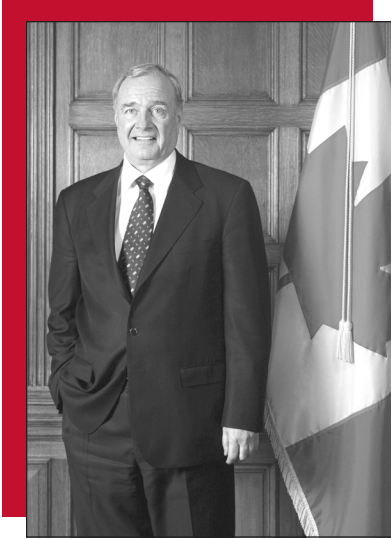


FOREWORD FROM THE PRIME MINISTER



The Right Honourable Paul Martin
Prime Minister of Canada

MAKING A DIFFERENCE

Introduction: The Need to Review

Foreign policy is how a nation best expresses itself to the world. Our policies as a government, reflecting our beliefs as Canadians, are articulated through the words we speak, the decisions we make and the actions we implement in the name of Canada.

Over the course of the past year and a half, my government issued our country's first National Security Policy, launched the Canada Corps with its work in Ukraine, led the International Mission for Iraqi Elections, commanded the International Security Assistance Force in Afghanistan and the multinational force in Haiti, negotiated a new Security and Prosperity Partnership with our counterparts in North America, pursued modern trade and science and technology agreements with India, Japan and Korea, and demonstrated our leadership in combating HIV/AIDS in the developing world and encouraging debt relief for the poorest of countries.

We are proud of these accomplishments. But we also understand that from time to time, a government needs to take a hard and comprehensive look at what is working and what is not in its foreign policy; at how the world is evolving and whether Canada is prepared; at how best to project Canadian values and interests into the world and make a real difference in the lives of its embattled peoples, now and in the future.

This is the right time to review our foreign policy.

Why? Because the world is changing, quickly and radically, and these changes matter to Canada—not in abstract terms, and not only to students of international relations, but tangibly and to everyone. Our security, our prosperity and our quality of life all stand to be influenced and affected by these global transformations and by the challenges they bring—from the spectre of international terrorism to the threats of virulent disease, climate change and disappearing fish stocks. It is through our foreign policy that Canada must and will act to ensure that we as a nation overcome the trials and embrace the opportunities of the 21st century.

Make no mistake: We are in the midst of a major rebalancing of global power. New nations are rising as military and economic forces. Many established powers are striving to maintain their influence through regional integration and new alliances. In a world of traditional and emerging giants, independent countries like Canada—countries with small populations—risk being swept aside, their influence diminished, their ability to compete hampered. That may sound dramatic, but the stakes are that high. We will have to be smart, focused, agile, creative and dogged in the pursuit of our interests.

Why is the time right for a foreign policy review? Because we want to make a real difference in halting and preventing conflict and improving human welfare around the world. This may sound naively altruistic, but it's not. Rather, it's a doctrine of activism that over decades has forged our nation's international character—and will serve us even better in today's changing world. The people of our country have long understood that, as a proud citizen of the world, Canada has global responsibilities. We can't solve every problem, but we will do what we can to protect others, to raise them up, to make them safe.

Such intentions can be frustrating, for the world does not lack for a supply of grinding poverty, murderous conflict and abject despair. There is only so much that we, as one nation, can accomplish. But that fact must not dissuade us. Instead, it must inspire us—inspire us to rally cooperative action to address major concerns; inspire us to focus on countries and conflicts within which we can truly make a difference; inspire us to keep at it and to follow through, to understand that real progress means not only keeping the peace but doing the hard work of building the systems of health, education and justice that will enable people to grow, to succeed, to thrive.

FOREWORD FROM THE PRIME MINISTER

Remember: There is no contradiction between Canada doing well and Canada doing good. Canada benefits directly when the world is more secure, more prosperous, more healthy, and more protective of the natural environment. If we are to take our responsibilities seriously to ourselves and the Canadian generations to follow, then we must take our responsibilities to the global community seriously as well, not only with noble sentiment and rhetoric—we must also earn and perhaps re-earn our way. This will take effort and it will take dedication.

Why is the time right for a review? Because we are now in a position to reinvest in our international role. For decades, there was a slow erosion in Canada's commitment to its military, to international assistance and to our diplomatic presence around the world. Then, during the nineties, there were more cutbacks as our government made tough decisions to save the country from financial calamity. As a result, our international presence has suffered. But thanks to the sacrifice and resolve of Canadians, we have restored our fiscal sovereignty and have spent the past year renewing our investments in domestic priorities, such as health care. Now is the time to rebuild for Canada an independent voice of pride and influence in the world. It won't be easy. We will have to earn our way in defence and security. We will have to earn our way in international assistance and global commerce. And we will have to understand that we can't simply recreate what we once had. Instead, we must build today for the world of tomorrow. That is what we are dedicated to doing.

Canada in North America

Our security, our prosperity, our quality of life—these are all dependent on the success with which we help to manage the North American continent. All Canadians understand that our most important relationship is with the United States. As a government, we treat it that way, devoting energy and effort to ensuring the relationship remains strong, sophisticated, productive and focused on common goals, such as the security of our borders, the health of the North American economy and the free flow of trade between our nations. The fact that most of our trade crosses the border each day free from dispute does nothing to shake our determination to improve the existing dispute resolution mechanism, which has come up short too often.

Living in proximity to the world's only superpower has engrained in Canadians both a pride in our friendship and a determination to set our own course in the world. We share many goals, both within our continent and within the world, but our societies are different. Our perspectives and our values sometimes diverge. It is natural that even the closest of friends have their respectful differences. Indeed, Canada has always chosen its own way, and it will continue to do so.

More broadly, we understand that within North America, Canada, the United States and Mexico each face unique challenges, and they each look at the world in their own way. What is increasingly obvious in the 21st century, however, is that there are more and more challenges that affect all of North America—challenges that require North American solutions that respect our differences as sovereign countries, but that also recognize our profound interdependence as neighbours on this continent.

Thus, on March 23, President Bush, President Fox and I signed the Security and Prosperity Partnership of North America that establishes the way forward on our continental agenda for security, prosperity and quality of life. It is a partnership that respects the past but is devoted to building for the future, to ensuring that we as North Americans are able to continue to thrive in a world in which China and India have emerged as economic giants.

Defence and International Security

The first duty of government is to protect its citizens. That responsibility today has been complicated by the emergence of new threats: rogue states, failed and fragile states, international criminal syndicates, weapons proliferation, and terrorists prepared to act with no concern for the cost in human lives, including their own.

