at, or work for, verifiable arms control and disarmament agreements involving no reduction in security and embracing strategic arms (START), intermediate range nuclear forces (INF), conventional forces (MBFR) and the forthcoming Conference on Disarmament in Europe (CDE) aimed at building mutual confidence. However, these negotiations are likely to be lengthy and difficult. (In line with Canada's intention, announced in the Prime Minister's UNSSOD II speech, to devote Canadian expertise to verification issues, Ministers will receive a proposal for the establishment of an interdisciplinary research unit within the Department of External Affairs);
- (ii) provide support for the World Disarmament Campaign of the United Nations.

30. Canada also can make a highly visible contribution to global stability, as well as to Western and its own security through participation in international peace-keeping endeavours, the most recent example being our agreement to support the United Nations Transition Assistance Group (UNTAG) in Namibia.

31. Meanwhile the current strains within the Atlantic Community, exacerbated by recent U.S.A. unilateralism, occasioned by differing U.S.A. and European approaches to relations with the U.S.S.R. have brought to the fore Canada's historical dilemmas and opportunities in its relations with its North American and European Allies. Canada's efforts to ameliorate the situation, such as might flow from the meeting in Canada in the autumn of NATO foreign ministers, have to be buttressed by a credible Canadian defence contribution.

C. CONTRIBUTING TO SOCIAL JUSTICE

32. Canada should maintain its leadership role in the North/South dialogue, not only in recognition that Canadian prosperity is tied to global prosperity but also to respond to Canadians' humanitarian strain and deep-seated commitment to justice. This leadership role will require Canada to take constructive and statesmanlike steps that are visible to the LDCs, our industrialized partners, and the Canadian people.

33. Canada's ODA programs provide a special opportunity for a significant and distinctive Canadian contribution to addressing the problems of underdevelopment. Canada therefore should, in order to build on its established goal of 0.5% ODA/GNP by 1985/86 and in line with its "best endeavours" to reach 0.7% by 1990, increase its ODA commitment to 0.54% in 1986/87.

34. This leadership role may require Canada to, despite its current economic difficulties, assert and reflect the need for easier access to Canada's markets for products of underdeveloped countries consistent with the adjustment process in the soft sectors of the Canadian economy. Canada should continue to earmark a portion of the ODA component of the External Affairs envelope's Policy Reserve for EBOP and seek ways to include technology transfer in the aid relationship. Canada also from time to time have to distance itself from certain of its industrialized partners on issues of key importance to the LDCs.

35. Development programs to be truly effective must be complemented by efforts aimed at the peaceful settlement of disputes, the promotion of human rights and freedoms, the tempering of race conflicts, restrictions on arms transfers and contributions to stability. Canada has a high reputation in the military training and police training fields and Ministers will receive proposals for the strengthening of these programs. Our expressions of concern for the observance of human rights in other countries will be enhanced by the development of a new relationship between Canada's native peoples and the federal, provincial and territorial governments flowing from the patriation of the Constitution.

36. The stubborn agenda of global problems indicates that Canada needs to continue its endeavour to strengthen the effectiveness of the United Nations as a civilizing influence in international relations. To sustain public support, and awareness of these endeavours, increased grants to the United Nations Association of Canada have been proposed, along with financial contributions via the U.N. for the victims of apartheid in South Africa and to strengthen certain U.N. development institutions.

37. Canadians' deep-seated commitment to justice is also reflected in the nature of Canada's immigration policy. Canada's requirement for skilled labour for its economic development and its attention to refugee situations may cause strains on immigration processing resources which are deployed mainly in areas oriented to family class immigrants. To increase the efficiency and economy of the immigration program, an ongoing review has been initiated involving CEIC, External Affairs and the Treasury Board Secretariat. In addition the question of processing fees for immigrant and visitor visa applicants is being studied by the departments concerned.

V. SPEECH FROM THE THRONE

Proposed Foreign Policy themes will be found at Appendix E.

VI. FINANCIAL CONSIDERATIONS

38. Narrative details on the proposals having implications for Foreign Policy received from departments and agencies other than External Affairs are found in Appendix A. A summary of External Affairs' proposals is

ound in Appendix B. The resource implications of all such proposals is found in Appendix C.

39. With the exceptions outlined below, a potential increase to the non-ODA component of the External Affairs envelope's Policy reserve is not being sought to assist in the funding of the External Affairs initiatives related to this Overview's policy thrusts. Existing resources are being reviewed and will be reallocated to the extent possible in light of policy decisions taken on this Overview. The consolidation of the foreign service and the reorganization of the Department will facilitate the study of ways to economize on resources. However it may prove necessary to call on envelopes outside of the Foreign and Defence Policy sector for the attainment of the Government's Foreign Policy objectives.

Past experience has demonstrated that closure of posts does not produce immediate savings. Termination payments to staff and lease cancellations initially produce increased costs in the year of closure. Experience also shows that there is a political cost which is seldom recovered to the closing of embassies.

There are three issues listed in Appendix C on which Ministerial guidance will be sought which, depending on the nature of the policy decision, likely will outstrip the resources of the External Affairs envelope:

- (1) major capital projects in Washington, Tokyo, Moscow and Peking;
- (2) possible Canadian membership in the Organization of American States (OAS);
- (3) the Government's response to the recommendations of the Royal Commission on Conditions of Foreign Service.

Also there is no provision in any department's budget for funding Cabinet approved Canadian participation in world exhibitions. Accordingly, a paper will be put to Cabinet assessing the utility of World Exhibitions anticipated in the next ten years and proposing a plan for a Canadian response.

40. For the Foreign and Defence Policy sector, the financial implications of the proposals Ministers are being asked to consider in this sectoral overview can be summarized in the following table:

	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>
A. <u>DEFENCE ENVELOPE</u> (¹)				
Reference level (DND)(²)	7,979	8,964	9,944	--
Cabinet Committee proposal(³)	<u>7,979</u>	<u>9,192</u>	<u>10,570</u>	<u>12,162</u>
Proposed increase to reference levels	--	228	626	12,162

(1) According to TBC

(2) Includes impact of June 28, 1982 Budget

(3) 1983/84 still to be adjusted for civilian wage restraint figures based on DND's latest forecast of inflation from its Economic Model which has taken account of wage restraint from 1984/83. Includes 3% pa. real growth and an additional 0.25% for sustainability and readiness.

B. EXTERNAL AFFAIRS ENVELOPE (ODA)

Reference level ⁽⁴⁾				
Commitment	1946	2270	2631	--
Cash	1913	2147	2471	--
ODA/GNP ratio	.458	.476	.495	--
Cabinet Committee Proposal ⁽⁵⁾				
Commitment	1999	2325	2685	3208
Cash	1987	2256	2522	3073
ODA/GNP ratio	.463	.481	.50	.54

As Ministers have agreed that the Policy Reserve can play a useful "buffer" role in protecting ODA programs from changes in resource levels due to shifting GNP projections, it is recognized that the actual level of the Reserve, and the earmarking of specific components will need to be determined after the Envelope level is set early this Fall.

C. EXTERNAL AFFAIRS ENVELOPE (NON-ODA) (\$M)

Current balance of non-ODA portion of Policy Reserve	5.5	6.2	9.6	--
Proposed Increase	55.0	32.0	34.0	21.0
Required increase in event of approval	49.5	25.8	24.4	21.0

It will be noted from the above summary table that the proposals being put forward to meet foreign and defence policy objectives are costly, and require, if approved, upward adjustment to both the Defence and External Affairs envelopes. It will therefore be important to receive ministerial direction as to the relative priorities of the various proposals being put forward.

VII. JUNE BUDGET CONSIDERATIONS

The Government's 6%/5% restraint policy with respect to wages, administered prices and the use of leverage is being implemented by sectoral departments in conjunction with the Department of Finance and Treasury Board Canada. The Foreign and Defence Policy sector is faced with the additional complexity of the overseas dimension, which is one of the implementation spheres for discussion with TBC, to its operations. The 6/5 policy raises major questions with regard to Defence and ODA. In the case of Defence a decision is required whether 3% real growth should be based on either the DND Economic Model deflator or the GDP deflator or if neither, whether some other deflator, including 6/5, is to be employed. In the case of ODA the significant downward projections of Canada's GNP performance, in line with 6/5 expectations, could occasion a significant reduction in the amounts made available for ODA (from levels projected in the 1981 envelope setting decisions) whilst maintaining the Government's commitments in terms of projected ODA/GNP ratios. The implications of such reductions are currently under study in CIDA.

(4) Reference levels are based on August 1981 GNP assumptions and represent ODA framework approved by P&P at Meech Lake in September, 1981

(5) Based on GNP projections used in the October 1981 Budget, for 1983-84 through 1986-87. These figures do not take account of June 28 Budget reduction of \$100 million ODA in 1983/84.

VIII. RECOMMENDATIONS

Strategic Policy Recommendations

41. Taking into account the foregoing it is recommended that:

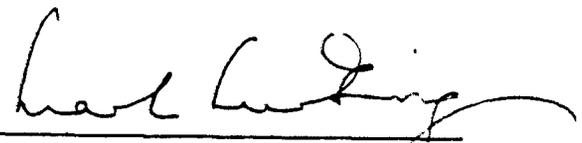
- (a) in endeavouring to live distinct from, but in harmony with the USA, Canada approach its relations with the USA with care and deliberation in order to minimize the occurrence of unnecessary irritants and the negative impact of current irritants, and that officials be instructed to bring forward in early Autumn a comprehensive paper on the Canada/USA relationship;
- (b) in so doing Canada also pursue its economic development objectives and the reduction of its vulnerability to the USA in a measured fashion through the purposeful pursuit of the Bilateralism Strategy (page 13), with particular emphasis on certain countries of the EEC; Asia and the Pacific; the Middle-East; and Latin America;
- (c) the significance of exports to the Canadian economy be reaffirmed and in that connection Canadian competitiveness be enhanced through increase R&D, increased attention to cost competitiveness; and scientific and technological cooperation with selected OECD and newly-industrializing countries;
- (d) the pace and scope of implementation of economic development strategies elaborated by domestic departments be undertaken in light of an assessment of their international implications, and be adjusted if necessary in light of such assessments, and in that connection officials be instructed to bring forward by early Autumn a Trade Policy Review;
- (e) the proposed Foreign Policy themes in Appendix E be included in the Speech from the Throne.

Funding Recommendations

42. In order to ensure the provision of the necessary resources to achieve the foregoing strategies, it is recommended that:

- (a) sufficient funds be allocated to meet the 1975 Agreed Force Posture, Canada's 3% real growth in defence expenditures commitment, plus an element for the increased sustainability of the Canadian Armed Forces, as outlined in Appendices C and D;
- (b)
 - (i) Canada build on its established goal of 0.5% ODA/GNP by 1985/86 and its best endeavours commitment to reach 0.7% by 1990, by increasing its ODA commitment to 0.54% of GNP in 1986/87;
 - (ii) the financial profile for ODA set out in Appendix C be approved;

- (iii) the other recommendations of the Foreign and Defence Policy Committee, as set out in Appendix D, be approved.
- (c) External Affairs develop its initiatives and activities for the planning period in light of agreed priorities and thrusts pursuant to the recommendations above, and that it come forward with options for Ministers on the large-scale issues referred to in paragraph 39 above.



Chairman, Committee on
Foreign and Defence Policy

OVERVIEW OF STRATEGIC OVERVIEWS
1983-1987

September 2, 1982

SECTORAL PROPOSALS

The various policy proposals and initiatives in the Strategic Overview of all government departments and agencies under the PEM system are submitted separately to, and receive consideration in their entirety, by the appropriate sectoral Cabinet Committee. However, some departmental proposals have implications for Canada's international relations. These have now been summarized in this document for the purpose of assisting Ministers to take into account the totality of the government's proposed international activities, to assess priorities and to decide on the resultant resource implications.

A. FOREIGN & DEFENCE POLICY SECTOR

I AID

1. Current Policy Framework

Ministers approved a broad framework for the ODA program contained in the last Strategic Overview and related documents, including priority to poorer countries, a new bilateral eligibility policy, greater relative importance to country-to-country assistance, particular concentration on the priority fields of energy, human resource development, and agriculture and food. In financial terms, Ministers reconfirmed the Government's commitment to increase ODA to .5% of GNP by 1985/86, and allocated additional funds to the External Affairs envelope to allow this target to be reached in more or less even steps.

2. Pending Issues

There are, however, a number of aid policy issues which will require the attention of Ministers in future months. These include:

(a) IFIs A review of overall IFI resource requirements, including a report on replenishment negotiations will be submitted this fall.

(b) Food and Agriculture A review of the commodity composition of the food aid basket has already been submitted to Cabinet. A second dealing with the form and level of a Canadian commitment to an extension of the Food Aid Convention will be submitted prior to international negotiations to extend the Convention beyond its expiry in June 1983.

A discussion paper on strategy for the agricultural sector, including special food stocking measures in Canada will also be prepared.

(c) Least Developed Countries (LLDCs) A paper will be submitted setting out approaches which could be followed to realize Canada's commitment to devote .15% of GNP to aid the LLDCs.

(d) Other Issues and Initiatives A paper is under preparation for Cabinet consideration on the subject of human resource development and new approaches to technical

cooperation with developing countries which would enhance Canadian capacity to be effective in this important area.

II DEFENCE

In his Strategic Overview of the Defence program, the Minister of National Defence draws attention to the unfavourable trends in the international environment and in the East-West military balance and to the implications of these changes for Canada's security and for the effectiveness and credibility of the West's current deterrent posture. In conditions of nuclear parity, the Minister points out, continued dependence on early first use of nuclear weapons, to respond to a major attack in Europe by conventional forces, cannot but lead to further erosion in the credibility of the West's deterrent. What is required, therefore, is the complementary strengthening of the West's conventional capabilities to give stability to the Alliance's deterrent posture.

The Minister concludes that the basic defence issue facing the Government is not that the fundamentals of Canada's security and defence policies need changing -- though these and theoretically possible options are discussed in his Overview -- nor that the objectives of the Defence program which are also examined, are inappropriate to these policies. The basic issue, rather, is that there is a continuing disparity between the responsibilities assigned to the Canadian Forces and the resources made available by the government for the performance of those responsibilities.

Four options are identified by the Minister for consideration:

- a) to achieve a balance between capabilities and commitments by reducing commitments. This would require no further real growth beyond 1983/84, and would permit continued growth in capital investment, but would mean a substantial reduction in the size of the Forces, withdrawal from commitments, particularly in Europe, and early exploitation of opportunities to reduce defence infrastructure in Canada;
- b) to achieve a balanced force posture at present levels of commitment, leaving security and defence policies unchanged, but making no provision to enhance levels of readiness and sustainability. This would require real growth in the defence envelope of some \$322 M in 1982/83 dollars per annum over the next ten years (about 3.5% per year);
- c) to achieve a balanced force posture, at present levels of military commitment, increasing the readiness of the Forces to respond in an emergency and their capacity to sustain themselves in combat should hostilities occur. This would require real growth in the Defence envelope of some \$553 M in 1982/83 dollars per annum over ten years (about 5% per year). It is this option that the Minister recommends be adopted;
- d) the "no change option": to maintain the present level of commitments, without changing current defence resource projections -- that is, to provide for no real growth beyond 1983/84, but only adjustment for inflation. The effect would be to solve none of the problems currently facing

the Canadian Forces and to continue to reduce the Forces' ability to carry out commitments by providing inadequately for equipment modernization and doing nothing to improve the readiness of the Forces or their capacity to sustain themselves in combat.

III INTERNATIONAL JOINT COMMISSION

The IJC provides an ongoing mechanism and process for the settlement of certain disputes between Canada and the USA. It has a quasi-judicial role to rule when requested on the use, obstruction or diversion of Canada-U.S. boundary waters. Also it may study, monitor and make recommendations on bilateral matters of difference referred by the Governments. The IJC considers that, in order to be able to deal more adequately with the issues referred to it, its existing multi-disciplinary team of expert advisors be expanded modestly.

B. ECONOMIC AND REGIONAL DEVELOPMENT SECTOR

I AGRICULTURE

Within the context of the agri-food strategy the most important priority is the development of new export markets, the maintenance of existing information flow and the substitution of Canadian grown produce for imports where feasible.

A target increase in exports from \$8.7 billion value at present to \$11.0 billion by 1985 and \$14.0 billion by 1990 is proposed. This could be achieved by increasing grain exports (23 million tons in 1981 compared to 30 million tons in 1985 and 36 million tons in 1990 as proposed by the Canadian Wheat Board) and exports of other commodities -- oilseeds \$1.0 billion to \$4.0 billion, livestock \$1.2 billion to \$2.0 billion, and fruits and vegetables \$0.4 billion to \$1.0 billion by 1985.

Import substitution targets of \$6.0 billion in 1985 (compared to \$5.6 billion in 1981) and \$4.0 billion in 1990, all in constant dollars, are suggested. To achieve this, it is proposed to reduce imports of fruits and vegetables such as tomatoes and apples which are grown in temperate climates.

