

Statement

95/31

CHECK AGAINST DELIVERY

**NOTES FOR AN ADDRESS BY
THE HONOURABLE ANDRÉ OUELLET,
MINISTER OF FOREIGN AFFAIRS,
BEFORE THE STANDING COMMITTEE ON
FOREIGN AFFAIRS AND INTERNATIONAL TRADE**

**OTTAWA, Ontario
May 16, 1995**



Government
of Canada

Gouvernement
du Canada

Canada

Mr. Chairman:

I am delighted to be here with you today, and to have the opportunity for the second time since the beginning of the year to meet with you as a group and answer your questions.

I know that you have met with the Deputy Minister of Foreign Affairs and the Associate Deputy Minister of Foreign Affairs, the Assistant Deputy Minister of the Corporate Services Branch, and the President of the Canadian International Development Agency [CIDA] and her Vice-President of Corporate Affairs. I attach a good deal of importance to the role played by the Committee and its members, and am pleased with the degree of co-operation that exists between my department and you.

This year, the Department of Foreign Affairs and International Trade has undergone the most extensive review of its mandate, structure and operations in over 10 years.

You were a part of this, since the new Foreign Policy Statement, *Canada in the World*, would not have been possible without the excellent report of the Special Joint Committee Reviewing Canadian Foreign Policy.

The Department has also contributed fully to the program review. Of course, this review imposes certain reductions on us. However, I can assure you that these reductions will not keep us from following through with our new foreign policy.

As you know, the Foreign Policy Statement has outlined three objectives for international action. These objectives aim to support the recommendations of the Joint Committee, and are mutually reinforcing:

- The promotion of our prosperity and employment;
- The protection of our security in a stable global environment;
- The projection of our values and our culture.

Needless to say, in order to fulfil these objectives we will have to fully utilize all our foreign policy instruments, including international trade and international aid.

The program review calls for reductions within the Department of 5, 10 and 15 per cent over the next three years. We have tried to implement these reductions in a way that will minimize the impact on program delivery and on the provision of our services to Canadians.

We shall fulfil our objectives by reducing corporate services, increasing costs payable by clients, making reductions in the grants and contributions paid to non-governmental organizations [NGOs], and reducing staff in our major missions. We shall also fulfil our objectives through other administrative means, such as

reinvesting profits from certain property sales in order to reduce rental costs.

I have done my utmost to avoid closing missions abroad. In fact, the Government is very interested in the possibility of finding innovative ways of extending our representation abroad. In particular, we are thinking of creating micro-missions, with one or two Canada-based employees supported by a larger mission located elsewhere. We are also considering new possibilities for joint leases with other countries, such as Australia.

Thus the main estimates for the Department of Foreign Affairs and International Trade for 1995-96 total \$1.3 billion, a reduction of \$104.9 million (7.5 per cent) from last year.

As I have said, in spite of the budgetary restraints we face, we must continue to fulfil our foreign policy objectives. We must exercise stricter control measures and constantly improve our management practices. Already the key objectives of the Department's employees are responsibility, cost reduction and better financial control.

As you know, our prosperity as a country depends on our ability to export and to conquer new markets. More than half of the Department's staff abroad are dedicated to the delivery of trade, economic and investment programs.

The recommendations on ways of making savings and recentring our resources were provided by the business community through a review of international trade headed by Mr. L. R. "Red" Wilson.

In order to follow through on the recommendations of this committee, we will restructure our Program for Export Market Development [PEMD] so that the main beneficiaries are the SMEs [small and medium-sized enterprises]. This restructuring alone will enable us to make savings in the order of \$7 million over three years.

I know that some of you are interested in the SMEs and are following with interest the new initiatives we have taken concerning them. We must not forget that the SMEs make up over 90 per cent of our clientele, and thus deserve increased support on our part. I do not intend to speak on behalf of my colleague, the Minister for International Trade, whom you will meet Thursday, but I would nonetheless like to outline a few of our initiatives in this area.

The Department has been working with the Export Development Corporation [EDC], the Canadian Commercial Corporation [CCC] and the banks in order to increase the financing available for small exporters. New programs have been or are being set up, including

the CCC's progress payment program and the EDC's guarantee mechanism for accounts receivable.

EDC and the banks have also agreed to share the risk in the case of medium-term financing for SMEs whose export sales do not exceed \$10 million.

We have opened the Canada Business Centre in Mexico City. This centre offers exhibition space and temporary offices for Canadian businesses, especially SMEs. It is a pilot project that could serve as a model for similar future initiatives elsewhere.

You all know the growing importance of the Asia-Pacific region, both politically and commercially. The Department has raised its profile in the region, using its own resources:

- by appointing an ambassador to Hanoi;
- by opening a trade office in Ho Chi Minh City;
- by opening a trade office in Pusan, Korea;
- by opening a consulate in Guangzhou, China; and
- by establishing additional trade officer positions at some of our embassies, such as in Jakarta.

Like all other departments and agencies, CIDA has contributed to our efforts to reduce the deficit. CIDA will have to cope with a substantial decrease in resources allocated to the international assistance envelope, which will be reduced by \$381 million this year and next, a decrease of 15 per cent.

In making these cuts, care had to be taken to avoid jeopardizing CIDA's ability to apply the principles that lie at the heart of the Statement on Foreign Policy. The Statement gives CIDA the mandate to support sustainable development in developing countries. The Statement also defined six priorities for Canadian official assistance:

- to meet basic human needs;
- to promote the participation of women in development;
- to deliver infrastructure services;
- to protect and promote human rights;
- to support private-sector development; and
- to protect the environment.

In terms of basic human needs, I am happy to see that the Government and the Joint Committee fully agree in this regard.

As suggested by the Committee, the Government has in fact made a commitment to allocate 25 per cent of official development assistance to meet the basic needs of primary health care, basic education, nutrition, water quality, sanitation works, and housing. Having adopted all of these decisions, we can say that

the Official Development Assistance Program now has a clear mandate and specific objectives.

The budgetary measures implemented by CIDA follow the principle that we should give priority to NGOs that work in developing countries. It is consequently the responsibility of these organizations to make Canadians aware of the problems of development and to support the involvement of young people in their programs. For this reason, I have decided to cease supporting organizations that work only in Canada.

Public participation is an integral part of the Agency's programming priorities, and steps must be taken to include this element in the regular programs of its partners, who are better equipped to forge ties with the public by virtue of their presence in developing countries.

If they wish, the development education organizations whose funding has been cut could join forces and submit new proposals supporting development activities in the field.

In closing, let me once again express my gratitude to the members of the Committee for the interest and enthusiasm that they show in carrying out their responsibilities.

I especially appreciate the honest dialogue that we have been able to maintain during these past few months. I believe that we still have a great deal to accomplish in the wake of the Statement on Foreign Policy. However, our ability as a government to democratize our foreign policy making process, and to involve as many Canadians as possible therein, largely depends on the work that you do.

Thank you.