The Statement sets out the steps we are taking and will take to defend Canada against all threats, to protect the northern portion of our continent and to preserve our sovereignty, including that of the Arctic. Among the reforms is a fundamental restructuring of our military operations under a unified "Canada Command"—a change that will make certain that in a time of crisis, Canada's military has a single line of command and is better and more quickly able to act in the best interests of Canadians.

FOREWORD FROM THE PRIME MINISTER

We are also expanding our Canadian Forces, and we are ensuring that when our military personnel are deployed, they are well equipped to do the job—and to do it as safely as possible. By adding 5,000 new troops and 3,000 new reserves, we are enhancing our ability to address situations of humanitarian catastrophe in a way that will allow Canada to play a leading and lasting role in peace support operations.

And lead we will. For instance, Canada will direct a Provincial Reconstruction Team in Kandahar, Afghanistan—just our latest contribution to securing and rebuilding that country. We will maintain our leading role in supporting the strengthening of police capacity in Haiti. We will strongly support renewed efforts toward a just settlement of the Israeli-Palestinian conflict, and will play an integral part in abetting Palestinian efforts in capacity building and reconstruction. And then there is Darfur, where the suffering continues and the tragedy escalates. The international community has thus far made unacceptable progress toward initiating a multilateral intervention. Canada will work closely with the African Union to improve its ability to restore security and bring stability to the region, and we will do more in the areas of training, equipment and logistical support.

Trade and Commerce

We have benefited enormously from an open economy; we are the world's eighth largest economy and fifth largest trader. From the "outside in," our openness to trade, investment and people brings us cost-effective and competitive industrial inputs and consumer products, new technologies, new research and development, and the human capital we need to fuel our continuing growth. From the "inside out," global markets for our goods, services and investments are a principal engine of our growth, which could not be sustained by our relatively small domestic market of 32 million people.

That is why we continue to place great emphasis on a positive outcome for the Doha Development Agenda of global trade negotiations at the World Trade Organization.

Our strategy for international commerce has moved well beyond simply looking for export markets, though that remains a very important part of what we do. And it has moved beyond simply marketing our natural resources, though that remains a thriving sector. In today's economy, it is ever more important to promote strong international investment and scientific and research relationships around the world. Investment abroad by Canadian companies is of increasing importance to the Canadian economy; the numbers show that trade follows investment, and that means more export-led, high-value jobs in Canada. The future belongs to knowledge-based economies, and steps are being taken now by government and the private and academic sectors to make sure Canada is equipped to benefit.

While the U.S. remains our most important market, Canada will step up its engagement with other mature nations, as well as with those that today are emerging as the global titans of tomorrow. That's why we signed a science and technology agreement with India and launched discussions on new economic frameworks with Japan and Korea. That's why we will undertake market access negotiations with Mercosur in the context of the Free Trade Area of the Americas. And that's why we are pursuing major opportunities with China in tourism, technology and resources, where our expertise and other value-added capabilities make us a formidable global player. The International Policy Statement sets out in more detail what we have done and what we will do to strengthen our commercial relationships with key partners. This is a crucial opportunity and we will not let it pass us by.

International Assistance

Canadians have demonstrated, time and again, a remarkable generosity toward the world's poor and suffering, most recently in the response to last December's Indian Ocean tsunami disaster. Whether as members of religious congregations, as supporters of non-governmental organizations, or as private individuals working and contributing on their own, Canadians have done a great deal to share their good fortune with others.

Those who donate want to know that their contribution is having an effect, that it is improving lives, that it is getting to those who so desperately need it. The same is true of our government and its international assistance programs. We are motivated by the imperative to ensure our aid reaches the people who need it and is not wasted on unnecessary overhead.

FOREWORD FROM THE PRIME MINISTER

Accordingly, we have concluded that the government's aid budget is spread too thinly across too many programs in more than 150 countries. Put simply, the money that we contribute to international assistance on behalf of Canadians is not accomplishing as much as it should. We will narrow our focus to maximize our impact. We will be realistic about Canada's ability to help others, but we will be resolute in ensuring that our aid money is targeted so that it does as much good as possible.

That is why the International Policy Statement sets out a new strategic aid policy for Canada that will:

- focus our aid on 25 development partners;
- concentrate our spending on the key sectors that drive development—health, education, governance, indigenous private sector development and the environment;
- bring new and effective delivery mechanisms to bear, such as Canada Corps;
- continue to increase official development assistance and other forms of foreign aid by 8 percent each year, resulting in a doubling of assistance between 2001 and 2010; and
- maintain increases beyond 2010, and accelerate the projected rate of growth in international assistance as our fiscal position continues to improve.

Through implementing this integrated approach, we will ensure that our development assistance will make a difference where the need and the prospects for results are greatest. And we are committed to finding ways to increase our aid even more.

The Statement elaborates our approach to institution building, engaging Canadian expertise and idealism in developing countries. And it affirms our commitment to enhanced research and development to support a knowledge-based approach to the needs of developing countries.

It also declares that the best way for Canada to make a difference in post-conflict situations is to pursue a “3D” approach, undertaking Defence efforts to strengthen security and stability, pursuing Diplomacy to enhance prospects for nation-building and reconstruction, and making certain that Development contributions are brought to bear in a coordinated and effective way.

The New Multilateralism

In the post-war period, the international community has asserted greater collective responsibility for the well-being of the world's peoples. In areas ranging from human rights to civil conflict to the environment, the United Nations and other international organizations are addressing matters that historically were thought to lie solely within the authority of the sovereign nation-state. That is why, at the United Nations last year, I argued that modern sovereignty increasingly encompasses responsibilities to the international community as well as to one's own citizens, and identified five areas where Canada intends to push forward the international agenda for action:

- first, the “Responsibility to Protect,” to hold governments accountable for how they treat their people, and to intervene if necessary to prevent a humanitarian catastrophe;
- second, the “Responsibility to Deny,” to prevent terrorists and irresponsible governments from acquiring weapons of mass destruction that could destroy millions of innocent people;
- third, the “Responsibility to Respect,” to build lives of freedom for all people, based on the fundamental human rights of every man, woman and child on earth;
- fourth, the “Responsibility to Build,” to make sure our economic assistance programs provide the tools that ordinary people really need to get on with their own development; and
- fifth, the “Responsibility to the Future,” to ensure sustainable development for future generations through better management of global public goods.

FOREWORD FROM THE PRIME MINISTER

The Statement sets out how these responsibilities are shaping our diplomacy and how they must reshape multilateralism. Our multilateral institutions must be up to the task. We must reform for the future the international systems that have served us well. That means tackling the widening divide between rich and poor nations, and accommodating new centres of power. A recent UN report recommended a number of changes proposed by Canada, including the enshrining of the Responsibility to Protect.