II COMMUNICATIONS

International Relations Implications

In this field of activity, the DOC's objectives are:

- to protect Canadian communications interests, through both bilateral and multilateral relations with other countries;
- to represent Canadian cultural interests internationally, and;
- to ensure that international developments in communications are reflected in domestic policies.

Bilateral Relations

The communications relationships between Canada and the U.S.A. are by far more sophisticated and complex

than those between any other two nations in the world. Several difficult issues may arise for Canada, if the U.S. wants to apply its current philosophy across the border, notably:

- trans-border data flows;
- reciprocity in trade and services;
- trans-border satellite issues; and
- recognition of Canadian and U.S. future requirements in ITU space planning conferences.

Thus, it is proposed that an overview of the Canada - U.S. relationship in economics and trade be developed.

Multilateral Relations

With the ITU Plenipotentiary Conference in 1983, and the planned heavy schedule of WARC's and RARC's for the 1980's, vital Canadian interests are at stake in such instances as:

- 1983 RARC on Direct Broadcasting Satellites (DBS) in the Americas. Future Canadian DBS requirements must be recognized in the plan;
- 1985/87 Space WARC. Future Canadian requirements for orbital positions and space frequencies must be accommodated, notwithstanding the expressed U.S. preference for an "open skies" approach. As a member of the IPDC's Intergovernmental

Council of UNESCO Canada must demonstrate its credibility in supporting measures to close the "communications gap" for developing countries.

III CONSUMER AND CORPORATE AFFAIRS

A number of laws and regulations designed to improve the order, balance and structure of the Canadian market place in the best interest of consumers and producers are proposed to be introduced or amended by priority groups; some have international implications:

Phase 2 (1982; 1983)

- ° Copyright Act
- ° Patent Act
- ° Trade Marks Act

Phase 3 (1984; 1985; 1986)

- ° Canada Business Corporations Act

IV ENERGY MINES AND RESOURCES

a) Energy

No significant changes are proposed from the previous year in implementing the NEP.

b) Minerals

As the world's third largest producer of minerals (after the USA and USSR) and the largest exporter, Canada must take appropriate action to maintain or improve its share of world markets. EMR will this year be consulting departments and others on an International Mineral Development Strategy which has not yet been approved.

V ENVIRONMENT

(a) Environment Programs

Proposals having international implications include:

1. DOE will shortly seek Cabinet support and resources for a northern environmental strategy.
2. An action plan on toxics, including legislative changes, is being prepared.
3. An action plan for acid rain is now before Cabinet.
4. A "Water Strategy for Canada" will be presented to Cabinet this fall; to meet among other concerns, an emerging demand-supply imbalance for water, particularly in the Prairie provinces.

VI FISHERIES AND OCEANS

Proposals of international significance include:

1. Major initiatives evolving from enquiries into Atlantic and Pacific Fisheries will be submitted to Cabinet Committee this year;
2. Continued negotiations with the USA to develop a Pacific Salmon Agreement;
3. Improved Ocean Information Service for interest groups in Canada and abroad;
4. Development of a program for the international transfer of technology required under the draft Law of the Sea Treaty;
5. Ocean climate research to fulfill national and international objectives.

VII REGIONAL INDUSTRIAL EXPANSION

Against the backdrop of its recent reorganization DRIE makes a comprehensive review of the economic environment and proposes adjustments in its strategic priorities as well as in policy and program directions designed to achieve objectives over the next five years.

No specific new initiatives are proposed which are likely to impinge on the international environment. However, continuing priorities and ongoing programs, such as,

- ° support for export development through export market promotion and the development of export-oriented enterprises,
- ° competitive import replacement initiatives;
- ° promoting tourism development in all areas of the country,

have implications for the government's activities abroad. Moreover, in these and in other areas where organizational responsibilities have changed, such as, the Program for Export Market Development and the Promotional Projects Program, close cooperation with External Affairs is underlined.

VIII SUPPLY AND SERVICES

A National Cooperative Supply Agency (NCSA)

This initiative intended to increase economy and efficiency and to strengthen economic development in all regions of the country, involves establishing a new agency, as a joint federal/provincial/municipal venture, to harness the \$30 billion annual public sector procurement in Canada. As such it could identify and manage specific procurement projects to obtain cost savings through purchase consolidation, and to pursue economic and regional development through import substitution.

IX TRANSPORT

The Strategic Overview of Transport Canada continues for the most part policy thrusts already introduced. Initiatives of potential international significance are:

- a) Equity infusion for Air Canada's re-equipment plan.
- b) In non-expenditure areas, controlled deregulation of aviation and new policy initiatives for both domestic and international policy.
- c) Funding for the construction of a polar icebreaker (\$0.5 billion) may be required, depending on EMR's assessment of hydrocarbon production in the high Arctic and other resource development decisions.
- (g) Funding for Western rail system initiatives, port developments, and equity infusion into CN to improve export capacity.

C. SOCIAL DEVELOPMENT SECTOR

I COMMUNICATIONS/CULTURAL

The report of the Federal Cultural Policy Review Committee (Applebaum-Hebert) is expected later this year. In the interim, The Strategic Overview of DOC proposed a number of initiatives which may later be adjusted or augmented in an Action Plan for an accelerated response to the committee's report. Proposals having international dimensions include:

- a) Increasing exports of Canadian cultural products through initiatives included in the Broadcasting and Cultural Industries Strategies; Canada Council International Program; and Canadian Film Development Corporation Film Canada proposals.
- b) Substantive DOC leadership in international cultural fora such as UNESCO; l'Agence de Cooperation Culturelle et Technique; Council of Europe; and the Commonwealth.
- c) In consultation with External Affairs, DOC will seek a more active role in the development of bilateral cultural exchange programs.
- d) Joint ventures with the provinces for international level exhibitions.

- e) Canadianize the cultural industries particularly broadcasting, and through postal rate policy, the periodical publishing sector. Consultation with External Affairs is envisaged concerning an anticipated critical response from the USA.

II ENVIRONMENT

a) Environment Programs

Over the next two years the priorities of the department, funded from the Social Development Envelope, are to:

- 1. Implement the action plan on environmental quality with particular emphasis on toxic chemicals, acid rain and the environmental considerations in support of northern and energy development.

III INDIAN AFFAIRS AND NORTHERN DEVELOPMENT (SECRET)

Priorities and major initiatives for 1982-84 include:

a) Indian Affairs

International Considerations

The Overview states that "Canada's treatment of her native peoples has recently been much criticized before international organizations. This criticism is often based on misunderstanding and even untruth, but the fact remains that unless great progress is made it will remain difficult for Canada to defend herself successfully in international forums."

With this and other factors in mind a series of measures and programs are proposed.

IV LABOUR

Recent exchanges with Japan have underlined the benefit of bilateral discussions with Canada's major trading partners on each country's labour relations systems. The Department will accordingly seek an extension of its Labour Counsellor Service.

V NATIONAL HEALTH AND WELFARE

a) Status of Women

- 1. A decision has been taken to ratify the UN Convention on the Elimination of All Forms of Discrimination against Women.

b) Disabled Persons

During the International Year of the Disabled Persons, NH&W played a leading role both nationally and internationally. Follow-up within Canada to the ongoing work generated by the Year will result in new initiatives in the latter part of the 1980's. The Department will also continue to cooperate in the development of the United Nations' long term Program of Action Concerning Disabled Persons.

VI JUSTICE

Initiatives having international implications include:

1. Review of the Official Secrets' Act
3. Review of Cannabis and Drug Law Enforcement Strategy
4. Canada's financial support to UN Fund for Drug Abuse Control (UNFDAC);
5. Conduct a review of enterprise crime related to drug enforcement.
6. Amend the Fugitive Offenders Act and the Extradition Act
7. Extend Canadian Laws of General Application to the Off-Shore and Clarify the Civil Jurisdiction of the Canadian Courts in Relation to Off-Shore Activities
8. Amend the Criminal Code to Apply the Canadian Criminal Law to Off-Shore Installations and to Canadian Ships on the High Seas

VII SECRETARY OF STATE

2. Fitness and Amateur Sport

The strategy in Fitness and Amateur Sport until 1985/86 approved last year has since been modified to reflect Federal support for the Calgary Olympics (1988) which will require activities abroad.

VIII SOLICITOR GENERAL

International Responsibilities

Over the years Canada has been increasingly active in international criminal justice matters.

The RCMP role in assisting in the training of foreign policy forces is becoming increasingly important as concern rises in developing nations over the new forms of criminal activity that accompany industrial development. CSC has also been active in advising developing nations in the construction of institutions.

The Ministry continues to exercise its lead responsibility for Canada's participation in U.N. and other international congresses on crime and the treatment of offenders. Planning has begun for the Seventh U.N. Congress on this subject, to be held in Morocco in 1985. It is expected that a major focus of international discussion and cooperation will be the relationship between economic development and crime in developing nations.

D. GOVERNMENT OPERATIONS SECTOR

a) The following proposals from Government Operations sectoral departments are believed to have foreign policy implications:

I NATIONAL REVENUE

a) Customs and Excise

- (i) passage of a Special Import Measures Act in 1983 to permit the Government to take effective action, consistent with Canada's GATT obligations, against imports which threaten serious injury to Canadian producers;
- (ii) implementation of a new import Valuation System by 1985, as well as of a revised tariff structure and the possible adoption of an international tariff nomenclature system under the GATT;
- (iii) anticipated extension of Canadian customs jurisdiction to the 200 mile Economic Zone by January 1, 1983.

II SUPPLY AND SERVICES

Proposals considered to have international implications include:

- (i) Establishment of the National Cooperative Supply Agency (NCSA), a new government agency, as a joint federal/provincial/municipal venture, to identify and manage specific public sector procurement projects (currently valued at \$30 billion annually) to obtain cost savings through purchase consolidation, and economic and regional development through import substitution;
- (ii) development of policies related to intellectual property and emergency planning;

September 2, 1982

INTERNATIONAL PROGRAM AND RESOURCE OPERATIONS STRATEGIES

1. PROGRAMS

1. Trade Development

(i) Trade Promotion

The trade development program through market identification, marketing coordination and assistance in arranging financing, plays the central role in Canada's export efforts, and also supports Canadian industrial development through the encouragement of foreign investment. The promotion of Canadian exports is the most visible foreign policy contribution to the Government's overriding Economic Renewal priority. In line with the Government's Economic Development Strategy, emphasis is to be placed on the expansion of foreign markets for Canadian resources based products and for manufactured goods, particularly high technology. This emphasis will require both effective international marketing techniques, as well as sophisticated financial and promotional services, in an increasingly complex and competitive international trading environment. Effort will be concentrated on markets, which offer the greatest export opportunities for selected sectors of Canadian industry, in conjunction with export programs adopted by the Provincial governments, chartered banks and associations.

Financial Requirements

a. As a result of reduced PEMD activities in 1980-81 resulting from a shutdown of the program, there was a lapse of approximately \$5 million in 1981-82. This shutdown continued to have an effect on the level of commitments and consequently by 1982-83, \$4.5 million was identified as monies available out of PEMD for transfer from Vote 10 to Vote I for other trade development activities related to the PEMD program and where there was an additional resource requirement. In consequence the PEMD "A" base was reduced to 20.5 million dollars. There was an additional allocation of approximately \$500,000 to industrial sector programs. However, commitments being generated in 1982/83 and carried over to 1983/84 suggest that expenditure levels for the next fiscal year could be back on target and in the order of \$24 million. In order for PEMD and the related trade development activities (fairs and missions, public information) to operate at the forecast level in 1983-84 an additional allocation of approximately \$5 million likely will be required. Specific proposals will be brought forward in this regard.

b. Posts abroad and HQ sections will need to be supplemented by permanent staff and secondments from the Industry Sector Branches (DRIE) for marketing high technology products. Resources remain to be calculated.

(2) Industrial Development

Systems are being developed to coordinate and channel industrial development activities in Canada to take advantage of export market opportunities abroad. New resources are not immediately required.

2. Culture

Cultural activities support the Department's foreign policy and trade objectives by raising Canada's profile as a sophisticated economic and political partner in designated countries of concentration through the establishment of a cultural presence. In addition, the Department through them meets the aspirations of the Canadian arts and academic communities for international exposure by fulfilling a coordinating function for other federal and provincial departments and agencies with cultural and academic programmes abroad.

An essential facet of cultural activities abroad involves assistance to Canadian cultural industries in developing export markets by such means as travel grants to performers and writers to enable them to make their works known abroad. The two facets are inextricably linked and both objectives can be served successfully provided a sustained Canadian cultural presence can be achieved. Political and commercial objectives not only can be supported at the same time and by the same activities as market development for Canadian cultural producers -- they can in the long run be supported effectively and consistently within realistic budgetary parameters only if the market for Canadian cultural products and events is self-sustaining, for only then will the frequency of such events be sufficient to achieve the necessary profile for Canada.

New Initiatives

The two principal vehicles by which these objectives are achieved are tours by Canadian performers, writers and exhibitions and the promotion of Canadian Studies at foreign universities. Existing resources, essentially at mid 1970s levels, have permitted a focussing of these activities only on those countries which at the time were regarded as being of particular priority: Britain, France, Germany, Italy, Belgium and the United States, and to a considerably lesser extent Japan and Australia. The evolution of Departmental priorities, particularly in Mexico, Venezuela, Brazil and Japan makes it imperative that departmental thrusts in these countries be supported by an appropriate level of cultural and academic activities.

3. Consular

The Consular program's objectives are to protect and promote the interests of Canadians abroad, including both individuals and corporate bodies and in particular:

- to provide protection and assistance for Canadians who are distressed or in detention, subject to discrimination, denial of justice, or violation of fundamental human rights, or in situations where war, civil strife or natural disaster pose a threat to life and limb;
- at posts abroad, to issue passports to Canadians and visas to persons visiting Canada, and to perform certain notarial, legal, and administrative functions.

Current initiatives include:

- (a) a complete and systematic revision of all current consular policies and instructions in order to ensure that our consular staff are clearly aware of the aim, objectives and guidelines of the department's consular function in the 1980s;
- (b) the negotiation of new bilateral consular conventions or agreements with Eastern European countries;
- (c) an expansion of the honorary consul program, taking into account opportunities for enhancing the rôle of honorary consuls in Canadian trade promotion;
- (d) an intensified consular awareness program in Canada to advise Canadians intending to travel abroad how best they can prepare for their trips, and to avoid situations which would call for Canadian consular protection and assistance.

None of these initiatives involve additional resources and there could be savings/revenues associated with some of them.

4. Immigration

The Immigration program has as its principal objectives the delivery of immigration & refugee levels by component classes, as tabled annually in Parliament, the processing of foreign student and temporary worker applicants, and the screening of tourist visa applicants. New initiatives include:

- (a) The development and implementation of streamlining techniques comprises the use of new office technology and culminated in the computerization of delivery systems at immigration offices abroad which long-term objective has been integrated into the department's EDP planning and operations. One Immigration office, London, is already making use of the minicomputer facility which exists at the Mission and consultations on future needs are in progress with CEIC on a number of applications ranging from data collection to reporting methods and Nation Job Bank matching procedures;
- (b) Responsible CEIC officials have advised us that the proposal to implement processing fees for visa applications has been approved by the CEIC Executive Committee. A decision in principle from Minister Axworthy is now anticipated in early September. If the decision is favourable, meetings with interested parties will be convened shortly thereafter and a Cabinet Submission made before Christmas;
- (c) Proposed full Canadian membership in the Intergovernmental Committee on Migration (ICM) (\$1 million per year beginning in 1983/84).

5. Information

The Information Program supports Government foreign policy objectives by making Canada and Canadian policies better known and understood by opinion formers and decision makers abroad, by informing Canadians about Canadian foreign policy and trade opportunities including the activities of the new Department of External Affairs, and managing and organizing Canadian participation in world fairs through the

World Exhibitions Program. Proposed new initiatives include:

- (a) creating a new monthly departmental publication on foreign trade (\$300,000 per year);
- (b) launching an advertising campaign in Canada and abroad to create a heightened awareness of Canadian goods and services in priority foreign markets, as well as of opportunities for export sales amongst the Canadian business community (\$775,000 per annum);
- (c) participating in a joint celebration with France of the 450th anniversary of Jacques Cartier's discovery of Canada (roughly estimated at \$3 million over a three year period); and
- (d) preparing Canadian participation in world class exhibitions in New Orleans in 1984, Tsukuba, Japan in 1985, and Paris in 1989 (\$4 million, representing one third of a total cost which would be charged to the External Affairs envelope, on the assumption that the remaining costs of approximately \$8 million would be a charge to other envelopes).

6. Passport Office

The Passport Office issues appropriate travel documents to Canadian citizens and to certain permanent residents of Canada who are unable to obtain valid passports from their country of origin. New initiatives include proposals to install a toll-free Canada-wide telephone enquiry service, to introduce machine readable passports and to increase, as appropriate, passport fees to meet continuing inflationary pressures. The Passport Office operates on a cost recovery basis.

