

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

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

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

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

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

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