This is a defining period for the United Nations, the best opportunity in memory to significantly improve an institution that is essential to our collective security and prosperity. We will work with like-minded countries in support of recommendations for a new Peacebuilding Commission, a Human Rights Council, and an internationally agreed definition of terrorism. We will support reform of the Security Council to make it more effective and more representative—and to ensure that progressive countries like Canada are able to participate more frequently.

We will also continue to press for a new forum that would bring together the leaders of 20 or so leading countries from the developed and developing world to hold talks on how to deal with some of the world's most pressing problems, including reforms to our multilateral systems. The L20 may not come easily but it will be created because it makes sense. It is always difficult to get countries to accept changes in their political status, but it cannot be avoided. As has been noted before, it can take a great deal of effort to bring about the inevitable.

We seek nothing less than a new multilateralism, in which the real and pressing needs of people are addressed. Canada has always contributed to and benefited from multilateralism. We believe strongly in finding cooperative solutions. But we also recognize that we must be ready to change with the times and lead where we can, especially where multilateral institutions are acting too slowly or are not up to the task.

Making a Difference

In our current age, the changes to the world's economic, security and political landscapes are increasingly seismic, the global fault lines more unstable and numerous. We see it in the headlines of our day. We feel the anxiety of a world on edge.

That is why as Canadians we must be active beyond our borders to protect and promote our values and our interests—security in the face of terrorism and the increasing threat of nuclear proliferation, and our trading relationships with the United States, Mexico and throughout the world. We must advance the concerns of people who seek freedom, stability, democracy and above all, a better life. And while we value multilateralism and know the great good that international cooperation can achieve, we must ultimately be committed to playing a lead role in specific initiatives and, on occasion, to resolving to go it alone. We have the means to help, and so we will. We must.

Canadians want us to promote our international interests vigorously. Canadians know we have to make tough choices to safeguard our freedom and security, our prosperity and quality of life. Canada can make a difference through its foreign policy, through its relationships across the globe. Building on our strengths, adapting to a changing world, we will make a difference.



The Right Honourable Paul Martin
Prime Minister of Canada

CANADA'S INTERNATIONAL POLICY STATEMENT

A Role of Pride and Influence in the World

OVERVIEW

The International Policy Statement sets out the Government's international direction and priorities, described in greater detail in the attached documents on diplomacy, defence, international commerce and development. Each of these documents stands on its own as a complete statement of the Government's policy in each field.

Canada's International Policy Statement is available on-line at www.international.gc.ca, www.acdi-cida.gc.ca and www.forces.gc.ca

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TABLE OF CONTENTS

INTERNATIONAL POLICY AT A CROSSROADS	1
THE CHALLENGES WE FACE1
CANADA'S OPPORTUNITY .....	.2
THE CANADIAN APPROACH	4
REVITALIZING OUR NORTH AMERICAN PARTNERSHIP	6
SECURING THE CONTINENT .....	.6
PROSPERING IN NORTH AMERICA .....	.9
MAKING A DIFFERENCE GLOBALLY	11
BUILDING A MORE SECURE WORLD .....	.11
Countering Terrorism .....	.12
Stabilizing Failed and Fragile States .....	.13
Combatting Proliferation .....	.15
INCREASING GLOBAL PROSPERITY .....	.16
Strengthening Canada's Global Competitiveness .....	.16
Increasing Trade and Investment .....	.17
Promoting Sustainable Development .....	.19
TAKING RESPONSIBILITY .....	.20
Respecting Human Rights .....	.20
Building Genuine Development .....	.20
CHANGING HOW WE WORK	26
THE NEW MULTILATERALISM .....	.26
THE NEW DIPLOMACY .....	.28
CONCLUSION	30

THE CHALLENGES WE FACE

Our world is smaller and more crowded than ever before. While sovereign states remain the fundamental building blocks of international society, they now share the landscape with a host of other actors. Globalization has connected people and places in ways that were previously unimaginable, and has blurred the lines around national economies. In the process it has generated unprecedented levels of wealth. Yet many have been left behind and unexpected threats have emerged. Canadians now understand that seemingly remote events can have direct, and sometimes dire, domestic consequences.

New clusters of threats. In this context, all countries face new and diverse challenges. Terrorists have harnessed the modern tools of globalization and exploited our open societies with devastating effect. Modern transportation allows a deadly disease to spread from one part of the globe to the other in a matter of hours. Environmental degradation spawns unexpected natural disasters. Failed and fragile states displace hundreds of thousands of people, with destabilizing regional and global consequences.

These developments erode old parochial conceptions of the national interest. No state, no matter how powerful, can, by acting alone, make itself invulnerable. In an interconnected world, countries find themselves sharing mutual interests more often than ever before. Moreover, the problems we face are interrelated. Security threats can diminish economic prosperity by hindering the free flow of people, goods and services across national borders. Conversely, long-term commercial engagement and development assistance can prevent impoverished states from becoming sources of instability. The implication for Canada is clear: to remain a secure and prosperous nation, we must foster international cooperation as well as defend our sovereignty. Canada's task is to promote collective action at both a regional and a global level.

Global institutions under strain. We have played a successful role in the past, helping to build the multilateral system that remains integral to meeting today's challenges. These traditional political and economic institutions are now under strain, and their purposes have shifted as a result of globalization, the end

of the Cold War, and the emergence of new and more terrifying security threats. The "global village" has become a reality, yet it still lacks consensus on the rules by which the inhabitants of that village—sovereign states, private companies, non-governmental organizations and individuals—should govern their interactions.

As the legitimacy and effectiveness of our existing global institutions are increasingly questioned, the challenge for Canada is to collaborate with others to design and implement successful reforms. The required "new multilateralism" must be more representative, so that nations with different cultures and capabilities can build mutually beneficial partnerships. It must also be more responsive to the dilemmas facing the global community, so that problems are tackled before they become crises. Above all, the new multilateralism must put action ahead of rhetoric, and results ahead of process.

A new global distribution of power. This institutional evolution will take place within a new global distribution of power. The military and strategic gap between the world's greatest power, the United States, and all the others has widened to unprecedented proportions. As their closest neighbours, Canadians appreciate the generosity of the American people and have witnessed their historic role in reconstructing Western Europe after World War II, creating international institutions such as the World Bank, and, after the Cold War, helping to rebuild the new democracies of Eastern Europe. The agenda of the United States has shifted and sharpened since 9/11, a national trauma for all Americans. As a trusted friend with shared liberal-democratic values, who deeply felt the trauma as well, Canada can and will collaborate with the U.S. on the many international issues where we have common objectives.