2. RESOURCE OPERATIONS

a. Communications and General Services

The Communications and General Services Bureau provides support services in communications, word processing, information storage and retrieval, and accommodation to the Department of External Affairs and, as required, to other departments and agencies with interests abroad. Proposed initiatives include:

- (a) establishing a secure communications network linking headquarters, posts abroad (especially consular posts in the USA), with provincial capitals;
- (b) establishing a fibre optic distribution network for telegrams within the Pearson building to meet the needs of the departmental reorganization;
- (c) extending the automated information storage and retrieval system to the trade sector;
- (d) providing automation and micrographics to certain posts with heavy records management responsibilities.

b. Finance and Management Services

The Finance and Management Services program is responsible for the design, development and operation of world wide systems for: financial planning, analysis and management information; a full range of management services concerning methods, procedures and organization; computer systems and services; departmental printing and publishing

services; expenditure accounting operations (including those for other Government Departments involved in foreign operations); and the analysis of and recommendations on resources at posts abroad.

Proposed new initiatives include revising, designing and establishing new management and management information systems to serve the needs of the much larger and more complexly reorganized Department. This need was explicitly recognized by the Treasury Board Secretariat in the context of departmental reorganization.

c. Personnel

The Personnel Bureau provides support for External Affairs programs through recruitment and assignment of employees both in Canada and abroad. In addition, it seeks to maintain the effective operation of both posts and headquarters units through the exercise of its broad personnel management function which embraces as well, employee training and development, compensation, and general working conditions. A study of the recommendations of the MacDougall Commission is being made and the resource implications will be presented for consideration.

d. Physical Resources

Programme objectives are:

- to support the Government's integrated foreign operations through the planning, provision and functional maintenance of all Crown-held property and material;
- through the Long Range Capital Programme, to reduce the escalating cost of the Department's rental curve by acquiring, through purchase or construction, an increased proportion of office and living accommodation abroad where economically feasible.

Proposed new initiatives (with cost in 1982-83 dollars) include:

- seeking confirmation and appropriate redefinition of the LRCP from Treasury Board for a further five years at approximately current levels of funding (\$26.1 million), properly indexed for inflation, for projects which are either non-discretionary or have an essentially economic rationale;
- seeking additional funding from Cabinet through the PEMS system for those major capital projects which, while of national significance, cannot be justified on the basis of a strictly economic rationale; costs would be in the order of \$100 million in current dollars over a five-year period, or \$70 million if a joint-venture arrangement were implemented in the case of the construction of a chancery in Tokyo.

3. PROGRAM EVALUATION

Under the Department's cyclical program evaluation plan the following progress has been achieved:

(1) Consular Services Program

An evaluation was completed in May 1981 of this program. As a result, the Secretary of State for

External Affairs has approved a work plan for restructuring this program including: (a) a clarification of the clientele entitled to receive consular services; (b) a delineation of the services to be made available to eligible clients; and (c) feasible measures of cost recovery.

(2) External Information Program

An evaluation of this program currently is underway.

(3) Foreign Policy Formulation and Coordination (FPFC)

FPFC has been subjected to an extensive evaluability assessment of considerable importance because this program component includes 10 sub-components covering the substantive work of the Department in the economic and political fields.

Our evaluability assessment revealed that FPFC is not amenable to a full effectiveness evaluation in the professional sense. Discussions were held with the Comptroller General's Office on this point. It has been agreed that the cyclical Program Evaluation Plan will now need to be restructured to take this into account as well as the enlarged mandate and reorganization of the Department resulting from the Prime Minister's announcement of January 12, 1982.

(4) Program Component Structure

With Foreign Service consolidation and the January 1982 reorganization, the Department has assumed responsibility for program delivery in additional fields including Immigration, Trade, and Aid. The program component structure must be revised accordingly as part of the new program evaluation plan.

September 2, 1982

RESOURCE IMPLICATIONS OF NEW PROPOSALS

A. <u>FOREIGN AND DEFENCE POLICY SECTOR</u>	(\$M)			
<u>Defence Envelope⁽¹⁾</u>	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>
<u>Spring Reference Levels</u>				
Department of National Defence ⁽²⁾	7,979	8,964	9,944	--
Cabinet Committee Proposal for P&P ⁽³⁾	7,979	9,192	10,570	12,162
Amount over reference levels	--	228	626	12,162

(1) According to TBC

(2) Includes impact of June 28, 1982 Budget

(3) 1983/84 still to be adjusted for civilian wage restraint figures based on DND's latest forecast of inflation from its Economic Model which has taken account of wage restraint from 1983/84. Includes 3% p.a. real growth and an additional 0.25% for sustainability and readiness.

	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>
<u>External Affairs Envelope (ODA)</u> (\$M)				
<u>Spring Reference Levels (4)</u>				
Commitment	1946	2270	2631	-
Cash	1913	2147	2741	-
ODA/GNP ratio	.458	.476	.495	-
<u>Cabinet Committee Proposal to P&P (5)</u>				
Commitment	1999	2325	2685	3208
Cash	1987	2256	2522	3073
ODA/GNP ratio	.514	.481	.50	.54

(4) Reference levels are based on August 1981 GNP assumptions and represent ODA framework approved by P&P at Meech Lake in September, 1981

(5) Based on GNP projections used in the October 1981 Budget, for 1983-84 through 1986-87. These figures do not take account of June 28 Budget reduction of \$100 million ODA in 1983/84.

<u>External Affairs Envelope (Non-ODA)</u>	(\$Ms)			
	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>
 <u>Special Category Proposals</u>				
Proposed Canadian Membership in Organization of American States	7 (plus 4-6 PY's)	7	7	7
Long Range Capital Program: Major Capital Projects	45	22	24	11
Response to McDougall Report	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
SUB-TOTAL (incomplete)	55	32	34	21
Possible Canadian Participation in World Exhibitions ⁽⁶⁾				
- Louisiana '84	954 (plus 4 PY's)	791 (plus 17 PY's)	--	--
- Tsukuba, Japan 1985	227 (plus 2 PY's)	1,458 (plus 4 PY's)	1,540 (plus 21 PY's)	--
- Paris 1989	150	?	?	?

⁽⁶⁾ Assumes External Affairs envelope will pay one-third of total cost.

1983/84 1984/85 1985/86 1986/87

B. PROPOSALS IN OTHER SECTORS
HAVING FOREIGN POLICY IMPLICATIONS

Economic Development Sector

Expanded Representation Abroad of Mineral Specialists (EMR)	10.0 (plus 10 PY's)	14.0 (plus 10 PY's)	25.0 (plus 10 PY's)	25.0 (plus 10 PY's)
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Forestry Sector Strategy Implementation (DOE)	1.5	1.3	1.3	1.3
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National Cooperative Supply Agency (DSS)	1.0	1.0	1.0	1.0
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SUB-TOTAL	12.5	9.0	18.3	15.3
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Government Operations Sector

National Cooperative Supply Agency (DSS)	1.1	1.2	1.4	1.5
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Social Development Sector

Immigration Program: Introduction of Immigrant and Visitor Visa Fees	3.0 (plus 28 PY's)	1.4	1.6	1.9
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REPORTS OF CABINET COMMITTEE CONSIDERATION
OF FOREIGN AND DEFENCE POLICY
SECTORAL STRATEGIC OVERVIEWS

ODA Strategic Overviews

At its meeting of June 29, 1982, the Cabinet Committee on Foreign and Defence Policy had for consideration the ODA Strategic Overview. (June 21, 1982)

The Committee agreed that:

- i) basic orientation of the ODA Program approved by Cabinet in the 1982 Strategic Overview be reaffirmed and the 1981 country eligibility list (Table III) be reconfirmed for 1982;
- ii) a recommendation be made to Cabinet that there be reconfirmation of adequate resources to provide for even growth to at least 0.5% of GNP by 1985/86 based on the ODA/GNP scenario approved by Cabinet in 1981, and adequate resources in 1986/87 to meet an ODA/GNP ratio of 0.54% so as to continue even growth in moving toward achievement of 0.7% ODA/GNP by the end of the decade;
- iii) the ODA program allocations set out in Table I and the country Indicative Planning Figures (IPFs) set out in Table II be approved;
- iv) to ensure that ODA target objectives are met, and to neutralize the impact on individual program budgets of changing GNP forecasts, the annual ODA allocations be fixed as a share of ODA/GNP, with adjustments to the allocation level as GNP forecasts change being met by drawing on or increasing the Envelope Policy Reserve. To maintain Ministerial flexibility, however, the annual level of the Reserve would not be reduced below \$50 million through adoption of this approach;
- v) the GNP calculations used in planning the ODA Envelope be calculated on a fiscal year rather than a calendar year basis;
- vi) because of the outstanding issues at the international level on replenishments to certain IFIs, appropriation levels be tentatively approved, with their planning assumptions to be reviewed by Cabinet Committee in the fall prior to the 1983/84 MYOP Update. As a general principle, the level of support to the IFIs would be set within a range of 18%-20% of ODA;
- vii) multi-year programming of food aid be approved.
- viii) Canada henceforth include all expenditures on aid administration in reporting the previous year's ODA, incorporating them into the planned ODA levels at an increasing rate of 25% each year starting in 1983/84.
- ix) a recommendation be made to the Priorities and Planning Committee that changes being proposed in previous approved cash requirements for Petro-Canada International (PCI), be met by drawing from or increasing the Foreign Affairs Policy Reserve

(ODA); funds transferred from PCI to the External Affairs envelope's Policy Reserve would be reimbursed in later years when required by PCI to meet the Government's \$250 million commitment.

- x) the Envelope Policy Reserve for 1986/87 continue to include \$30 million a year for emergency balance of payments assistance; and
- xi) undisbursed elements of the Envelope Policy Reserve be carried forward rather than lapsed to a maximum of \$100 million each year in accordance with Cabinet Decision 174-82RD. Toward the end of each fiscal year, undisbursed funds in program components, up to 5 percent of the total allocation for ODA, would be transferred to the Reserve.

Department of National Defence
Strategic Overview
1983/84

At its meeting of June 12, 1982, the Cabinet Committee on Foreign and Defence Policy had for consideration the Department of National Defence Strategic Overview (June 1982).

The Committee, noting the policy options presented in the document and the inadvisability of changing current defence policy, agreed that:

1. the Department of National Defence inflation model represents the best available measure of inflation as it affects the Defence Envelope and that it be used as the basis for inflation compensation,
2. the Defence Envelope be provided with funds sufficient to ensure 3% real growth in defence spending through 1986/87,
3. an additional amount equivalent to 0.25% real growth per year beginning in 1983/84 be added to the Defence envelope for the purpose of improved readiness and sustainability until a total increment of 2% real growth is reached,
4. consideration be given by the Cabinet Committee on Priorities and Planning to transferring a portion of the Supplementary funding allocated to direct employment creation at its meeting of June 22, 1982 (5076-82RD(NSD)) to the Defence envelope to complement the increment for readiness and sustainability on the understanding that these funds would be used to augment Canada's reserve forces.

Canada's National Defence Preparedness

The Cabinet Committee on Foreign and Defence Policy at its meeting of July 12, 1982 had for consideration a Memorandum to Cabinet (361-82MC, July 6, 1982) from the Minister of National Defence regarding Canada's National Defence Preparedness.

The Committee, noting that in the worst case, the Canadian Forces could be sustained in combat for a few days only, agreed that:

1. in principle, the Canadian Forces should be able in an emergency to meet and fully sustain their commitments and, if so directed, further expand their capabilities;
2. the Department have as a planning goal the development of a capability to sustain its commitments to the extent possible within the approved envelope levels;
3. the Canadian Forces develop plans to this effect; and
4. the Department of National Defence reflect these requirements in its Strategic Overviews.

International Joint Commission
Strategic Overview
1983/84 - 1986/87

At its meeting of July 12, 1982, the Cabinet Committee on Foreign and Defence Policy had for consideration the IJC Strategic Overview.

The Committee accepted the Strategic Overview with the exception of a proposal for a more active public relations program and related resources. The Committee noted that this proposed public relations program required further Committee consideration at some future date. The Committee also agreed that it should at some time be briefed by the Canadian and US Commissioners on the role, priorities and operations of the IJC.

1982 Speech From the Throne: Proposed Foreign Policy Themes

Following the traditional statement on the international environment and a statement on the basic principles of Canada's foreign policy as linked to Governmental priorities*, the following points are suggested;

Legislative

- introduction of an External Affairs Act pursuant to a substantial governmental organization introduced, inter alia, to improve the Government's capacity to respond to the demands and opportunities of an interdependent world
- improve Canada's export financing capacity through a bill dealing with the EDC in line with the Government's economic development priority

Non-Legislative

- contribute to social justice through maintenance of Canada's ODA commitment of 0.5% GNP by 1985, growing to 0.7% by 1990
- contribute to stability and security through maintenance of Canada's 3% real growth in defence expenditures NATO commitment, as well as through intensified efforts aimed at improvements in arms control and disarmament verification procedures, especially relating to the conclusion of a nuclear test ban treaty
- strengthening Canada's relationships abroad, particularly in our hemisphere, by joining the OAS.

* including references to the significance of trade to the Canadian economy, the preparation of a Trade Policy Review and active Canadian participation in the forthcoming GATT Ministerial.

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OVERVIEW OF STRATEGIC OVERVIEWS
FOREIGN AND DEFENCE POLICY
1983/84- 1986/87

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OVERVIEW OF STRATEGIC OVERVIEWS

FOREIGN AND DEFENCE POLICY

1983/84 - 1986/87

August 27, 1982

I. OBJECT

1. (a) To provide Ministers with an overview of the policy thrusts and initiatives having international implications that have been proposed in sectoral and departmental strategies throughout the Canadian government.
- (b) To assess these proposals against the Government's foreign policy objectives and current priorities.
- (c) To propose, in light of the above, policy options together with their expenditure implications.
- (d) To obtain Ministerial direction.

II. FOREIGN POLICY DIRECTIONS

(a) Introduction

While this Overview is not intended to be a foreign policy review it is nevertheless desirable to recall the principal elements that have guided Canadian foreign policy in the past decade and to identify some of the key

issues in the currently turbulent international situation. This will provide Ministers with a background for assessing the policy thrusts and initiatives being proposed by Departments and Sectors. It should also assist in deciding on appropriate courses of action for meeting the challenges of the next few years.

(b) Foreign and Domestic Policy

As much as any nation and perhaps more than most Canada is dependent on the world outside its borders. Our economy is heavily influenced by international economic developments, our security is of a collective nature and we have historically sought to attenuate great power influence through bilateral and multilateral arrangements. There has been increasing recognition over the years of growing global interdependence. Canada's open society and open borders compound our responsiveness to events abroad.

Interdependence with other countries and with international systems has also been manifested in other ways. Since the Treaty of Versailles Canada has deliberately set out to extend its bilateral relationships and to participate in multilateral organizations. This policy has been necessary for the pursuit of domestic objectives but also to dissipate an over reliance on preponderant bilateral influence whose origin has already shifted at least once. The enlargement of the community of sovereign states, the proliferation of multilateral institutions and the widening range of subject matter covered internationally now impinge on many areas of Canadian interest. Such exchanges can only be ignored at our peril.

A close relationship and sometimes a direct linkage accordingly exists between domestic and foreign policy in Canada. They can seldom be developed in complete isolation from each other. Trade and economic policies probably provide the clearest examples. The international economic systems on which we depend are currently under severe strains which directly affect our well being. Our actions can, in turn, contribute to or ease these strains.

Because the international environment can have such a significant influence on Canada two basic strategic frameworks were developed to provide coherent direction to the decision-making process. A third in the form of priorities has more recently been established. They are:

1. Foreign Policy for Canadians (1970) reoriented perspectives from the assumptions of the post-war period towards the larger prospects of a multi-polar world. It assumed that foreign policy was largely an extension of domestic policies and it postulated six national goals having international dimensions:

- 1) fostering economic growth;
- 2) safeguarding sovereignty and independence;
- 3) working for peace and security;
- 4) promoting social justice;
- 5) enhancing the quality of life; and
- 6) ensuring a harmonious natural environment

2. The Third option (1972) considered the consequences of Canada's open border policies which had, over the years, led to a high degree of foreign ownership of the Canadian economy and considerable foreign influence in other fields, predominantly by the United States. It is

worth recalling that the paper outlined three options, of which the Third selected by the government was to pursue a comprehensive, long-term strategy to develop and strengthen the Canadian economy and other aspects of our national life and, in the process, to reduce the present Canadian vulnerability, particularly to U.S.A. actions.

3. Priorities - The six national and international goals outlined in "Foreign Policy for Canadians" are inter-related. They are accordingly less than ideally amenable to being ranked in order of priority but since Autumn 1980 the government has placed decided emphasis on Economic Growth and on Social Justice.

There are, of course, other important documents establishing policy directions in specific international fields, such as Defence, Aid, Trade, and Immigration. These directions conform with the foreign policy objectives described above and outline sectoral considerations with quantified targets which usually have a medium term duration.

III FOREIGN POLICY ENVIRONMENT

4. The prospects for achieving Canada's foreign policy objectives are made more difficult by the current and immediately foreseeable environment in which Canada must pursue its foreign policy interests. The principal trends of direct concern include:

Trade

- The world economy is under severe strain, accompanied by persistent inflation, high interest

rates, stagnating industrial production, and high unemployment in many countries.

- A number of countries are concentrating on export-led growth and competition is fierce.

- Increasing pressures for subsidization of exports and for protectionism persist in many countries. Actions by any country can lead to retaliation by others. Actions by Canada, while defensible in the light of domestic circumstances, could contribute to an escalation of protectionist moves. The risk of trade wars is a growing threat.

Finance

- Many countries face BOP problems which were temporarily alleviated by recycling petro dollars through the banking system. However, repayment of the ensuing debt burdens has produced further BOP difficulties. Some are now unable to meet debt obligations and to import. The ability of the international financial system to ensure adequate capital flows also is under strain. The system itself is fragile through over-extension and low liquidity; defaults could cause severe shocks.

Security

- The East-West relationship, always difficult, is undergoing another period of precarious adjustment. Canada and its Allies face a challenging near term military security situation, their former military superiority replaced by conventional and theatre

nuclear inferiority. The task of preserving Western unity is made no easier by economic circumstances and by an American administration seemingly bound on asserting its premises for East-West relations. At the same time, doubts exist about the intentions of the U.S.S.R. which is increasingly experiencing economic difficulties as well as continuing problems with contiguous satellites e.g. Poland and Afghanistan. Arms levels will continue to attract considerable attention both domestically and internationally, as conventional and nuclear arms reduction talks proceed. Regional instability, most dangerously in the Middle East, can be expected to continue.

The Third World

- The developing world is caught in the squeeze of great internal difficulties without many having immediate prospects for resolving these internationally. Yet some developing countries could become economic partners of considerable importance to Canada, i.e. NICs because of their continuing strong economic performance. Moreover, this group of countries should more properly be considered as industrialized countries with which the so-called "North" has significant ties.

Others present possibilities for instability that could be damaging to Canadian interests. Our interdependence is significant. The conundrum is how best to bring the Third World into the international mainstream to our mutual advantage. The North-South dialogue, NIEO, Global Negotiations, and Aid programs,

seen in this light, are part of a process from which we can benefit.

Domestic Factors

- Questions about Canada's future have received international attention as a result of federal/provincial differences over resources ownership and exploitation; the Quebec referendum; and the achievement of Constitutional patriation. These domestic strains have had repercussions on our relations with the U.K., France and the U.S.A. The interrelated economic situations in Canada and abroad have been marked by recession, inflation, unemployment and high interest rates necessitating fiscal and budgetary restraint, most recently manifested in the Government's 6%/5% program.

Assessment

5. The foreign policy directions we have been following for over a decade were aimed at reducing our vulnerability and striving to achieve six national and international goals. We face problems with the U.S.A. but such costs were expected. They have been accentuated by the greater than anticipated depth and duration of the current economic crisis. Moreover the limitations on Canada's ability to modify international circumstances in its favour were seldom more apparent than they now are. This may not be the time to doubt our foreign policy directions. Questions could however be raised about the consistency of our policy pursuit and about the effectiveness with which domestic and international realities have been matched. For instance, the diversification of our interests to Europe and

Asia. The financial and other adjustments of the rapid rises in energy prices have been slow. The credibility of our contribution to western security was and is held in doubt at a time when we are endeavouring to forge the "contractual link" with the EEC. Account needs also to be taken of the lack of vigor among Canadian entrepreneurs in seizing past opportunities.

6. An approach to the questions of consistency and effectiveness may exist at the process level to ensure that:

(a) the foreign policy implications of well conceived domestic policies and strategies are more fully taken into account.

(b) the strategy and decision-making process for adapting domestic policies to the sometimes devastating influence of trends and events outside Canada is sufficiently responsive.

7. It is accordingly desirable to assess whether the many sectoral initiatives and strategies proposed this year are likely to assist in the attainment of our key domestic and foreign policy goals in currently unfavourable international circumstances and whether they are likely to assist in reducing our vulnerability to events abroad.

IV KEY FOREIGN POLICY STRATEGIES

8. In the light of known priorities, Canada's fundamental interests and values, and the assessment of the international situation, the following are considered to be Canada's key foreign policy strategies for the planning period and are discussed below:

(A) Reducing Vulnerability and Contributing to the Attainment of the Government's Economic Development Priority Through Bilateral and Multilateral Relations.

(B) Contributing to Global Stability and Western Security.

(C) Contributing to Social Justice.

A. REDUCING VULNERABILITY AND CONTRIBUTING TO THE ATTAINMENT OF THE GOVERNMENT'S ECONOMIC DEVELOPMENT PRIORITY THROUGH BILATERAL AND MULTILATERAL RELATIONS.

9. In December, 1980 Cabinet approved the "Bilateralism Strategy", developed by External Affairs in response to the Government's economic development priority. This strategy recognizes that the successful pursuit of Canada's tangible interests, particularly economic, lies in the purposeful, consistent and coherent management of all elements of a relationship. Prototype strategies for Mexico and the FGR are being implemented. Trade and sectoral marketing plans are also being pursued in other countries.

Canada-USA Relations

10. The significance of the Canada/U.S.A. relationship, in economic development and other terms, needs no emphasis. As relationships go, it is only realistic to state that it is beyond comprehensive government "management". Periodic bilateral frictions are an inevitable concomitant of efforts to reduce Canada's vulnerability to U.S.A. actions and influence. Current frictions centre ultimately on differing approaches to the role of government in society but find their focus in an ideological U.S.A.

antipathy to the NEP and FIRA, an antipathy that perhaps even the most imaginative public relations campaign cannot now overcome. A U.S.A. economic resurgence and a decline in U.S.A. interest rates automatically benefit Canada economically.

The requirement, therefore, is to find ways to restrain the U.S.A. from retaliating against Canada in the economic sphere, and to facilitate progress on other matters of interest to Canada, particularly environmental protection. This retaliatory tendency in the U.S.A. could be compounded if new Canadian measures appearing to restrict competitive access are taken. Also, a divergence exists between Canadian and U.S.A. approaches to a number of foreign policy and defence issues, which formerly offered potential for Canadian support of U.S.A. objectives. In current circumstances sensitivities in the U.S.A. to some Canadian policies and positions is high.

Over the years Canada's success in reducing its vulnerability has varied. We have often been able to obtain exemptions from measures primarily directed outside North America. We have often been able to modify and diminish the impact of measures directed primarily at Canada. We have also on many occasions managed to use the influence of like-minded nations in NATO, OECD and in summits to attenuate proposals to our better advantage. Where we have been less successful is in the management of Canadian proposals that impinge on the U.S.A. and in diversifying our interests away from the United States.

Experience with the NEP and FIRA suggests that greater attention should be devoted to the development of

implementation strategies particularly oriented towards the United States that are designed to take optimum advantage of available channels and mechanisms including special interest groups to increase comprehension of goals, diminish opposition and obtain acceptance of policies designed to reduce vulnerability. It is this aspect rather than the policies themselves that often need changing.

11. It seems clear that greater attention should be devoted to the development of implementation strategies for domestic policies that are designed to take optimum advantage of available channels and mechanisms including special interest groups to increase comprehension of goals, diminish opposition and obtain acceptance of policies designed to reduce vulnerability. It is this aspect rather than the policies themselves that often need changing.

12. In this context Ministers should note that some proposals put forward by Departments and Sectors have considerable implications for our relations with other countries, particularly the United States.

13. The number and range is large: in agriculture - upgrading of the natural resource base and import substitution targets in vegetable and food grains; in communications - the integrated approach to the North-American market and Canadianization of cultural industries; in minerals - the development of EMR's international strategy; in environmental protection, particularly the proposed "Water Strategy for Canada" from DOE; in fisheries the Pacific and Atlantic Fishery studies and bilateral Pacific Salmon Agreement; in government procurement - the proposal to establish a joint federal/provincial/municipal venture to harness annual public sector procurement in Canada; in

sourcing - import substitution in private commercial projects; in Northern Affairs - the proposed framework for northern economic development and environmental protection; in offshore development - extending Canadian legal and economic jurisdiction offshore; in transportation - proposed modifications to the Canada Shipping Act; in legislation - the revision of many Acts.

The above are in addition to any specific action or legislative changes that may be required to exercise appropriate control over U.S. subsidiaries in Canada. Sight must not be lost of sensitivities over defence relations where joint planning is being reopened on improving North American defences.

14. The potential gains from each of these initiatives should be balanced against the negative effects of a possible further worsening in Canada/U.S. economic relations. Some initiatives may need to be reconsidered or delayed until a more propitious time. Where it is important to proceed, careful attention will need to be paid to the presentation of policy changes and initiatives. In this connection it may be possible to tailor some of the above initiatives and some existing policies more closely to present exigencies by distinguishing between the essential and the non-essential. On FIRA, for example, we should reduce processing time and we should eliminate excessive Canadian preferences in purchasing commitments. There does not appear, however, to be the same scope for amendment of the NEP.

15. Ministers will receive in the early Autumn proposals for dealing with the Canada/U.S.A. relationship in present circumstances. Other considerations include the

opening of a new post in Denver, Colorado, to assure a more balanced representation of Canada in the U.S.A., to meet Western provincial concerns and to promote trade. A feasibility study on whether to participate in the Louisiana 1984 World Exhibition will be presented.

16. Canada's frictions with the U.S.A. seem to have led to a renewal of well meaning proposals for exploring some form of free trade arrangement with the U.S.A. Studies could be undertaken of such an alternate strategy if Ministers so wish. Nevertheless, it is well worth recalling that by 1987 well over 90% of current Canadian exports will enter the United States at tariffs of 5% or less and close to 80% will be duty free. On balance, therefore, the foreign policy direction established in 1972 by the government and particularly the possibilities of diversification have neither been disproved nor exhausted. Therefore, renewed attention to certain key traditional as well as new relationships and markets is warranted over this planning period to reduce vulnerability to the U.S.A. while pursuing economic development. For instance:

o Europe

Several avenues for improving Canada's image in and relations with, Western Europe suggest themselves:

- (a) prospects should be explored for deliberately building a better industrial and natural resource connection with Europe. Joint ventures and energy offer considerable possibilities.

- (b) increased political consultation with the Ten and alignment where warranted of Canadian and West European viewpoints on foreign policy issues, such as the Caribbean and Africa;
- (c) demonstration of Canada's willingness to contribute its share to the defence of Europe through, inter alia, continuation of the 3% real growth in defence expenditures commitment;
- (d) a purposeful and multi-year sensitization of French opinion leaders as to the federal viewpoint on questions of Canadian unity is being undertaken to counter the unbalanced influence achieved by Quebec. In this connection Ministers will receive proposals related to the events marking the 450th Anniversary of Jacques Cartier's arrival in Canada and Canadian Participation in the Paris '89 World Exhibition marking the 200th Anniversary of French Revolution;
- (e) the high level and systematic attention to the Canada/FRG relationship should be adapted to relations with the EEC and France;
- (f) a heightened public relations, cultural and academic presence in general.

Meanwhile, the uncertainties of the East/West relationship suggest that Canada should review and establish a basic long term attitude toward the U.S.S.R. The review need not prevent the immediate development of productive

relationships in areas of basic interest to Canada, such as the conclusion of consular conventions with Eastern Europe countries.

o Pacific Basin

- (a) Bring to bear Japanese and other Asian interests in Canada as a source for industrial materials, foodstuffs and energy;
- (b) technical delays of Japanese auto imports occur at a time when we need to diversify away from the U.S.A. We must continue the search for means to deepen and strengthen the relationship whose two way trade now totals \$8.5 billion. Canada will receive an invitation to participate in a major world exhibition being hosted by Japan in 1985;
- (c) continue our interest in having China emerge as a responsible member of the international economic, political and security community;
- (d) build on our ties with Australia and New Zealand as partners in the Pacific;
- (e) support and be involved in the growing political and economic cohesion (ASEAN) and interdependence of the region to encourage its democratic societies and market economies;
- (f) ensure we are involved with and are seen as a participant in the gradual development of the Pacific Community Concept. Endeavours ranging

from the creation of a Canada Foundation for Asia and the Pacific (likely requiring \$500,000 from the External Affairs envelope in start-up costs and \$50 million from other envelopes in endowment funding) or grants to various organizations to heighten public awareness and involvement and trade-oriented seminars will be or have been proposed.

o Newly Industrializing Countries

- (a) Since the pronouncement of the Third Option in 1972 certain countries in Asia (Korea, Taiwan, Singapore, India), Middle East (Saudi Arabia, Kuwait, Iraq, Egypt) and Latin America (Mexico, Venezuela, Brazil) have become economic partners of great potential to Canada. This situation is often double-edged for Canada. Some with highly competitive resource and manufacturing industries cause pressure on third country markets. They have access to Canada but continue to restrict our access to their markets. In other cases questions arise concerning their capacity to pay for large projects, as in the case of the CANDU reactor to Mexico and Egypt. Accordingly, there is a need for Canada to strengthen its bilateral relations and to reinforce its efforts to bring these countries more effectively into the multilateral trading system, inter alia, to capitalize on opportunities and to come to grips with market access problems.

(b) In still other cases, particularly in the Middle East, one of the fastest growing export markets today, political factors appear to have inhibited Canada from taking full advantage of the commercial opportunities available. It is proposed to open a new post in the United Arab Emirates (UAE). Such a move, combined with the opening of a post in Jordan in 1982/83, should burnish Canada's political image and help its commercial endeavours in all Arab countries.

o Latin America and the Caribbean

Canada was actively involved during the decade of the 1970's, but particularly so during the past 2½ years, in developing and enhancing our relations with the countries of Latin America and the Caribbean in many fields. In 1981 total trade with Latin America and the Caribbean reached \$8.9 billion of which exports were \$3.7 billion and imports were \$5.1 billion, the imbalance being caused by the fact that 40 to 50% of Canadian petroleum imports comes from Venezuela and Mexico. Over 33% of Canadian exports to the region is made up of manufactured or semi-processed goods. Prospects for increased exports to most of the countries of the area, but especially to the leading markets of Brazil, Mexico, Venezuela, Cuba, Colombia, Peru, Argentina and Chile are good. In the Caribbean and in Central America as well as in some of the countries of Latin America major Canadian aid programs are contributing to economic and social development which promotes political stability and regional security vital to Canada and this hemisphere.

While much of the medium term effort will be devoted to consolidating the significant gains achieved by

various initiatives of the past two years the following initiatives are proposed:

- (a) modest increases or adjustments to our diplomatic representation in the area, including the re-establishment of an Embassy in the Dominican Republic;
- (b) the conclusion of appropriate economic cooperation agreements or arrangements;
- (c) to consider whether Canada's interest would be served by full membership in the organization of American States (OAS), a move which would likely involve an annual cost of \$7 million as our share of the OAS assessment, an increase of two Canada based officers and two support persons at our OAS mission in Washington and the addition of two officers and one support person at Headquarters in Ottawa to ensure adequate support to Canadian representation in the organization as a full member.

o Multilateral Fora

Canada's stake in an open international trading and payments system dictates that it should seek opportunities to reinforce its relevance and effectiveness and to broaden its scope. This Canada attempts to do by actively participating in multilateral fora such as the OECD, GATT, IBRD, IMF and the Economic Summits, all of which are oriented towards attempting to manage and to resolve jointly common economic problems affecting the international trade and payments system. The November, 1982 GATT Ministerial

meeting, for which instructions on the Canadian position will be sought from Ministers, will offer an important such occasion. Similarly Ministers will receive a review of Canadian policy towards the IMF this summer prior to a major meeting of the ~~ICNF~~^M/World Bank in Toronto this autumn. Similar opportunities and constraints exist in the political and security fields where Canada pursues its interests through participation in NATO and NORAD, CSCE and arms control (MBFR), as well as in addressing global problems in the U.N. and its Agencies.

Assessment of Sectoral Proposals

18. The Government has established an economic strategy founded on the continued development and expansion of a) resource based industries along with the b) revitalization of industrial capacity towards specialized international competitiveness. Departments have responded with proposals and initiatives designed to implement the strategy (Appendix A). Ministers will wish to weigh the implications of these on our international objectives over the immediate and longer term. Some proposals involve potential costs to our bilateral relationships, particularly with the United States as already mentioned and some give the appearance of impinging on such basic foreign policy tenets as our GATT obligations and other international agreements. The issues raised by these proposals are being addressed in a comprehensive Trade Policy Review, currently under preparation.

19. There are however several other aspects of Sectoral proposals requiring attention, some are of a general nature and others refer more specifically to natural resources and to industry.

(a) General

- (1) An expansion of export markets is crucial to the success of most resource sector strategies. But demand is low and prices currently are depressed, with the timing of increases uncertain.
- (2) Being so dependent on access to foreign markets it is important to avoid protective and subsidy measures in Canada which could lead to trade relations difficulties. Some of Canada's trading partners have threatened or have already appealed some of our trade and economic policies to the GATT.
- (3) Import substitution, which is stressed in several resource strategies, will need to be carefully handled, particularly in the agricultural sector, if retaliation is to be avoided.
- (4) The management of energy relations will be especially critical with the U.S.A. and to a lesser extent with Japan and Western Europe. The pace of development of Canadian energy resources, particularly coal and natural gas, will be significantly affected by export opportunities and the availability of adequate investment capital as well as appropriate technologies which will raise important policy issues.