At the same time, we recognize that emerging giants, such as China, India and Brazil, are already making their presence felt. Their growing influence—particularly in the economic realm—carries significant implications for Canada. Our economy is currently the 12th largest in the world, but remains smaller than those of Brazil, Korea, India and Italy. Our defence spending, relative to gross domestic product (GDP), has fallen below that of such countries as Norway, Sweden, the Netherlands and Australia, and our development assistance now accounts for only 3 percent of the global

INTERNATIONAL POLICY AT A CROSSROADS

total. In this context, the traditional notion of Canada as a middle power is outdated and no longer captures the reality of how power is distributed in the 21st century. If Canada stands idle while the world changes, we can expect our voice in international affairs to diminish. Instead, we will reach out to these emerging powers, both by developing new bilateral ties and by reforming how countries work together across regions to accommodate their needs. Their growing demand for commodities and energy has the potential to give Canada, with our vast capacity in natural resources, increased economic and strategic leverage. These are essential considerations in developing a strategy for advancing Canada's interests and values in the future.

While some states are wielding greater power than ever before, political and economic developments have conspired to dampen the prospects for others. Much of the world's population is essentially powerless, either victims of stalled development or citizens of states too weak to affect the global agenda. Even within emerging economies, tensions arise between those who are already integrated into world trade and commerce, and those in regions or activities that are outside the virtuous circle of rising prosperity. If left unaddressed, these dramatic inequalities will inevitably produce new grievances. Canadian values dictate that we cannot allow their suffering to continue. Canadian interests demand that we assist the powerless before they find new and more ominous ways to make their voices heard.

A global marketplace. The world economy is also changing in two fundamental ways. First, ideas have become the engine of productivity and the currency of global success. Innovation determines the wealth of nations and their capacity to provide a high quality of life for their citizens. Second, today's business models are driven not by geography, but by investment decisions and information technology. Companies are moving toward global supply chains. As international commerce increasingly shifts production, design and other business activities around the world, Canada faces new competition for markets, skilled workers, leading-edge technology and foreign direct investment.

CANADA'S OPPORTUNITY

Economic, political, technological and demographic forces will intensify, making the world of 2020 dramatically different from the world of today. Yet this changing context also represents a tremendous opportunity for Canada. As a rich and open economy, with a skilled and adaptable population, we are well placed to gain from these global transformations. But we can do more than benefit. We can also contribute. A series of positive developments, both at home and abroad, has coalesced to provide Canada with an unprecedented chance to make a difference.

That said, we need to be realistic and frank with ourselves. Recent years witnessed a relative decline in the attention Canada paid to its international instruments, as priority was given to getting our domestic house in order. Our diplomatic network, our foreign and trade policy capacity, our defence capabilities, and our commitment to development suffered as a result. Canada will need to do more if we want to maintain influence in a more competitive world.

Today, Canadians enjoy a robust economy and sound public finances. We can now reap the dividends from a decade of sound management that restored our fiscal sovereignty. Canada has the means and the will to reinvest in our international role. The Government has already made significant down payments toward restoring our capacity to act effectively internationally. The rebuilding will continue.

The Government is confident that Canadians stand firmly behind this renewal. The Canadian population is both keenly interested in international affairs and strongly oriented toward taking an active role on the world stage. Our younger generations—the most ethnically diverse in Canadian history—are already capitalizing on the opportunities presented by globalization. Their vision for Canada in the 21st century is a function of their own experience as confident and connected members of the global commons.

INTERNATIONAL POLICY AT A CROSSROADS

Internationally, the response to the tsunami tragedy has revealed a reservoir of global solidarity that could be mobilized for other crucial humanitarian goals. A year of major summits on the future of global governance, 2005 also represents a watershed year for the international community's response to the growing gap between rich and poor. The challenge of development is most acute in Africa, a region that will be in the spotlight for both the G8 and the UN over the coming year. Momentum is building. There is a new consensus both on the targets for poverty reduction and development—represented by the Millennium Development Goals (MDGs)—and on the best means for achieving those targets. The recent reports of the UN High Level Panel and of the UN Secretary-General give further impetus to these efforts by identifying development as the first line of defence in a new global system of collective security.

The time to act is now. Canada's advantages come with the expectation that we fulfill our responsibilities as a global citizen. Our current economic and political standing provides the freedom to make choices about how we will contribute. By investing strategically today, we will maintain our capacity to act in the future. Our unique relationship with the United States does not alone assure Canada's influence in the world. We will set our own course, and pull our own weight. We have proven before that we can adapt and innovate. In 2005—and beyond—we will do so again.

The February 2005 Budget demonstrates the Government's commitment to reinvesting in Canada's international role. But money alone is not enough. Fulfilling this international policy statement requires choices. While Canada is a prosperous and successful liberal democracy, it cannot be effective everywhere. The strategy set out here reflects our continued engagement in defence, diplomacy, commerce and development. But we will no longer spread ourselves thinly across multiple activities, or across every region. Based on a clear understanding of where our interests lie, we will focus on particular threats, particular partners, particular markets and particular institutions. Our goal is to have the capacity to take action, when and where we have a practical policy outcome clearly in view.

We also cannot mistake acting in concert for making a difference. Reforming the world's multilateral system of governance will be a priority for Canada, but it cannot become an end in itself. For Canadians, and for others around the globe, it is results that ultimately matter. Therefore, the Government of Canada's efforts will be directed to solving specific problems. We will be selective in our actions and committed to our goals. We will work across issue areas, creating new forms of cooperation between Canada and other nations, within and across government departments, and with globally active Canadians.

THE CANADIAN APPROACH

In charting a path forward, Canada's interests will guide us. They are intimately linked to the character of our society and the values it embodies. Our shared commitment to peace, order and good government, combined with the dynamism of our communities and citizens, has produced a vibrant and prosperous political community. Our federation has become a diverse multicultural society capable of transcending the narrow politics of ethnic and cultural difference. As we have welcomed new members to our community, our family ties have grown to reach around the world. The processes of globalization bringing people closer together at an international level have been a feature of Canadian life for decades.

Canada's continued success depends on the joint pursuit of democracy, human rights and the rule of law. Though many countries share these values, we have moulded them into a particular constellation that reflects our historical experience and our current aspirations. Our overarching vision is an inclusive society, where the will of the majority is balanced by a commitment to minority rights. That vision unifies Canadians but also celebrates difference manifest in our official policy of bilingualism, our two legal systems, and our open immigration and refugee policy. Above all, it is a distinctly federal model, incorporating vast differences in size, population and resources between our provinces and territories. While managing this partnership has been a complex task, it has also developed our capacity to accommodate changing configurations of power. Canada has learned how to make effective and principled compromises, bringing disparate groups and interests together in the service of a common purpose. In no circumstances is violence an acceptable means for seeking to effect political change, either from within or without.