(5) Duplication: A number of resource and other Departments have proposed increasing their own international marketing and representational efforts with their own programs and personnel. This is unnecessary and inappropriate in light of the government's recent reorganization to concentrate program delivery.

(b) Natural Resources

20. The Strategic Overviews for resource departments are well directed in stressing the need to improve productivity and to expand export markets. Much preparatory work has already been accomplished in the Agri-Food Strategy, the Minerals Policy and the Forest Sector Strategy. The international dimensions, including market access and market development, are being elaborated in ongoing work on fish, minerals, International Food Strategy and in the Trade Policy Review.

21. Canada's changing oil import needs may require adaptations in offshore oil sourcing, including by Petro-Canada to less vulnerable areas. The political and commercial implications of changed sourcing will need careful assessment. The NEP will continue to attract critical attention from foreign governments, e.g. on energy pricing and conditions for foreign investment. The principles and measures of the NEP will need to be explained and stoutly defended bilaterally, especially in the U.S.A. and in multi-lateral fora such as the International Energy Agency and several OECD committees.

(c) Industry

22. Few significant new program proposals for the revitalization of industry have been brought forward this year. As the export of processed, manufactured and capital goods have a recognized effect on unit cost and on the Balance of Payments close liaison is being established with the appropriate Departments to elaborate business and sectoral plans.

23. The health, even survival, of Canada's nuclear industry though most of the decade is likely to depend critically on export sales of nuclear technology and/or the construction of additional domestic nuclear capacity for power exports. Effective political management of nuclear relations with a variety of countries will be essential, as will perseverance in maintaining and strengthening an international non-proliferation régime in which governments and their publics can have confidence.

(d) Science and Technology

24. Cabinet has approved a target for gross expenditure on capital R&D of 1½% of GNP by 1985. Canadian industry is expected to fund one-half of this effort. Good progress has been made towards the 1985 target, yet, it must be recognized that our competitors are now in the process of raising their R&D expenditure levels even further. As one means of deriving maximum economic benefit from our R&D expenditures in the international field, we are in the process of defining strategic framework for S&T collaboration, in selected technologies with partners chosen from OECD countries and the NICs.

(e) Communications

25. Cultural and telecommunications issues can have sensitive international aspects. The further Canadianization of cultural industries will in some cases elicit a strong U.S. reaction. There are also questions in some proposals about responsibility for the delivery of cultural programs abroad.

Telecommunications issues have both bilateral (particularly with the U.S.A.) and multilateral implications which are both highly technical and increasingly political in nature, requiring careful management.

(f) Coordinated Procurement

26. Although the proposal to establish a National Cooperative Supply Agency takes into account the fact that Canada is party to an Agreement on government procurement negotiated in the GATT during the Tokyo Round, care must be exercised in its implementation to avoid the impression that indefensible advantages are being conferred upon Canadian suppliers.

(g) Environment

27. The development of strategies for the Northern environment and for energy development will have implications for multinational enterprises as well as for the Canadian private business sector. Much work has been devoted internationally to the development of accepted standards to guide MNE operations; these should be taken into account.

Ministers will receive this autumn proposals concerning a "Water Strategy for Canada" which is a subject of great national importance particularly for the Prairies. It is also an issue that is likely to have long term implications for our relations with the United States reminiscent but probably greater than the difficulties encountered over the Columbia River, the Skagit and the Garrison Diversion. Every aspect of the proposed water strategy from its preparation to its implementation must be developed in the context of Canada-United States relations.

(h) Legislative Changes

28. Measures designed to resist the extraterritorial application of United States laws to the operations of firms in Canada could become prominent. Also the international implications should be noted as they come forward of such legislation proposals as:

Consumer and Corporate Affairs

- Combines Investigation Act
- Copyright, Patent and Trade Marks Act

Justice

- Fugitive Offenders Act
- Extradition Act

B. CONTRIBUTING TO GLOBAL STABILITY AND WESTERN SECURITY

29. The dual policy agreed upon at the recent NATO Summit of "defence and dialogue", with special emphasis on

arms control conforms with fundamental Canadian approaches to peace and security. Canada should accordingly:

- (i) extend until 1986/87 its 3% real growth in defence expenditures commitment to permit Canada to demonstrate that it is contributing an equitable defence share, as well as to achieve the 1975 agreed Canadian Forces posture at a time of concern for NATO conventional forces inferiority.
- (ii) Provide additional funds to achieve an acceptable degree of readiness and sustainability of the Canadian Forces for crisis situations.
- (iii) Continue to work for verifiable arms control and disarmament agreements involving no reduction in security and embracing strategic arms (START), intermediate range nuclear forces (INF), conventional forces (MBFR) and the forthcoming Conference on Disarmament in Europe (CDE) aimed at building mutual confidence. However, these negotiations are likely to be lengthy and difficult.
- (iv) In line with Canada's intention, announced in the Prime Minister's UNSSOD II speech, to devote Canadian expertise to verification issues, Ministers will receive a proposal for the establishment of an interdisciplinary research unit within the Department of External Affairs.

- (v) Provide support for the World Disarmament Campaign of the United Nations.

30. Canada also can make a highly visible contribution to global stability, as well as to Western and its own security through participation in international peace-keeping endeavours, the most recent example being our agreement to support the United Nations Transition Assistance Group (UNTAG) in Namibia.

31. Meanwhile the current strains within the Atlantic Community, exacerbated by recent U.S.A. unilateralism, occasioned by differing U.S.A. and European approaches to relations with the U.S.S.R. have brought to the fore Canada's historical dilemmas and opportunities in its relations with its North American and European Allies. Canada's efforts to ameliorate the situation, such as might flow from the meeting in Canada in the autumn of NATO foreign ministers, have to be buttressed by a credible Canadian defence contribution.

C. CONTRIBUTING TO SOCIAL JUSTICE

32. Canada should maintain its leadership role in the North/South dialogue, not only in recognition that Canadian prosperity is tied to global prosperity but also to respond to Canadians' humanitarian strain and deep-seated commitment to justice. This leadership role will require Canada to take constructive and statesmanlike steps that are visible to the LDCs, our industrialized partners, and the Canadian people.

33. Canada's ODA programs provide a special opportunity for a significant and distinctive Canadian contribution to addressing the problems of underdevelopment.

Canada therefore should, in order to build on its established goal of 0.5% ODA/GNP by 1985/86 and in line with its "best endeavours" to reach 0.7% by 1990, increase its ODA commitment to 0.54% in 1986/87.

34. This leadership role may require Canada to, despite its current economic difficulties, assert and reflect the need for easier access to Canada's markets for products of underdeveloped countries consistent with the adjustment process in the soft sectors of the Canadian economy. Canada should continue to earmark a portion of the ODA component of the External Affairs envelope's Policy Reserve for EBOP and seek ways to include technology transfer in the aid relationship. Canada also from time to time have to distance itself from certain of its industrialized partners on issues of key importance to the LDCs.

35. Development programs to be truly effective must be complemented by efforts aimed at the peaceful settlement of disputes, the promotion of human rights and freedoms, the tempering of race conflicts, restrictions on arms transfers and contributions to stability. Canada has a high reputation in the military training and police training fields and Ministers will receive proposals for the strengthening of these programs. Our expressions of concern for the observance of human rights in other countries will be enhanced by the development of a new relationship between Canada's native peoples and the federal, provincial and territorial governments flowing from the patriation of the Constitution.

36. The stubborn agenda of global problems indicates that Canada needs to continue its endeavour to

strengthen the effectiveness of the United Nations as a civilizing influence in international relations. To sustain public support, and awareness of these endeavours, increased grants to the United Nations Association of Canada have been proposed, along with financial contributions via the U.N. for the victims of apartheid in South Africa and to strengthen certain U.N. development institutions.

37. Canadians' deep-seated commitment to justice is also reflected in the nature of Canada's immigration policy. Canada's requirement for skilled labour for its economic development and its attention to refugee situations may cause strains on immigration processing resources which are deployed mainly in areas oriented to family class immigrants. To increase the efficiency and economy of the immigration program, an ongoing review has been initiated involving CEIC, External Affairs and the Treasury Board Secretariat. In addition the question of processing fees for immigrant and visitor visa applicants is being studied by the departments concerned.

V. FINANCIAL CONSIDERATIONS

38. Narrative details on the proposals having implications for Foreign Policy received from departments and agencies other than External Affairs are found in Appendix A. A summary of External Affairs' proposals is found in Appendix B. The resource implications of all such proposals is found in Appendix C.

39. With the exceptions outlined below, a potential increase to the non-ODA component of the External Affairs envelope's Policy reserve is not being sought to assist in the funding of the External Affairs initiatives

listed in Appendix C. Existing budgets are being reviewed and will be reallocated to the extent possible in light of policy decisions taken on this Overview. The consolidation of the foreign service and the reorganization of the Department will facilitate the study of ways to economize on resources. However it may prove necessary to call upon resources in envelopes outside of the Foreign and Defence Policy sector for the attainment of the Government's Foreign Policy objectives.

Past experience has demonstrated that closure of posts does not produce immediate savings. Termination payments to staff and lease cancellations initially produce increased costs in the year of closure. Experience also shows that there is a political cost which is seldom recovered to the closing of embassies.

There are four issues listed in Appendix C on which Ministerial guidance will be sought which, depending on the nature of the policy decision, likely will outstrip the resources of the External Affairs envelope:

- (1) major capital projects in Washington, Tokyo, Moscow and Peking;
- (2) possible Canadian membership in the Organization of American States (OAS);
- (3) the Government's response to the recommendations of the Royal Commission on Conditions of Foreign Service; and
- (4) Canadian participation in world exhibitions, for which there is no provision in any

department's budget for funding Cabinet approved Canadian participation. Accordingly, a paper will be put to Cabinet assessing the utility of World Exhibitions anticipated in the next ten years and proposing a plan for a Canadian response.

40. For the Foreign and Defence Policy sector, the financial implications of the proposals Ministers are being asked to consider in this sectoral overview can be summarized in the following table:

	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>	<u>1986-87</u>
A. <u>DEFENCE ENVELOPE</u>(1)				
Reference level (DND)(2)	7,979	8,964	9,944	--
Cabinet Committee proposal(3)	<u>7,979</u>	<u>9,175</u>	<u>10,532</u>	<u>12,118</u>
Proposed increase to reference levels	--	212	588	12,118
B. <u>EXTERNAL AFFAIRS ENVELOPE (ODA)</u>				
Reference level(4)				
Commitment	1946	2270	2631	--
Cash	1913	2147	2471	--
ODA/GNP ratio	.458	.476	.495	--
Cabinet Committee Proposal(5)				
Commitment	1846	2325	2685	3208
Cash	1813	2256	2522	3073
ODA/GNP ratio	.514	.481	.50	.54

(1) According to TBC

(2) Includes impact of June 28, 1982 Budget

(3) 1983/84 still to be adjusted for civilian wage restraint figures based on DND's latest forecast of inflation from its Economic Model which has taken account of wage restraint from 1984/83. Includes 3% pa. real growth and an additional 0.25% for sustainability and readiness.

(4) Reference levels are based on August 1981 GNP assumptions and represent ODA framework approved by P&P at Meech Lake in September, 1981

(5) Based on GNP projections used in the October 1981 Budget, for 1984-85 through 1986-87. For 1983-84, the June 18, 1982 GNP projection is used to calculate the ratio, based on reference level less the \$100 M reduction.

As Ministers have agreed that the Policy Reserve can play a useful "buffer" role in protecting ODA programs from changes in resource levels due to shifting GNP projections, it is recognized that the actual level of the Reserve, and the earmarking of specific components will need to be determined after the Envelope level is set early this Fall.

C. EXTERNAL AFFAIRS ENVELOPE (NON-ODA)

It will be noted from the above summary table that the proposals being put forward to meet foreign and defence policy objectives are costly, and require, if approved, upward adjustment to both the Defence and External Affairs envelopes. It will therefore be important to receive ministerial direction as to the relative priorities of the various proposals being put forward.

VI. RECOMMENDATIONS

Strategic Policy Recommendations

41. Taking into account the foregoing it is recommended that:

- (a) in endeavouring to live distinct from, but in harmony with the USA, Canada approach its relations with the USA with care and deliberation in order to minimize the occurrence of

unnecessary irritants and the negative impact of current irritants, and that officials be instructed to bring forward in early Autumn a comprehensive paper on the Canada/USA relationship;

- (b) in so doing Canada also pursue its economic development objectives and the reduction of its vulnerability to the USA in a measured fashion through the purposeful pursuit of the Bilateralism Strategy (page 17), with particular emphasis on certain countries of the EEC; Asia and the Pacific; the Middle-East; and Latin America;
- (c) the significance of exports to the Canadian economy be reaffirmed and in that connection Canadian competitiveness be enhanced through increase R&D, increased attention to cost competitiveness; and scientific and technological cooperation with selected OECD and newly-industrializing countries;
- (d) the pace and scope of implementation of economic development strategies elaborated by domestic departments be undertaken in light of an assessment of their international implications, and be adjusted if necessary in light of such assessments, and in that connection officials be instructed to bring forward by early Autumn a Trade Policy Review;

Funding Recommendations

42. In order to ensure the provision of the necessary resources to achieve the foregoing strategies, it is recommended that:

- (a) sufficient funds be allocated to meet the 1975 Agreed Force Posture, Canada's 3% real growth in defence expenditures commitment, plus an element for the increased sustainability of the Canadian Armed Forces, as outlined in Appendices C and D;
- (b)
 - (i) Canada build on its established goal of 0.5% ODA/GNP by 1985/86 and its best endeavours commitment to reach 0.7% by 1990, by increasing its ODA commitment to 0.54% of GNP in 1986/87;
 - (ii) the financial profile for ODA set out in Appendix C be approved;
 - (iii) the other recommendations of the Foreign and Defence Policy Committee, as set out in Appendix D, be approved.
- (c) External Affairs develop its initiatives and activities for the planning period in light of agreed priorities and thrusts pursuant to the recommendations above, and that it come forward with options for Ministers on the large-scale issues referred to in paragraph 39 above.

OVERVIEW OF STRATEGIC OVERVIEWS
1983-1987

July 12, 1982

SECTORAL PROPOSALS

The various policy proposals and initiatives in the Strategic Overview of all government departments and agencies under the PEM system are submitted separately to, and receive consideration in their entirety, by the appropriate sectoral Cabinet Committee. However, some departmental proposals have implications for Canada's international relations. These have now been summarized in this document for the purpose of assisting Ministers to take into account the totality of the government's proposed international activities, to assess priorities and to decide on the resultant resource implications.

A. FOREIGN & DEFENCE POLICY SECTOR

I AID

1. Current Policy Framework

Ministers approved a broad framework for the ODA program contained in the last Strategic Overview and related documents, including priority to poorer countries, a new bilateral eligibility policy, greater relative importance to country-to-country assistance, particular concentration on the priority fields of energy, human resource development, and agriculture and food. In financial terms, Ministers reconfirmed the Government's commitment to increase ODA to .5% of GNP by 1985/86, and allocated additional funds to the External Affairs envelope to allow this target to be reached in more or less even steps.

2. Pending Issues

There are, however, a number of aid policy issues which will require the attention of Ministers in future months. These include:

(a) IFIs A review of overall IFI resource requirements, including a report on replenishment negotiations will be submitted this fall.

(b) Food and Agriculture A review of the commodity composition of the food aid basket has already been submitted to Cabinet. A second dealing with the form and level of a Canadian commitment to an extension of the Food Aid Convention will be submitted prior to international negotiations to extend the Convention beyond its expiry in June 1983.

A discussion paper on strategy for the agricultural sector, including special food stocking measures in Canada will also be prepared.

(c) Least Developed Countries (LLDCs) A paper will be submitted setting out approaches which could be followed to realize Canada's commitment to devote .15% of GNP to aid the LLDCs.

(d) Other Issues and Initiatives A paper is under preparation for Cabinet consideration on the subject of human resource development and new approaches to technical

cooperation with developing countries which would enhance Canadian capacity to be effective in this important area.

II DEFENCE

In his Strategic Overview of the Defence program, the Minister of National Defence draws attention to the unfavourable trends in the international environment and in the East-West military balance and to the implications of these changes for Canada's security and for the effectiveness and credibility of the West's current deterrent posture. In conditions of nuclear parity, the Minister points out, continued dependence on early first use of nuclear weapons, to respond to a major attack in Europe by conventional forces, cannot but lead to further erosion in the credibility of the West's deterrent. What is required, therefore, is the complementary strengthening of the West's conventional capabilities to give stability to the Alliance's deterrent posture.

The Minister concludes that the basic defence issue facing the Government is not that the fundamentals of Canada's security and defence policies need changing -- though these and theoretically possible options are discussed in his Overview -- nor that the objectives of the Defence program which are also examined, are inappropriate to these policies. The basic issue, rather, is that there is a continuing disparity between the responsibilities assigned to the Canadian Forces and the resources made available by the government for the performance of those responsibilities.

Four options are identified by the Minister for consideration:

- a) to achieve a balance between capabilities and commitments by reducing commitments. This would require no further real growth beyond 1983/84, and would permit continued growth in capital investment, but would mean a substantial reduction in the size of the Forces, withdrawal from commitments, particularly in Europe, and early exploitation of opportunities to reduce defence infrastructure in Canada;
- b) to achieve a balanced force posture at present levels of commitment, leaving security and defence policies unchanged, but making no provision to enhance levels of readiness and sustainability. This would require real growth in the defence envelope of some \$322 M over the next ten years (about 3.5% per year);
- c) to achieve a balanced force posture, at present levels of military commitment, increasing the readiness of the Forces to respond in an emergency and their capacity to sustain themselves in combat should hostilities occur. This would require real growth in the Defence envelope of some \$553 M over ten years (about 5% per year). It is this option that the Minister recommends be adopted;
- d) the "no change option": to maintain the present level of commitments, without changing current defence resource projections -- that is, to provide for no real growth beyond 1983/84, but only adjustment for inflation. The effect would be to solve none of the problems currently facing

the Canadian Forces and to continue to reduce the Forces' ability to carry out commitments by providing inadequately for equipment modernization and doing nothing to improve the readiness of the Forces or their capacity to sustain themselves in combat.

III INTERNATIONAL JOINT COMMISSION

The IJC provides an ongoing mechanism and process for the settlement of certain disputes between Canada and the USA. It has a quasi-judicial role to rule when requested on the use, obstruction or diversion of Canada-U.S. boundary waters. Also it may study, monitor and make recommendations on bilateral matters of difference referred by the Governments. The IJC considers that, in order to be able to deal more adequately with the issues referred to it, its existing multi-disciplinary team of expert advisors be expanded modestly.

B. ECONOMIC AND REGIONAL DEVELOPMENT SECTOR

I AGRICULTURE

Within the context of the agri-food strategy the most important priority is the development of new export markets, the maintenance of existing information flow and the substitution of Canadian grown produce for imports where feasible.

A target increase in exports from \$8.7 billion value at present to \$11.0 billion by 1985 and \$14.0 billion by 1990 is proposed. This could be achieved by increasing grain exports (23 million tons in 1981 compared to 30 million tons in 1985 and 36 million tons in 1990 as proposed by the Canadian Wheat Board) and exports of other commodities -- oilseeds \$1.0 billion to \$4.0 billion, livestock \$1.2 billion to \$2.0 billion, and fruits and vegetables \$0.4 billion to \$1.0 billion by 1985.

Import substitution targets of \$6.0 billion in 1985 (compared to \$5.6 billion in 1981) and \$4.0 billion in 1990, all in constant dollars, are suggested. To achieve this, it is proposed to reduce imports of fruits and vegetables such as tomatoes and apples which are grown in temperate climates.

II COMMUNICATIONS

International Relations Implications

In this field of activity, the DOC's objectives are:

- to protect Canadian communications interests, through both bilateral and multilateral relations with other countries;
- to represent Canadian cultural interests internationally, and;
- to ensure that international developments in communications are reflected in domestic policies.

Bilateral Relations

The communications relationships between Canada and the U.S.A. are by far more sophisticated and complex

than those between any other two nations in the world. Several difficult issues may arise for Canada, if the U.S. wants to apply its current philosophy across the border, notably:

- trans-border data flows;
- reciprocity in trade and services;
- trans-border satellite issues; and
- recognition of Canadian and U.S. future requirements in ITU space planning conferences.

Thus, it is proposed that an overview of the Canada - U.S. relationship in economics and trade be developed.

Multilateral Relations

With the ITU Plenipotentiary Conference in 1983, and the planned heavy schedule of WARC's and RARC's for the 1980's, vital Canadian interests are at stake in such instances as:

- 1983 RARC on Direct Broadcasting Satellites (DBS) in the Americas. Future Canadian DBS requirements must be recognized in the plan;
- 1985/87 Space WARC. Future Canadian requirements for orbital positions and space frequencies must be accommodated, notwithstanding the expressed U.S. preference for an "open skies" approach. As a member of the IPDC's Intergovernmental

Council of UNESCO Canada must demonstrate its credibility in supporting measures to close the "communications gap" for developing countries.

III CONSUMER AND CORPORATE AFFAIRS

A number of laws and regulations designed to improve the order, balance and structure of the Canadian market place in the best interest of consumers and producers are proposed to be introduced or amended by priority groups; some have international implications:

Phase 2 (1982; 1983)

- ° Copyright Act
- ° Patent Act
- ° Trade Marks Act

Phase 3 (1984; 1985; 1986)

- ° Canada Business Corporations Act

IV ENERGY MINES AND RESOURCES

a) Energy

No significant changes are proposed from the previous year in implementing the NEP.

b) Minerals

As the world's third largest producer of minerals (after the USA and USSR) and the largest exporter, Canada must take appropriate action to maintain or improve its share of world markets. EMR will this year be consulting departments and others on an International Mineral Development Strategy which has not yet been approved.

V ENVIRONMENT

(a) Environment Programs

Proposals having international implications include:

1. DOE will shortly seek Cabinet support and resources for a northern environmental strategy.
2. An action plan on toxics, including legislative changes, is being prepared.
3. An action plan for acid rain is now before Cabinet.
4. A "Water Strategy for Canada" will be presented to Cabinet this fall, to meet among other concerns, an emerging demand-supply imbalance for water, particularly in the Prairie provinces.

VI FISHERIES AND OCEANS

Proposals of international significance include:

1. Major initiatives evolving from enquiries into Atlantic and Pacific Fisheries will be submitted to Cabinet Committee this year;
2. Continued negotiations with the USA to develop a Pacific Salmon Agreement;
3. Improved Ocean Information Service for interest groups in Canada and abroad;
4. Development of a program for the international transfer of technology required under the draft Law of the Sea Treaty;
5. Ocean climate research to fulfill national and international objectives.

VII REGIONAL INDUSTRIAL EXPANSION

Against the backdrop of its recent reorganization DRIE makes a comprehensive review of the economic environment and proposes adjustments in its strategic priorities as well as in policy and program directions designed to achieve objectives over the next five years.

No specific new initiatives are proposed which are likely to impinge on the international environment. However, continuing priorities and ongoing programs, such as,

- o support for export development through export market promotion and the development of export-oriented enterprises,
- o competitive import replacement initiatives;
- o promoting tourism development in all areas of the country,

have implications for the government's activities abroad. Moreover, in these and in other areas where organizational responsibilities have changed, such as, the Program for Export Market Development and the Promotional Projects Program, close cooperation with External Affairs is underlined.

VIII SUPPLY AND SERVICES

A National Cooperative Supply Agency (NCSA)

This initiative intended to increase economy and efficiency and to strengthen economic development in all regions of the country, involves establishing a new agency, as a joint federal/provincial/municipal venture, to harness the \$30 billion annual public sector procurement in Canada. As such it could identify and manage specific procurement projects to obtain cost savings through purchase consolidation, and to pursue economic and regional development through import substitution.

IX TRANSPORT

The Strategic Overview of Transport Canada continues for the most part policy thrusts already introduced. Initiatives of potential international significance are:

- a) Equity infusion for Air Canada's re-equipment plan.
- b) In non-expenditure areas, controlled deregulation of aviation and new policy initiatives for both domestic and international policy.
- c) Funding for the construction of a polar icebreaker (\$.5 billion) may be required, depending on EMR's assessment of hydrocarbon production in the high Arctic and other resource development decisions.
- (g) Funding for Western rail system initiatives, port developments, and equity infusion into CN to improve export capacity.

C. SOCIAL DEVELOPMENT SECTOR

I COMMUNICATIONS/CULTURAL

The report of the Federal Cultural Policy Review Committee (Applebaum-Hebert) is expected later this year. In the interim, The Strategic Overview of DOC proposed a number of initiatives which may later be adjusted or augmented in an Action Plan for an accelerated response to the committee's report. Proposals having international dimensions include:

- a) Increasing exports of Canadian cultural products through initiatives included in the Broadcasting and Cultural Industries Strategies; Canada Council International Program; and Canadian Film Development Corporation Film Canada proposals.
- b) Substantive DOC leadership in international cultural fora such as UNESCO; l'Agence de Cooperation Culturelle et Technique; Council of Europe; and the Commonwealth.
- c) In consultation with External Affairs, DOC will seek a more active role in the development of bilateral cultural exchange programs.
- d) Joint ventures with the provinces for international level exhibitions.

- e) Canadianize the cultural industries particularly broadcasting, and through postal rate policy, the periodical publishing sector. Consultation with External Affairs is envisaged concerning an anticipated critical response from the USA.

II ENVIRONMENT

a) Environment Programs

Over the next two years the priorities of the department, funded from the Social Development Envelope, are to:

- 1. Implement the action plan on environmental quality with particular emphasis on toxic chemicals, acid rain and the environmental considerations in support of northern and energy development.

III INDIAN AFFAIRS AND NORTHERN DEVELOPMENT (SECRET)

Priorities and major initiatives for 1982-84 include:

a) Indian Affairs

International Considerations

The Overview states that "Canada's treatment of her native peoples has recently been much criticized before international organizations. This criticism is often based on misunderstanding and even untruth, but the fact remains that unless great progress is made it will remain difficult for Canada to defend herself successfully in international forums."

With this and other factors in mind a series of measures and programs are proposed.

IV LABOUR

Recent exchanges with Japan have underlined the benefit of bilateral discussions with Canada's major trading partners on each country's labour relations systems. The Department will accordingly seek an extension of its Labour Counsellor Service.

V NATIONAL HEALTH AND WELFARE

a) Status of Women

- 1. A decision has been taken to ratify the UN Convention on the Elimination of All Forms of Discrimination against Women.

b) Disabled Persons

During the International Year of the Disabled Persons, NH&W played a leading role both nationally and internationally. Follow-up within Canada to the ongoing work generated by the Year will result in new initiatives in the latter part of the 1980's. The Department will also continue to cooperate in the development of the United Nations' long term Program of Action Concerning Disabled Persons.

VI JUSTICE

Initiatives having international implications include:

1. Review of the Official Secrets' Act
3. Review of Cannabis and Drug Law Enforcement Strategy
4. Canada's financial support to Un Fund for Drug Abuse Control (UNFDAC);
5. Conduct a review of enterprise crime related to drug enforcement.
6. Amend the Fugitive Offenders Act and the Extradition Act
7. Extend Canadian Laws of General Application to the Off-Shore and Clarify the Civil Jurisdiction of the Canadian Courts in Relation to Off-Shore Activities
8. Amend the Criminal Code to Apply the Canadian Criminal Law to Off-Shore Installations and to Canadian Ships on the High Seas

VII SECRETARY OF STATE

2. Fitness and Amateur Sport

The strategy in Fitness and Amateur Sport until 1985/86 approved last year has since been modified to reflect Federal support for the Calgary Olympics (1988) which will require activities abroad.

VIII SOLICITOR GENERAL

International Responsibilities

Over the years Canada has been increasingly active in international criminal justice matters.

The RCMP role in assisting in the training of foreign policy forces is becoming increasingly important as concern rises in developing nations over the new forms of criminal activity that accompany industrial development. CSC has also been active in advising developing nations in the construction of institutions.

The Ministry continues to exercise its lead responsibility for Canada's participation in U.N. and other international congresses on crime and the treatment of offenders. Planning has begun for the Seventh U.N. Congress on this subject, to be held in Morocco in 1985. It is expected that a major focus of international discussion and cooperation will be the relationship between economic development and crime in developing nations.

D. GOVERNMENT OPERATIONS SECTOR

a) The following proposals from Government Operations sectoral departments are believed to have foreign policy implications:

I NATIONAL REVENUE

a) Customs and Excise

- (i) passage of a Special Import Measures Act in 1983 to permit the Government to take effective action, consistent with Canada's GATT obligations, against imports which threaten serious injury to Canadian producers;
- (ii) implementation of a new import Valuation System by 1985, as well as of a revised tariff structure and the possible adoption of an international tariff nomenclature system under the GATT;
- (iii) anticipated extension of Canadian customs jurisdiction to the 200 mile Economic Zone by January 1, 1983.

II SUPPLY AND SERVICES

Proposals considered to have international implications include:

- (i) Establishment of the National Cooperative Supply Agency (NCSA), a new government agency, as a joint federal/provincial/municipal venture, to identify and manage specific public sector procurement projects (currently valued at \$30 billion annually) to obtain cost savings through purchase consolidation, and economic and regional development through import substitution;
- (ii) development of policies related to intellectual property and emergency planning;

August 20, 1982

INTERNATIONAL PROGRAM AND RESOURCE OPERATIONS STRATEGIES

1. PROGRAMS

1. Trade Development

(i) Trade Promotion

The trade development program through market identification, marketing coordination and assistance in arranging financing, plays the central role in Canada's export efforts, and also supports Canadian industrial development through the encouragement of foreign investment. The promotion of Canadian exports is the most visible foreign policy contribution to the Government's overriding Economic Renewal priority. In line with the Government's Economic Development Strategy, emphasis is to be placed on the expansion of foreign markets for Canadian resources based products and for manufactured goods, particularly high technology. This emphasis will require both effective international marketing techniques, as well as sophisticated financial and promotional services, in an increasingly complex and competitive international trading environment. Effort will be concentrated on markets, which offer the greatest export opportunities for selected sectors of Canadian industry, in conjunction with export programs adopted by the Provincial governments, chartered banks and associations.

Financial Requirements

a. As a result of reduced PEMD activities in 1980-81 resulting from a shutdown of the program, there was a lapse of approximately \$5 million in 1981-82. This shutdown continued to have an effect on the level of commitments and consequently by 1982-83, \$4.5 million was identified as monies available out of PEMD for transfer from Vote 10 to Vote I for other trade development activities related to the PEMD program and where there was an additional resource requirement. In consequence the PEMD "A" base was reduced to 20.5 million dollars. There was an additional allocation of approximately \$500,000 to industrial sector programs. However, commitments being generated in 1982/83 and carried over to 1983/84 suggest that expenditure levels for the next fiscal year could be back on target and in the order of \$24 million. In order for PEMD and the related trade development activities (fairs and missions, public information) to operate at the forecast level in 1983-84 an additional allocation of approximately \$5 million likely will be required. Specific proposals will be brought forward in this regard.

b. Posts abroad and HQ sections will need to be supplemented by permanent staff and secondments from the Industry Sector Branches (DRIE) for marketing high technology products. Resources remain to be calculated.

(2) Industrial Development

Systems are being developed to coordinate and channel industrial development activities in Canada to take advantage of export market opportunities abroad. New resources are not immediately required.

2. Culture

Cultural activities support the Department's foreign policy and trade objectives by raising Canada's profile as a sophisticated economic and political partner in designated countries of concentration through the establishment of a cultural presence. In addition, the Department through them meets the aspirations of the Canadian arts and academic communities for international exposure by fulfilling a coordinating function for other federal and provincial departments and agencies with cultural and academic programmes abroad.

An essential facet of cultural activities abroad involves assistance to Canadian cultural industries in developing export markets by such means as travel grants to performers and writers to enable them to make their works known abroad. The two facets are inextricably linked and both objectives can be served successfully provided a sustained Canadian cultural presence can be achieved. Political and commercial objectives not only can be supported at the same time and by the same activities as market development for Canadian cultural producers -- they can in the long run be supported effectively and consistently within realistic budgetary parameters only if the market for Canadian cultural products and events is self-sustaining, for only then will the frequency of such events be sufficient to achieve the necessary profile for Canada.

New Initiatives

The two principal vehicles by which these objectives are achieved are tours by Canadian performers, writers and exhibitions and the promotion of Canadian Studies at foreign universities. Existing resources, essentially at mid 1970s levels, have permitted a focussing of these activities only on those countries which at the time were regarded as being of particular priority: Britain, France, Germany, Italy, Belgium and the United States, and to a considerably lesser extent Japan and Australia. The evolution of Departmental priorities, particularly in Mexico, Venezuela, Brazil and Japan makes it imperative that departmental thrusts in these countries be supported by an appropriate level of cultural and academic activities.

3. Consular

The Consular program's objectives are to protect and promote the interests of Canadians abroad, including both individuals and corporate bodies and in particular:

- to provide protection and assistance for Canadians who are distressed or in detention, subject to discrimination, denial of justice, or violation of fundamental human rights, or in situations where war, civil strife or natural disaster pose a threat to life and limb;
- at posts abroad, to issue passports to Canadians and visas to persons visiting Canada, and to perform certain notarial, legal, and administrative functions.