This experience also underpins Canada's economic model. By wedding free market principles to a commitment to shared risk and equality of opportunity, we have produced both prosperity and equity. Over the last two decades, we have opened our market to the world, and built a thriving economy that has embraced new technologies. In the process, Canada has been recognized as one of the best places in the world to live.

This unique combination of political and economic models is constantly evolving. There are cracks in our model, seen most visibly in the condition of Canada's First Nations people. Yet our continuing ability to adapt our political and social union, and to resolve disputes peacefully, is a significant accomplishment. The lessons we have drawn are important not only for ourselves, but also can be useful for engaging with other societies around the globe. Just as we must remain open to positive influences from the outside, so we must stand ready to share our experience with others. In so doing, we help ensure our influence, particularly as the developing world takes on a larger international role.

Indeed, Canadians have never been content to rest on their laurels. From Lester Pearson's role in the creation of peacekeeping to our contribution as a leading member of NATO's International Security Assistance Force for Afghanistan, from the Colombo Plan (the first aid program for the developing world) to NAFTA (a ground-breaking free trade agreement that crosses cultural and developmental barriers), Canada has had a major hand in devising the innovative arrangements our world requires. Canada has also been a key architect in the field of international human rights, beginning with our role in drafting the UN Charter and continuing with our contribution to establishing the International Criminal Court. Most recently, our sponsorship of the International Commission on Intervention and State Sovereignty and its report, *The Responsibility to Protect*, has promoted a new understanding of sovereignty—better suited to our 21st century world—that combines rights with responsibilities, and autonomy with collective action. Whether ideas or concrete actions, our most lasting international contributions have always served a dual purpose, securing our own interests by creating a more stable and prosperous world.

It is here that Canada's past and future combine. Our fundamental interests—ensuring continued prosperity and security for Canadians—remain the same as they were in 1995 when we last set a strategic course for our international policy. In fact, these are enduring interests. But their precise articulation must flow from an understanding of who we are today and the contemporary context in which we live. In this context,

we must therefore elevate another priority to guide our international policy. Canada is a vibrant liberal democracy, with both regional and global responsibilities, whose success is intimately tied to a stable international order.

Effective multilateral governance is essential for Canadian security and prosperity. Multilateral action is in turn dependent on states accepting their responsibility to both their citizens and to other countries. Our support for these three core priorities—prosperity, security and responsibility—reflects the fact that they are closely related and mutually reinforcing. Canada’s future depends on our skill in pursuing all three together.

We should not be daunted by this task. Our experiences inside our borders, within North America and as part of the global community have given us the expertise necessary for devising effective solutions to the new problems confronting our interconnected world. We understand the demands of good governance and the intricacies involved in accommodating power. While we can speak the language of toleration and negotiation, we are also prepared to stand up for our principles—

especially when they are under siege abroad. Now is the time to mobilize our assets, and our reputation, in the service of a new global role that will serve our national interests and contribute to a safer and fairer world.

How will we know if we’ve made a difference? Given the global nature of so many 21st century challenges, Canada will rarely act alone. This reality makes the task of measuring our impact more challenging, but it has not prevented us from playing a distinctive role, in areas as diverse as Afghanistan, Haiti or Ukraine. Our old middle power identity imposes an unnecessary ceiling on what we can do and be in the world. Canada *can* make a difference, if it continues to invest in its international role and pulls its weight. We will know we have done so if there is demand for Canadian ideas and expertise, if Canadian priorities have pride of place on the international agenda, if the institutions we are part of deliver solutions efficiently and equitably, if our efforts to catalyze induce others to follow, and if the partners we support achieve their aspirations. Future generations will use these tests to determine whether Canada’s global potential has been fulfilled. The responsibility to act now is ours.

REVITALIZING OUR NORTH AMERICAN PARTNERSHIP

As this new century begins, Canada finds itself part of an evolving yet mature continental partnership. The bedrock of that partnership is the Canada-U.S. relationship, built upon more than two centuries of close economic, security and personal ties. Over several generations, Canadians and Americans have intermingled through migration, cross-border work and travel, and the exchange of ideas. Our joint achievements—the world’s largest bilateral trading relationship and the world’s longest unmilitarized border—are the envy of the world.

Canada-U.S. collaboration has produced these successes despite the obvious differences in power between the two countries, and without the abandonment of Canadian national identity, social policies or sovereign decision-making power. Each society is following a unique path, and we have demonstrated that closer economic ties are possible without losing our ability to determine our own course. Canada has also learned that our influence and cooperation with the U.S. can be a major asset in the pursuit of our own objectives. Investing in a durable framework for cooperation with the United States is therefore central to advancing Canada’s regional and global interests.

To ensure continued prosperity and security, Canada needs a more expansive partnership with both the United States and Mexico that continues to reflect the unique circumstances of our continent, and the desire of each country to preserve and promote its particular social, economic and political achievements. We must also move forward based on an understanding that North America is not an island. Its future will be increasingly affected by the role of new emerging giants, China, India and the expanding European Union.

The experiment in economic cooperation that began with the Canada-U.S. Free Trade Agreement, and continued through NAFTA, is unlike any other regional arrangement in the world. While European integration has been a cumulative process that began with free trade and is ending with political union, Canada and its continental partners have engaged in a different process of market making. Cooperation is managed through common rules, rather than centralized institutions, and functions at different speeds depending on the particular problem in need of resolution. As a consequence, NAFTA is only one piece

of a larger web of arrangements, formal and informal, that continues to grow and change shape.

The results of North America’s alternative approach have been remarkable: the past 15 years have outstripped all expectations in terms of growth in regional trade and investment. Since 9/11, the security dimension has received more emphasis, leading to unprecedented levels of cooperation between Canada, the United States and Mexico on border management, asylum and refugee policy, and counterterrorism efforts.

Today Canada’s regional strategy must be pursued with even greater vigour so that we can realize the aim of a continent where individuals, as well as goods and capital, move freely and realize their common aspirations. In particular, Canada will engage more actively with Mexico, bilaterally and trilaterally, to ensure that the North American Partnership is truly continental in character. NAFTA is one of a rare breed of free trade arrangements that includes both developed and developing countries. Thus, the lessons learned from the NAFTA experiment—in particular, how it can enhance the quality of life for all Mexicans and consolidate Mexico’s democratic transformation—will be important for policy makers all around the world.

A revitalized North American partnership requires more significant contributions from the Government of Canada, in terms of both resources and policy leadership. This is reflected in the March 2005 Security and Prosperity Partnership of North America, which builds on last year’s bilateral declarations with the United States and Mexico. The Partnership is about finding practical ways to help the citizens of all three countries live healthier, safer and more prosperous lives. Through active engagement we can preserve our national freedom of manoeuvre and ensure that the benefits of cooperation are fully realized. While maintaining a strong voice in continental affairs demands more concrete commitments, particularly in the realm of security, it will also protect our national sovereignty, generate further prosperity and build global influence.

SECURING THE CONTINENT

Fifteen years after the end of the Cold War the belief that Canada’s territorial security was assured, and that

REVITALIZING OUR NORTH AMERICAN PARTNERSHIP

PRIORITY FOR THE GOVERNMENT OF CANADA

Collaborate with the United States and Mexico to protect North American territory and citizens from 21st century threats

KEY INITIATIVES

- Strengthen coordination of cross-border law enforcement and counterterrorism programs
- Continue joint efforts to build a 21st century border that can expedite the movement of low-risk people and goods, and interdict threats before they reach North America
- Strengthen the three planks in North America's critical infrastructure: transportation links, energy resources, and cybernetic and communications networks
- Build a trilateral emergency response capability that can deal in particular with infectious disease
- Negotiate renewal of the NORAD agreement, while pursuing other measures to strengthen maritime and land defence cooperation with the United States

we could somehow reap a “peace dividend,” has been called into question by developments outside and inside our borders.

The attacks of September 11, and their aftermath, have recast Canada's national security agenda in significant ways. The potential for another terrorist strike in North America remains high, leaving Canadians with a vulnerability that is likely to persist well into the future, particularly as global terrorist networks explore new ways of harming innocents. While some Canadians may feel relatively immune to such dangers, in truth we are not. Complacency has been punished by those looking for “soft” targets. Several Western countries—including Canada—have been singled out by terrorist movements in their public declarations, and there is indisputable evidence that such groups have adherents in our own country. Furthermore, a major terrorist incident within one of our continental partners could have direct and potentially devastating consequences for the movement of people and commerce within the North American space.

The imperative to change our conception of security threats also stems from three realities much closer to home. Challenges to our sovereignty and domestic emergencies were treated as a “residual” requirement. But over the past decade, the Canadian Forces, in conjunction with other government departments, have

engaged in a much wider array of activities, from combatting illegal fishing off our shores, to intercepting ships carrying illegal migrants to countering drug smuggling operations. They have also assisted civilian authorities in responding to devastating floods, hurricanes, ice storms, forest fires and the tragic aftermath of the Swissair 111 disaster.

The demands of security and sovereignty for the Government are more pressing for a second reason: the predicted changes to Canada's North over the next two decades. In addition to growing economic activity in the Arctic region, the effects of climate change are expected to open up our Arctic waters to commercial traffic by as early as 2015. These developments reinforce the need for Canada to monitor and control events in its sovereign territory, through new funding and new tools.

Finally, Canadians have become increasingly alarmed about their vulnerability to infectious disease, identifying it as one of the most serious threats to their security in the 21st century. We have already witnessed the effects of the rapid spread of communicable diseases such as SARS, West Nile, and avian influenza, and the spread of resistance to a growing number of antibiotic drugs. These developments have also made public health a security priority for the global community, witnessed by its prominent place in the UN Secretary-General's recently released High Level Panel Report.

REVITALIZING OUR NORTH AMERICAN PARTNERSHIP

PRIORITY FOR THE GOVERNMENT OF CANADA

Protect Canada and Canadians by implementing the National Security Policy, and updating the approach that the Canadian Forces take to domestic operations

KEY INITIATIVES

- Revise command structures to create a unified national operational “Canada Command” reflecting the new priority given to domestic operations
- Improve Canada’s maritime, land, air and space surveillance capabilities
- Increase the Canadian Forces’ capacity to monitor and respond to events in the North
- Strengthen the Forces’ ability to respond to terrorist acts on Canadian territory by expanding the counterterrorism unit (Joint Task Force 2) and the Joint Nuclear Biological and Chemical Defence Company
- Build on the domestic strength of the Reserves by adding 3,000 personnel

The Government has shown determination in its efforts to address the changing security landscape for Canadians, investing close to \$9.5 billion in security measures since 9/11. Canadian Forces fighter aircraft have increased their activity overhead to ensure the safety of our skies. Our navy has increased its patrols of our waters. As part of the first-ever comprehensive strategy for the North, Canada has reasserted its sovereignty and is collaborating with the Arctic Council and circumpolar countries to protect the people and fragile environment of the Arctic. In April 2004, the Government of Canada took further steps to improve the security of Canadians by drafting its first-ever National Security Policy (NSP) and creating a new department of Public Safety and Emergency Preparedness. The NSP provides a blueprint for action in intelligence, threat assessment, emergency planning, public health and border security.

These new measures, while significant, are the initial steps in a much larger transformation. The public expects the Government of Canada to remain vigilant in protecting both Canadian citizens and Canadian sovereignty. The first priority of the Canadian Forces will be the protection of Canada itself. North America has become a theatre of operation in its own right, and our defence and security policy must adjust accordingly. The overriding goals are to detect threats as early as possible, to quickly analyse what they mean for Canadians, and to respond with the right mix of

military and non-military resources. A key change needed to meet these goals will be the creation of a national operational command headquarters (Canada Command), that will enable the Canadian Forces to more effectively meet their fundamental responsibilities to protect Canadians at home.

The Government of Canada will also work more closely with its regional partners in ensuring continental security. Here, the Canada-U.S. defence relationship will serve as the foundation on which to build mutually beneficial arrangements that can meet contemporary threats. It is in Canada’s national interest to continue to engage cooperatively with the U.S. on measures that directly affect Canadian territory and citizens, and to maintain our ability to influence how the North American continent is defended. The Government of Canada’s intention to do so was reflected in the Smart Border Declaration of 2001, the establishment of the Bi-National Planning Group in 2002, and the 2004 *Joint Statement on Common Security, Common Prosperity* by Prime Minister Martin and President Bush. Canadian efforts to promote continental security will be concentrated on strengthening the border, while facilitating the movement of legitimate, low-risk travellers and goods; reinforcing our coastal and Arctic sovereignty; and bolstering security at points of entry to North America.

We will build on the success of the North American Aerospace Defence Command (NORAD), working in

REVITALIZING OUR NORTH AMERICAN PARTNERSHIP

the Bi-National Planning Group to find new ways to protect the continent against evolving threats, and pursue priority areas such as maritime security and emergency preparedness.