Current initiatives include:

- (a) a complete and systematic revision of all current consular policies and instructions in order to ensure that our consular staff are clearly aware of the aim, objectives and guidelines of the department's consular function in the 1980s;
- (b) the negotiation of new bilateral consular conventions or agreements with Eastern European countries;
- (c) an expansion of the honorary consul program, taking into account opportunities for enhancing the rôle of honorary consuls in Canadian trade promotion;
- (d) an intensified consular awareness program in Canada to advise Canadians intending to travel abroad how best they can prepare for their trips, and to avoid situations which would call for Canadian consular protection and assistance.

None of these initiatives involve additional resources and there could be savings/revenues associated with some of them.

4. Immigration

The Immigration program has as its principal objectives the delivery of immigration & refugee levels by component classes, as tabled annually in Parliament, the processing of foreign student and temporary worker applicants, and the screening of tourist visa applicants. New initiatives include:

- (a) The development and implementation of streamlining techniques comprises the use of new office technology and culminated in the computerization of delivery systems at immigration offices abroad which long-term objective has been integrated into the department's EDP planning and operations. One Immigration office, London, is already making use of the minicomputer facility which exists at the Mission and consultations on future needs are in progress with CEIC on a number of applications ranging from data collection to reporting methods and Nation Job Bank matching procedures;
- (b) Responsible CEIC officials have advised us that the proposal to implement processing fees for visa applications has been approved by the CEIC Executive Committee. A decision in principle from Minister Axworthy is now anticipated in early September. If the decision is favourable, meetings with interested parties will be convened shortly thereafter and a Cabinet Submission made before Christmas;
- (c) Proposed full Canadian membership in the Intergovernmental Committee on Migration (ICM) (\$1 million per year beginning in 1983/84).

5. Information

The Information Program supports Government foreign policy objectives by making Canada and Canadian policies better known and understood by opinion formers and decision makers abroad, by informing Canadians about Canadian foreign policy and trade opportunities including the activities of the new Department of External Affairs, and managing and organizing Canadian participation in world fairs through the

World Exhibitions Program. Proposed new initiatives include:

- (a) creating a new monthly departmental publication on foreign trade (\$300,000 per year);
- (b) launching an advertising campaign in Canada and abroad to create a heightened awareness of Canadian goods and services in priority foreign markets, as well as of opportunities for export sales amongst the Canadian business community (\$775,000 per annum);
- (c) participating in a joint celebration with France of the 450th anniversary of Jacques Cartier's discovery of Canada (roughly estimated at \$3 million over a three year period); and
- (d) preparing Canadian participation in world class exhibitions in New Orleans in 1984, Tsukuba, Japan in 1985, and Paris in 1989 (\$4 million, representing one third of a total cost which would be charged to the External Affairs envelope, on the assumption that the remaining costs of approximately \$8 million would be a charge to other envelopes).

6. Passport Office

The Passport Office issues appropriate travel documents to Canadian citizens and to certain permanent residents of Canada who are unable to obtain valid passports from their country of origin. New initiatives include proposals to install a toll-free Canada-wide telephone enquiry service, to introduce machine readable passports and to increase, as appropriate, passport fees to meet continuing inflationary pressures. The Passport Office operates on a cost recovery basis.

2. RESOURCE OPERATIONS

a. Communications and General Services

The Communications and General Services Bureau provides support services in communications, word processing, information storage and retrieval, and accommodation to the Department of External Affairs and, as required, to other departments and agencies with interests abroad. Proposed initiatives include:

- (a) establishing a secure communications network linking headquarters, posts abroad (especially consular posts in the USA), with provincial capitals;
- (b) establishing a fibre optic distribution network for telegrams within the Pearson building to meet the needs of the departmental reorganization;
- (c) extending the automated information storage and retrieval system to the trade sector;
- (d) providing automation and micrographics to certain posts with heavy records management responsibilities.

b. Finance and Management Services

The Finance and Management Services program is responsible for the design, development and operation of world wide systems for: financial planning, analysis and management information; a full range of management services concerning methods, procedures and organization; computer systems and services; departmental printing and publishing

services; expenditure accounting operations (including those for other Government Departments involved in foreign operations); and the analysis of and recommendations on resources at posts abroad.

Proposed new initiatives include revising, designing and establishing new management and management information systems to serve the needs of the much larger and more complexly reorganized Department. This need was explicitly recognized by the Treasury Board Secretariat in the context of departmental reorganization.

c. Personnel

The Personnel Bureau provides support for External Affairs programs through recruitment and assignment of employees both in Canada and abroad. In addition, it seeks to maintain the effective operation of both posts and headquarters units through the exercise of its broad personnel management function which embraces as well, employee training and development, compensation, and general working conditions. A study of the recommendations of the MacDougall Commission is being made and the resource implications will be presented for consideration.

d. Physical Resources

Programme objectives are:

- to support the Government's integrated foreign operations through the planning, provision and functional maintenance of all Crown-held property and material;
- through the Long Range Capital Programme, to reduce the escalating cost of the Department's rental curve by acquiring, through purchase or construction, an increased proportion of office and living accommodation abroad where economically feasible.

Proposed new initiatives (with cost in 1982-83 dollars) include:

- seeking confirmation and appropriate redefinition of the LRCP from Treasury Board for a further five years at approximately current levels of funding (\$26.1 million), properly indexed for inflation, for projects which are either non-discretionary or have an essentially economic rationale;
- seeking additional funding from Cabinet through the PEMS system for those major capital projects which, while of national significance, cannot be justified on the basis of a strictly economic rationale; costs would be in the order of \$100 million in current dollars over a five-year period, or \$70 million if a joint-venture arrangement were implemented in the case of the construction of a chancery in Tokyo.

3. PROGRAM EVALUATION

Under the Department's cyclical program evaluation plan the following progress has been achieved:

(1) Consular Services Program

An evaluation was completed in May 1981 of this program. As a result, the Secretary of State for

External Affairs has approved a work plan for restructuring this program including: (a) a clarification of the clientele entitled to receive consular services; (b) a delineation of the services to be made available to eligible clients; and (c) feasible measures of cost recovery.

(2) External Information Program

An evaluation of this program currently is underway.

(3) Foreign Policy Formulation and Coordination (FPFC)

FPFC has been subjected to an extensive evaluability assessment of considerable importance because this program component includes 10 sub-components covering the substantive work of the Department in the economic and political fields.

Our evaluability assessment revealed that FPFC is not amenable to a full effectiveness evaluation in the professional sense. Discussions were held with the Comptroller General's Office on this point. It has been agreed that the cyclical Program Evaluation Plan will now need to be restructured to take this into account as well as the enlarged mandate and reorganization of the Department resulting from the Prime Minister's announcement of January 12, 1982.

(4) Program Component Structure

With Foreign Service consolidation and the January 1982 reorganization, the Department has assumed responsibility for program delivery in additional fields including Immigration, Trade, and Aid. The program component structure must be revised accordingly as part of the new program evaluation plan.

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APPENDIX C
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RESOURCE IMPLICATIONS OF NEW PROPOSALS

A. <u>FOREIGN AND DEFENCE POLICY SECTOR</u>	(\$M)			
<u>Defence Envelope(1)</u>	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>
<u>Spring Reference Levels</u>				
<u>Department of National</u>				
Defence (2)	7,979	8,964	9,944	--
Cabinet Committee Proposal				
for P&P (3)	7,979	9,175	10,532	12,118
Amount over reference levels	--	212	588	12,118

(1) According to TBC

(2) Includes impact of June 28, 1982 Budget

(3) 1983/84 still to be adjusted for civilian wage restraint figures based on DND's latest forecast of inflation from its Economic Model which has taken account of wage restraint from 1984/83. Includes 3% pa. real growth and an additional 0.25% for sustainability and readiness.

	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>
<u>External Affairs Envelope (ODA)</u>				
				(\$M)
<u>Spring Reference Levels (4)</u>				
Commitment	1946.4	2269.8	2631.3	-
Cash	1912.8	2147.0	2740.5	-
ODA/GNP ratio	.458	.476	.495	-
<u>Cabinet Committee Proposal to P&P (5)</u>				
Commitment	1846.4	2325.0	2685.0	3208
Cash	1812.8	2255.8	2522.3	3073
ODA/GNP ratio	.514	.481	.50	.54

(4) Reference levels are based on August 1981 GNP assumptions and represent ODA framework approved by P&P at Meech Lake in September, 1981

(5) Based on GNP projections used in the October 1981 Budget, for 1984-85 through 1986-87. For 1983-84, the June 18, 1982 GNP projection is used to calculate the ratio, based on reference level less the \$100 M reduction.

NOTE: ODA levels for 1984-85 to 1986-87 are to be revised in light of new GNP projections expected to be available in August. Expectation is that ODA requirement will be substantially reduced to reflect major downward revision of GNP forecasts as a result of slowdown in inflation.

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APPENDIX C
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External Affairs Envelope (Non-ODA) (\$000 's)

Proposals in Support of Reducing Vulnerability and Contributing to the Attainment of the Government's Economic Development Priority Through Bilateral and Multilateral Relations

1983/84 1984/85 1985/86 1986/87

New Post in Denver	--	2,600	1,400	1,500
	--			
New Trade Post in United Arab Emirates	348	266	1,458	928
1983 Bilderberg Conference	100	--	--	--
1985 Conference on the Pacific Community Concept	--	--	350	--
Re-establishment of Embassy in Dominican Republic	1,450	700	772	876

Proposals in Support of Contributing to Global Stability and Western Security

Arms Control and Disarmament Initiatives: Verification Research

2,289 (plus 2 PY's)	2,588 (plus 2 PY's)	2,798	2,908
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Military Training Assistance	427	556	656	772
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Proposals in Support of Contributing to Social Justice

Upgrading of Canadian status in Inter-governmental Committee on Immigration (ICM) to full membership

750	720	?	?
-----	-----	---	---

40th Anniversary Publication on Canada and the UN (page 57)

--	10	--	--
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SUB-TOTAL	5,364	7,440	7,434	6,984
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Special Category Proposals

Proposed Canadian Membership in Organization of American States

7,000 (plus 4-6 PY's)	7,000	7,000	7,000
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	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>
Long Range Capital Program: Major Capital Projects	45,000 or 35,000(6)	22,000 or 11,000(6)	24,000 or 14,000(6)	11,000 or 11,000(6)
Response to McDougall Report	?	?	?	?
Possible Canadian Participation in World Exhibitions(7)				
- Louisiana '84	954 (plus 4 PY's)	791 (plus 17 PY's)	--	--
- Tsukuba, Japan 1985	227 (plus 2 PY's)	1,458 (plus 4 PY's)	1,540 (plus 21 PY's)	--
- Paris 1989	150	?	?	?
<u>Proposal in Support of More Economic Delivery of Government Programs</u>				
Immigration Program: Introduction of Immigrant and Visitor Visa Fees	3,000 (plus 28 PY's)	1,400	1,600	1,900

(6) If new Tokyo Chancery constructed on joint venture basis.

(7) Assumes External Affairs envelope will pay one-third of total cost.

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1983/84 1984/85 1985/86 1986/87

B. PROPOSALS IN OTHER SECTORS HAVING FOREIGN POLICY IMPLICATIONS

Economic Development Sector

Expanded Representation Abroad of Mineral Specialists (EMR)	10,000 (plus 20 PY's)	13,750 (plus 30 PY's)	25,000 (plus 35 PY's)	25,000 (plus 35 PY's)
Forestry Sector Strategy Implementation (DOE)	1,500	1,300	1,300	1,300
National Cooperative Supply Agency (DSS)	1,000	1,000	1,000	1,000
SUB-TOTAL	12,500	9,050	18,300	15,300

Government Operations Sector

National Cooperative Supply Agency (DSS) (Page 21; Appendix A, Page 87)	1,120	1,240	1,350	1,480
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Social Development Sector ?

Immigration Program: Introduction of Immigrant and Visitor Visa Fees (Page 57; Appendix B, Page 93)	3,000 (plus 28 PY's)	1,400	1,600	1,900
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SECRET

REPORTS OF CABINET COMMITTEE CONSIDERATION
OF FOREIGN AND DEFENCE POLICY
SECTORAL STRATEGIC OVERVIEWS

ODA Strategic Overviews

At its meeting of June 29, 1982, the Cabinet Committee on Foreign and Defence Policy had for consideration the ODA Strategic Overview. (June 21, 1982)

The Committee agreed that:

- i) basic orientation of the ODA Program approved by Cabinet in the 1982 Strategic Overview be reaffirmed and the 1981 country eligibility list (Table III) be reconfirmed for 1982;
- ii) a recommendation be made to Cabinet that there be reconfirmation of adequate resources to provide for even growth to at least 0.5% of GNP by 1985/86 based on the ODA/GNP scenario approved by Cabinet in 1981, and adequate resources in 1986/87 to meet an ODA/GNP ratio of 0.54% so as to continue even growth in moving toward achievement of 0.7% ODA/GNP by the end of the decade;
- iii) the ODA program allocations set out in Table I and the country Indicative Planning Figures (IPFs) set out in Table II be approved;

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- iv) to ensure that ODA target objectives are met, and to neutralize the impact on individual program budgets of changing GNP forecasts, the annual ODA allocations be fixed as a share of ODA/GNP, with adjustments to the allocation level as GNP forecasts change being met by drawing on or increasing the Envelope Policy Reserve. To maintain Ministerial flexibility, however, the annual level of the Reserve would not be reduced below \$50 million through adoption of this approach;
- v) the GNP calculations used in planning the ODA Envelope be calculated on a fiscal year rather than a calendar year basis;
- vi) because of the outstanding issues at the international level on replenishments to certain IFIs, appropriation levels be tentatively approved, with their planning assumptions to be reviewed by Cabinet Committee in the fall prior to the 1983/84 MYOP Update. As a general principle, the level of support to the IFIs would be set within a range of 18%-20% of ODA;
- vii) multi-year programming of food aid be approved.
- viii) Canada henceforth include all expenditures on aid administration in reporting the previous year's ODA, incorporating them into the planned ODA levels at an increasing rate of 25% each year starting in 1983/84.

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- ix) a recommendation be made to the Priorities and Planning Committee that changes being proposed in previous approved cash requirements for Petro-Canada International (PCI), be met by drawing from or increasing the Foreign Affairs Policy Reserve (ODA); funds transferred from PCI to the External Affairs envelope's Policy Reserve would be reimbursed in later years when required by PCI to meet the Government's \$250 million commitment.

- x) the Envelope Policy Reserve for 1986/87 continue to include \$30 million a year for emergency balance of payments assistance; and

- xi) undisbursed elements of the Envelope Policy Reserve be carried forward rather than lapsed to a maximum of \$100 million each year in accordance with Cabinet Decision 174-82RD. Toward the end of each fiscal year, undisbursed funds in program components, up to 5 percent of the total allocation for ODA, would be transferred to the Reserve.

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Department of National Defence

Strategic Overview

1983/84

At its meeting of June 12, 1982, the Cabinet Committee on Foreign and Defence Policy had for consideration the Department of National Defence Strategic Overview (June 1982).

The Committee, noting the policy options presented in the document and the inadvisability of changing current defence policy, agreed that:

1. the Department of National Defence inflation model represents the best available measure of inflation as it affects the Defence Envelope and that it be used as the basis for inflation compensation,
2. the Defence Envelope be provided with funds sufficient to ensure 3% real growth in defence spending through 1986/87,
3. an additional amount equivalent to 0.25% real growth per year beginning in 1983/84 be added to the Defence envelope for the purpose of improved readiness and sustainability until a total increment of 2% real growth is reached,
4. consideration be given by the Cabinet Committee on Priorities and Planning to transferring a portion of the Supplementary funding allocated to direct employment creation at its meeting of June 22, 1982

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(5076-82RD(NSD)) to the Defence envelope to complement the increment for readiness and sustainability on the understanding that these funds would be used to augment Canada's reserve forces.

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Canada's National Defence Preparedness

The Cabinet Committee on Foreign and Defence Policy at its meeting of July 12, 1982 had for consideration a Memorandum to Cabinet (361-82MC, July 6, 1982) from the Minister of National Defence regarding Canada's National Defence Preparedness.

The Committee, noting that in the worst case, the Canadian Forces could be sustained in combat for a few days only, agreed that:

1. in principle, the Canadian Forces should be able in an emergency to meet and fully sustain their commitments and, if so directed, further expand their capabilities;
2. the Department have as a planning goal the development of a capability to sustain its commitments to the extent possible within the approved envelope levels;
3. the Canadian Forces develop plans to this effect; and
4. the Department of National Defence reflect these requirements in its Strategic Overviews.

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International Joint Commission

Strategic Overview

1983/84 - 1986/87

At its meeting of July 12, 1982, the Cabinet Committee on Foreign and Defence Policy had for consideration the IJC Strategic Overview.

The Committee accepted the Strategic Overview with the exception of a proposal for a more active public relations program and related resources. The Committee noted that this proposed public relations program required further Committee consideration at some future date. The Committee also agreed that it should at some time be briefed by the Canadian and US Commissioners on the role, priorities and operations of the IJC.

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Government of Canada

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(For the binder with the Overview of
Strategic Overviews
(Executive Committee Meeting of 9am Wed.)