In its cooperation with the United States, the Government will focus on those threats that are of the highest priority to Canadian interests. While respecting the right of the United States to take measures it considers essential to ensure its security, the Government decided that Canada would not take part in the U.S. ballistic missile defence system. Nevertheless, we will continue to act—both alone and with our neighbours—on other defence and security priorities whether on our continent or internationally. We will also continue to work actively to promote non-proliferation, arms control and disarmament measures to reduce and eliminate the threat from weapons of mass destruction (WMD) and their means of delivery, and maintain our policy against the weaponization of space.

PROSPERING IN NORTH AMERICA

The North American region is Canada's anchor in the global economy. This reality remains central to Canada's international commerce policy. Two decades of trade liberalization, economic restructuring, and private sector adaptation have deepened the natural integration of many sectors of the North American economy. Under NAFTA and the earlier Canada-U.S. Free Trade Agreement, Canada has expanded its trade with the U.S. by an average of approximately 10 percent a year. It is here where our immediate economic future will unfold.

Getting our relationships right with our NAFTA partners is critical to assuring prosperity for Canadians. The facts speak for themselves. Since the signing of the Canada-U.S. Free Trade Agreement, our exports to the United States have doubled as a percentage of GDP and today represent more than 80 percent of our total exports. While the percentage of U.S. trade going northward is smaller, 38 of the 50 U.S. states now count

PRIORITIES FOR THE GOVERNMENT OF CANADA

Establish Canada as an attractive business gateway for those establishing a foothold in North America

Develop deeper knowledge of, and new channels of influence with, the United States and Mexico

Collaborate with our regional partners to build a competitive economic space that facilitates the free movement of goods, services, capital, and people and enhances the quality of life of all North Americans

KEY INITIATIVES

- Maintain the integrity and improve the effectiveness of trade dispute mechanisms for North America
- Reduce rules of origin costs on goods traded among the three NAFTA partners
- Reach for the best continent-wide standards and regulations that both promote the competitiveness of businesses and ensure the health and safety of North America citizens
- Expand the FAST and NEXUS programs to facilitate border clearance by shippers and travellers
- Expand technological partnerships that promote the clean and efficient use of North American energy resources, including initiatives in clean coal, hydrogen and renewable energy
- Intensify our advocacy efforts with U.S. decision makers through the newly established parliamentary and provincial/territorial secretariat in Washington and our expanded consulate presence
- Improve trade research and policy capacity in Canada through the establishment of networks such as the North American Forum

REVITALIZING OUR NORTH AMERICAN PARTNERSHIP

Canada as their largest export market. The value of trade in goods and services that crosses the border each day is now close to \$1.8 billion, and is supported by the daily cross-border activity of half a million people and 37,000 trucks.

NAFTA is a living agreement that can adjust to changing circumstances. We are committed to ensuring that it responds to changing times by continuing to act as a North American economic framework that secures and enhances access to the U.S. market, lowers costs for exports, fuels competitiveness and removes red tape. We will build on the bilateral and trilateral partnerships we have, most recently through the Security and Prosperity Partnership of North America signed by the NAFTA leaders at the March 2005 meeting. We will discuss with our NAFTA partners whether bilateral or trilateral approaches to these issues are best, since not all problems are equally important to all three countries. We will also work to bring trade remedy practices between ourselves and the U.S. into line with the reality of our shared economic space.

Though there are serious issues to be addressed with the U.S.—most notably involving respect for dispute resolution procedures—the vast majority of Canada-U.S. commerce occurs dispute-free and to the great benefit of citizens of both countries. This increased commercial activity now extends beyond the United States to Mexico. Indeed, the percentage increase in Canada-Mexico trade and investment since NAFTA entered into force has been even more dramatic than with the United States, and Mexico's demographic and economic future points toward even greater potential for growth.

There is much more that can and should be done together. The economic interests of all three NAFTA countries continue to push in the direction of openness

and deeper coordination. It is only by doing so that our continent can remain competitive with other dynamic regions in the world economy. The globalization of production as well as consumption means that none of the NAFTA partners can take its continued success in any given sector for granted.

The past 15 years of interaction within the North American region have exposed policies and practices that continue to stand in the way of further beneficial trade and investment. As part of the Security and Prosperity Partnership of North America, Canada, the United States and Mexico will work to improve the security, prosperity and quality of life of all three partners. To ensure the coherence and effectiveness of our continental security and regulatory arrangements, Canada will take further steps to secure the Canada-U.S. border while improving the flow of legitimate traffic through investments in border infrastructure and a land pre-clearance initiative.

To succeed in this new phase of North American cooperation, Canada will invest more in research and advocacy. We further our own national interests by knowing our regional partners better, and by establishing more effective ways to influence their policy directions. The Government of Canada has already responded to this need by opening seven new consulates in key U.S. cities such as Houston and Phoenix, and by establishing a permanent cabinet committee on Canada-U.S. relations, chaired by the Prime Minister. But the task of understanding the issues confronting the United States and Mexico, and the priorities they are pursuing, goes beyond government. It is a job that must be fulfilled by many Canadians, whether in the parliamentary chamber, the boardrooms of our companies and non-governmental organizations, or the research centres in our universities.

The expanding international commitment to the principles of human rights, democracy and the rule of law is the most hopeful movement of our time. It promises unprecedented levels of wealth, security and quality of life. Yet challenges remain. New threats have emerged from unconventional sources. Security and prosperity remain unfulfilled dreams for many around the world, and democratic systems of government are often under attack. Our current institutions of global governance are struggling to address more complex problems, and sometimes fail to reflect the principles of transparency and accountability.

In addressing these dilemmas, we will focus on matching our expertise with what the world needs most from us. This is best illustrated with reference to weak states, where a collapse not only creates a humanitarian emergency but also poses wider security threats. Without underestimating the complexity of helping these societies, Canada can make a distinctive contribution through an integrated, three-part approach: stabilization through rapid deployment of our military and police; governance assistance through contributions such as the new Canada Corps; and economic and social revitalization through development assistance and innovative private sector development initiatives. This combined and targeted effort is a microcosm of our broader international strategy: Canada can matter to the world while pursuing its national interests.

BUILDING A MORE SECURE WORLD

Since Canada's last foreign policy review and defence white paper, the world has experienced a period of change and uncertainty. Fifteen years after the fall of the Berlin Wall, and the end of the old bipolar structure, the contours of our new world order are still taking shape. The West may have won the Cold War, but that victory has not ushered in an era of global stability. In 2005, we know from painful experience that our greatest security challenges—now and in the future—go far beyond the military forces of nation-states waging war against each other. The threats we face also come from non-state actors, and have a direct impact on innocent civilians.