August 20, 1982

Programme for Arms Control and
Disarmament Initiatives Fy 83/84

Introduction

In his address to the second United Nations Special Session on Disarmament (UNSSOD II) on June 18, 1982, the Prime Minister announced a decision to increase funding for arms control and disarmament initiatives, particularly relating to verification. On July 7, 1982 a press release by the Secretary of State for External Affairs amplified the immediate actions to be taken during the remainder of FY 82/83 and focussed priority on two issues of particular interest to Canada, the promotion and realization of a comprehensive test ban treaty (CTBT) and the attainment of a chemical weapons (CW) convention. A total of \$300,000 in additional funding was made available for the remainder of the fiscal year. This paper outlines the proposed arms control and disarmament programme for FY 83/84 and provides an approximate breakdown in funding for projected initiatives.

Background

Internationally and on a professional basis, Canada is well regarded in the field of arms control and disarmament. This is true both within the western group of nations, the neutral and non-aligned and even, perhaps begrudgingly amongst the socialist bloc. This is so because of Canadian activity in specific treaty negotiations such as the 1967 Outer Space Treaty and the 1971 Seabed Treaty, useful and practical participation in the Committee on Disarmament in Geneva

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and the First Committee of the UN General Assembly, and because of the professional competence displayed by Canadian experts who have from time to time been made available for specialist purposes in areas such as seismic sensing and chemical weapons verification.

Arms control and disarmament is a dynamic process however and particularly in recent years has become one of increasing prominence. This is not only internationally but with Canada itself. The proliferation of NGO's with in some instances particular expertise has tended to focus more attention on government activity and involvement. This new sense of interest in Canada combined with the increasing realization of the significance of arms control in terms of international security, has meant that the Canadian diplomatic activities must be reinforced by an ability to research the issues and by initiatives on the part of government.

From the Canadian perspective much of the ground work required to institutionalize research into the arms control verification issue has already been accomplished. For example with the activation of the research position in the Arms Control and Disarmament Division (DFD) in 1979, verification was recognized as one of the most significant factors in international disarmament and arms control negotiations in the decade of the 1980's . It was also

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recognized as an area in which much misunderstanding existed and in which some ordering of the mind was required.

Canadian participation in various aspects of this verification programme has been on-going and interdepartmental in scope. The recognition of verification generically and the development of a verification framework serves not only to improve cooperation and communication between departments but to accentuate the projection of Canadian efforts in this field as a coordinated programme internationally. This has not entailed a great increase in manpower or resources but has fostered a rational and objective oriented employment of already committed resources. The proposed programme will therefore be able to build upon the experience.

Concept and Priorities

The Arms Control and Disarmament Programme has been developed with priority to provide research capacity and initiatives in support of on-going negotiations. These negotiations include three permanent Canadian delegations: the Committee on Disarmament (CD) in Geneva, the Mutual and Balanced Force Reduction (MBFR) talks in Vienna and the Conference on Security and Cooperation in Europe (CSCE) in Madrid. The latter conference is likely to lead to a Conference on Disarmament in Europe (CDE). Priority is also placed on those issues in which Canada already has a recognized expertise (CTBT, CW, Outer Space, etc.).

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The programme is likely to provide research support to headquarters and other posts on ACD* related matters and bilateral arms control negotiations between the super powers (START, INF). *(Arms Control & Disarmament)

Programme Description

The programme is based on the Department of External Affairs utilizing personnel resources in existing departments and agencies with appropriate interdepartmental machinery as well as an advisory committee composed of individuals outside of Government for that portion of the programme involving the non-Government sector. The estimated cost is \$2,000,000 per annum excluding the cost of four additional person years to staff an arms control and disarmament research unit in the Department of External Affairs, two in FY 1983/84 and two in FY 1984/85. The addition of these person years is of course vital to the programme since they provide not only an in-house departmental research capability but the overall coordination function for the commercial and academic aspect of the programme.

Activities would include: conceptual research for application to problems in on-going negotiations, especially those in which Canada is directly involved (nuclear safeguards, comprehensive test ban, prohibition of chemical weapons and MBFR); specialized technical training programmes applying Canadian expertise; liaison

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with national and international bodies outside of Canada, working on verification issues; promotion of increased attention to research and development in the private sector, including universities and companies through an expanded programme of contributions and contracts.

Personnel Implications

An External Affairs component of five research positions by FY 84/85 should fully meet the requirement for programme coordination and contract liaison and provide a substantive in-house research capability in terms of immediate support to Canadian delegations negotiating abroad. Other departments as they become involved are likely to identify increased requirements in certain programmes supporting ACD research but their demands could be identified separately on a functional basis (as EMR has done on seismic verification).

Financial Implications

	<u>FY 1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>
Verification Programme	\$2,200,000	\$2,400,000	\$2,600,000	\$2,800,000
Grant to Centre for Arms Control and Disarmament	55,000	60,000	65,000	70,000

(see detailed programme breakdown below, in FY 82/83 \$'s)

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Programme Details (for illustrative purposes only)

Chemical Weapons (CW) Issue: (\$465,000)

Canada has pursued a CW convention in Geneva which would outlaw the development, production and stock-piling of chemical weapons and ensure destruction of existing stocks. Experts have been provided.

In a related but separate aspect Canada has been active in investigating the possible use of chemical agents in Southeast Asia. The following initiatives are therefore presented under two headings.

Chemical Convention:

Canada will seek chairmanship of Ad-Hoc working group in the CD. Research support including assignment of three specialists (CW issue is at critical stage and is time sensitive). \$200,000

- Verification Research (University of Toronto or Science for Peace) 50,000

Chemical Use:

- Phase Two of development (University of Saskatchewan
 - ...Standard Operating Procedure 20,000
 - ...Development of Testing Facility 50,000
 - ...Development of Fly-Away Kit 50,000
- Training of foreign personnel at Canadian Universities on Toxicology 30,000
- Training of foreign personnel in Government facilities 30,000

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- Joint UK/FRG/Canadian Chemical workshop
and seminars \$15,000
- systems development 20,000

Comprehensive Test Ban (CTB): (\$500,000)

Canada has actively supported CTB (an element in Strategy of Suffocation) and has provided expert to Ad-Hoc group. Canada will join the International Seismic Data Exchange thus bringing us in line with other nations such as Norway and Sweden. Proposal is to move beyond ISDE into developmental area.

- International Seismic Data Exchange (EMR)
(including operation and personnel) 200,000
- Modification to second year operation 50,000
- Development work in Detection and
Systems Analysis 150,000
- University Project 50,000
- Seismic courses with CTB application
at selected Universities (Laurentian,
University of Montreal) 50,000

Outer Space: (\$340,000)

This is quickly becoming an issue of significance to Canada (part of Prime Minister's address to UNSSOD II) and an area in which Canadian government (Canadian Centre for Remote Sensing, Radar Satellite Project) and commercial (SPAR) organizations have expertise. .../8

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- Analytical study of problems involved 40,000
- Space Law Application (McGill) 20,000
- Verifiability of several possible agreements on non-stationing of weapons in space (SPAR, NRC, etc.) 180,000
- Joint project studying security issues (FRG) 50,000
- University Project 50,000

Generic Research on Verification: (\$160,000)

This is an area in which Canada (EA/DND) has accomplished considerable research and has produced a series of documents which are used as standard references. There continues to be a requirement for generic research.

- Compendium, upgrading, translation, microfiche 50,000
- Transferability of Concepts and Techniques 20,000
- Canadian Coordinated study on ISMA (using Bercha and Institute for Space Law Reports) 20,000
- Alternative systems using Canadian technology 30,000
- Regional Application Study in terms of Europe 30,000
- Lexicon 10,000

Public Aspects of Government's Emphasis on Verification: (\$200,000)

This is an area of increasing importance. There has been a proliferation of NGO's each with its own special project and few with ideas of relevance to the

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main issues. One factor which is common is criticism of the government for inactivity in ACD. Many of these NGO's preach in simplistic terms to the public, glossing over the complex technical aspects of negotiations (in addition to political aspects). A well-defined programme of public presentations, possibly with a suitable film and for graphic aids would complement the verification research aspects.

Direct Support to Missions: (\$150,000)

It has been evident from experience in Madrid that research support on a contingency basis would have been useful in improving the Canadian ability to participate in an authoritative manner in the CSCE negotiations. Similar cases have arisen in the MBFR negotiations, and continue to arise in the CD.

- CD (Geneva)	50,000
- CSCE (Madrid)	50,000
- MBFR (Vienna)	50,000

Direct Support to University

Teaching and Research Facilities: (\$150,000)

There is a lack of objective research material available in university libraries. A programme to select a number of authoritative and balanced works for use by universities prepared to provide courses in ACD matters would be effective.

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Financial Summation

<u>Issue</u>	<u>Amount</u>
Chemical Weapons	\$465,000
Comprehensive Test Ban	500,000
Outer Space	340,000
Verification - Generic research	160,000
Public Aspects of Verification research	210,000
Direct Support to Missions	150,000
Teaching and Research Facilities	150,000
Programme Total	\$1,965,000 (FY 82/83)

(In FY 83/84 \$'s: 2,161,500)

file



External Affairs Affaires extérieures
Canada Canada

SPF/P.J.A. Hancock/6-5645

TO/À • DFP GEP GSP CMP ZSP MSP GAP PFC

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Overview of Overviews: DEA Initiatives

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Security/Sécurité
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Accession/Référence
File/Dossier
Date
August 12, 1982
Number/Numéro
SPF-0207

ENCLOSURES
ANNEXES

DISTRIBUTION

DMF
PFG
RCP/
Fowell

... I attach the minutes of the August 3 SAC meeting which conducted a preliminary review of those DEA initiatives which have survived the Overview process so far. It is clear that a priorities crunch is in the offing.

2. A separate canvass for more detailed participation is being conducted by RCP, particularly with regard to Category 2 items. Please telephone me by 1500 August 17th if there are further views which you wish to see reflected at the next meeting. If thought useful, this question could be discussed at the DMF UG.

P.J.A. Hancock
Chairman
Policy Planning Secretariat

EXTERNAL AFFAIRS



AFFAIRES EXTÉRIEURES

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REFERENCE
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SUBJECT
Sujet Senior Administrative Committee Meeting
August 3, 1982: Minutes

SECURITY
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DATE August 4, 1982

NUMBER
Numéro RCL-0119

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ENCLOSURES
Annexes

DISTRIBUTION

PUM/Mathieu

PUR/
Shortliffe/
Czarski

PUA/Eyton

MFP/
Bresnahan

MGP/Small

MRP/Plowman

UAP/Thibault

RCP/Fowell

SPF/Hancock

For Info.

O/USS/
Fadden

SRR/Judd

Attendees: Mr. Mathieu (Chairman)
 Mr. Czarski (for Mr. Shortliffe - PUR)
 Mr. Eyton (PUA)
 Mr. Small (MGP)
 Mr. Bresnahan (MFP)
 Mr. Wilan (for Mr. Thibault - UAP)

Plus

Messrs. Fowell (RCP) and Hancock (SPF)

Absent: Messrs. Shortliffe and Thibault

The meeting was opened by the chairman at 1505.

1. New Delhi - Expansion of Chancery

At the request of the originators this item has been deferred to a later meeting.

2. Human Resource Allocation

The document on this subject was introduced by Mr. Czarski and Mr. Eyton. It is strictly a mechanical outline of staffing and human resource allocation procedures to be followed henceforth by the department.

Mr. Bresnahan asked if, within a bureau, an-organizational change can be made without reference to the Executive Committee. Mr. Eyton replied that this must be done in consultation with PUR and it would then be sent forward to the Executive Committee for "B" item concurrence.

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Mr. Czarski stated that the total allocation of 4139 PY's exceeds the Departmental authorization by 100 PY's but slippage will allow for this. At present, the Department is about 90 persons short. Mr. Bresnahan reported that Treasury Board is recommending a .8% reduction across all departments for FY 1983-84. This would translate to between 32 and 36 PY's. Mr. Eyton replied that as the DEA lapsed close to 200 PY's last year, this number will be accommodated easily. It was agreed that the numerical breakdown in paragraph 2 would be by individual ADM-ship.

Mr. Bresnahan requested that the Corporate Information Report referred to in paragraph 9 would also include a Salary Budget Report as well. The committee agreed to this amendment.

The Committee decided that the document should be forwarded to Executive Committee for approval.

3. Overview of Strategic Overviews: Departmental Proposals

The Chairman introduced the paper which is an annex to the Overview of Overviews document. He expressed concern that greater substantiation of the proposals is required for the final draft. He suggested that the SAC conduct a general discussion of the paper with an aim to establish three categories of proposals:

- 1) Clear-cut proposals to be fully supported
- 2) Proposals requiring more substantiation
- 3) Proposals which can be eliminated
e.g. MYOP items
or items which clearly will not be implemented
(originators can of course resubmit with new justification)

Finally a sub-committee would be struck to work further on Category 2 items.

The Committee would hope to re-study all the proposals during future meetings of the SAC during the month of August.

Mr. Fowell remarked that the Under-Secretary felt strongly that any proposals forthcoming from the DEA must be well substantiated. The Chairman pointed out that a good example of the need for more substantiation was the annexed information on Grants and Contributions. A sub-division, by project, together with a rationale is required.

Mr. Bresnahan remarked that many items were submitted prior to the June 28th budget and should, therefore, be reconsidered in the light of recent developments. The Chairman agreed saying there is little hope for any expansion of the reserve at this time. The items have to appear reasonable in the context of a \$5m reserve.

The Chairman therefore suggested a fourth category of items requiring large infusion of funds.

Mr. Eyton commented that the proposals to open posts should be matched by possibilities of post closures. Mr. Bresnahan highlighted that it is very expensive to close posts and a phased costing would be required. Mr. Wilson added that perhaps the two alternatives can be presented: either open with funding from the reserve or open one and close another. The Chairman noted however that front-end closing costs are so high that generally post closing costs more money initially. The Chairman felt that post closings should always be regarded as a separate exercise, even if closings are notionally tied to new openings.

The Committee agreed that computerization of immigration processing should receive high priority. However, further background regarding start-up costs and the relation of this program to the departmental EDP plan is required.

The Passport Office's proposal for machine readable passports, the committee agreed, needs to be revisited in the light of the 6%-5% restraints.

Mr. Hancock pointed out that certain initiatives are favoured at the political level and cannot be allocated to Category 3 by the official level. These include Arms Control and Disarmament, membership in the OAS and so on. It was decided that these would appropriately reside in Category 2.

When discussion reached the subject of Management Information Systems it was decided that this properly deserved to be in its own category (5) reserved for future management initiatives not in competition with Category 1 envelope items.

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Mr. Hancock returned the discussion to the question of immigration fees and as there were no DEA envelope implications but there were foreign policy implications, it might properly be put in Category 5. This was agreed to.

The Committee decided that an initial division of the items might be as follows:

CATEGORY 1

- 1) Consular Objectives and Guidelines
- 2) Information (New trade publication, France)
- 3) Posts in Santo Domingo, Denver, UAE Trade Office

CATEGORY 2

- 1) Immigration (Computerization and automated records)
- 2) Information (Public Affairs in support of trade , promotion, advertizing campaign)
- 3) Passport Office (machine readable passport)
- 4) All grants and contributions
- 5) Military training assistance
- 6) New Trade Proposals
- 7) Honorary Consuls and Trade Representatives
- 8) Membership in OAS
- 9) Arms Control and disarmament initiatives
- 10) ^ε
ICM
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CATEGORY 3

- 1) Cultural and academic
- 2) Passport Office (Toll free service)

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- 3) Communications (Link with provincial capitals, Fiber optics distribution network, secure telephone system, automated records in general)
- 4) Communications (information retrieval for trade)
- 5) Lost time pool

CATEGORY 4

- 1) Implementation of McDougall Report
- 2) Physical Resources (Incremental LRCP - big projects)
- 3) Jacques Cartier Celebration
- 4) World exhibitions

CATEGORY 5

- 1) Management Information Systems
- 2) Immigration Fees

The Chairman concluded the discussion with a request to Mr. Fowell to return to the committee on August 17 with an elaboration of the proposals along the lines sketched out above. Mr. Hancock was also requested to attend this meeting.

4. Housing in Lagos

Mr. Bresnahan introduced this subject by highlighting the horrendous accommodation situation existing in Lagos. He asked for the concurrence of the committee to develop a full SITREP for presentation at the next meeting. The decision to put another CIDA program position in Lagos must be taken in the context of the full costs of such a deployment.

Mr. Czarski pointed out that such a cost should be borne from the ODA portion of the envelope. He also asked if not the CIDA program was actually winding down?

The committee decided that the issue did indeed warrant further discussion at next week's meeting.

5. Procedure

The Chairman asked that all proposals being submitted to the Committee be put in the context of other similar proposals already approved. Also such proposals should be accompanied by viable alternatives or trade-offs. The Committee agreed that both suggestions should be adopted and that members would assure that proposals coming to their notice would be so prepared. The Chairman asked the secretary to return proposals that reach him without this information.

There being no other business, the meeting was adjourned at 1800.



R.A. Vineberg
Acting Secretary