A key driver of this change is globalization—the explosion and rapid movement across borders of

information, technology, people, goods, services and knowledge. The result of these processes is a world that is smaller and more interdependent. Interdependence has fostered prosperity and a growing sense of global community. But it is a double-edged sword. Though globalization's force was recognized a decade ago, we did not fully appreciate its capacity to trouble as well as transform us. Globalization facilitates both the spread of deadly disease and access to deadly weapons. It also means that the collapse of state capacity in one region can make all of us more vulnerable to transnational terrorist and criminal groups. One failed state, Afghanistan, served as the staging ground for the tragic events of September 11—events that brought home to Canadians the new reality and reach of global terrorism.

Canada shares the views, expressed in the recent reports of the UN High Level Panel and of the UN Secretary-General, that the front-line actors in dealing with all threats—old and new—are individual sovereign states. But states can no longer act alone. Nor can their sovereign frontiers serve as an excuse for tolerating actions that contravene human security or contribute to global instability. One truth is undeniable: security in the 21st century is a common interest, and a shared responsibility.

In making a distinctive contribution to a safer world, we will rely heavily on the Canadian Forces. Canada's military is no stranger to this role. Our men and women in uniform have performed a remarkable service on behalf of Canadians throughout the decades. Since 1990, their operational tempo—the number and size of missions relative to available forces—has tripled compared to the period between 1945 and 1989. This increase in activity was not foreseen in the 1994 defence white paper. In recent years, our soldiers have deployed throughout the world, participating in complex and dangerous missions that have tested their skill, training and equipment. Some have made the ultimate sacrifice, and many more have been injured.

The image that captures today's operational environment for the Canadian Forces is a “three-block-war.” Increasingly, there is overlap in the tasks our personnel are asked to carry out at any one time. Our military could be engaged in combat against well-armed militia in one city block, stabilization operations in the next block, and humanitarian relief and reconstruction two blocks over. Transition from one type of task to the

MAKING A DIFFERENCE GLOBALLY

other can happen in the blink of an eye. This ability of the Canadian Forces to wage three-block wars has been amply demonstrated in diverse theatres from Bosnia to Afghanistan. The Government's reinvestments in the Canadian Forces will ensure that they continue to enjoy a well-earned reputation for versatility in these complex environments.

As the boundary between the domestic and international continues to blur, Canada's defence and security policy must change. Today's front lines stretch from the streets of Kabul and the rail lines of Madrid to our own Canadian cities. New threats will be met with a forward-looking and integrated approach—across departments and levels of government—designed to protect Canadians and contribute to global security. In the face of a panoply of challenges, and a range of possible responses, the Government of Canada will seek to make a difference in three main areas: countering global terrorism; stabilizing failed and fragile states; and combatting the proliferation of weapons of mass destruction.

Countering Terrorism

Over the past five years, terrorist networks have expanded and intensified their attacks on innocent civilians worldwide. The strikes in New York, Bali and Madrid demonstrate the global breadth and lethal potential of even small numbers of committed terrorists with relatively modest resources. Apart from the direct

damage and human suffering that result from such attacks, terrorism has other long-term consequences. It can set back economic development, and disrupt the channels of free trade and commerce. It can destabilize governments or push them toward defensive policies that curb democratic rights and freedoms. It can destroy the fragile spirit of compromise that is so essential to resolving long-standing disputes.

Counteracting this threat requires a comprehensive strategy that includes, but is broader than, coercive instruments. Canada, in collaboration with other like-minded states, will take advantage of every available tool: intelligence, law enforcement, financial instruments and military force. We will ensure that our approach is consistent with the democratic values we hold dear, and maintains the utmost respect for civil liberties.

We believe the best weapon against terrorist recruitment is the promotion of accountable, democratic governments that respect human rights, allow for peaceful dissent and fulfill the aspirations of their people. To promote enduring solutions, we will also seek to share our own expertise in areas such as border security, law enforcement, and critical infrastructure protection with those countries seeking to build up their counterterrorism capacity. Finally, where necessary the Canadian Forces stand ready to participate in military missions against terrorist networks or states who harbour them.

PRIORITY FOR THE GOVERNMENT OF CANADA

Contribute to UN, NATO and G8 efforts to counteract terrorist organizations and cut off their support networks

KEY INITIATIVES

- Increase Canada's diplomatic contributions to the resolution of regional disputes that are exploited by terrorists to mobilize their support
- Push for full implementation of international conventions to combat terrorism and terrorist financing
- Provide technical assistance to countries willing to combat terrorism through a new Counterterrorism Capacity Building Program, anchored in Foreign Affairs
- Increase the Canadian Forces' capacity to participate with allies in counterterror operations

Stabilizing Failed and Fragile States

Among the greatest contemporary security threats are those resulting from a large number of fragile and poorly governed states. These countries pose a dual challenge for Canada. The refugee flows that they create not only represent a humanitarian tragedy, but also undermine the stability of neighbours and entire regions. More ominously, the weakness of failed states makes them obvious breeding grounds for terrorist networks and organized crime, which can directly threaten the security of Canadians.

Although the first line of responsibility to citizens lies with national governments, when they collapse, Canada and the international community share a responsibility toward the people who are the victims of state failure. Canada's strategy to address the multiple challenges posed by failed and fragile states must be focused, first and foremost, on preventing state breakdown. Preventative action can take many forms, but clearly includes long-term development assistance that helps to build a set of institutions, civil society and political culture that is conducive to security and prosperity. The adequate provision of health and education services and a vibrant private sector are essential building blocks for peace and stability.

Where devastating events have already begun to unfold, members of the international community must also possess the capacity for rapid intervention that can stabilize the situation on the ground and restore security

for the local population. Integration between military operations and civilian assistance is an essential feature of this intervention capacity. So too is a flexible funding mechanism that can facilitate a rapid response to a humanitarian emergency.

Canada is taking a leadership role in helping people in regions of conflict regain stability and build lasting peace. The Government will mobilize the international community, including Africans, to stop the ethnic cleansing and massive abuse of human rights in the Darfur region of Sudan. In addition to humanitarian aid for Sudanese, Canada is also providing financial support for the International Criminal Court to prosecute war crimes committed in Darfur, and is providing training and other assistance to the African Union's peace operations. In the Middle East, Canada will encourage the early signs of emerging peace between Israel and the Palestinians by assisting the Palestinian Authority in undertaking social, economic and security reforms. In Afghanistan, where Canada has already made a significant contribution—from military action to election support—we will soon establish a Provincial Reconstruction Team in Kandahar, bringing together our diplomatic, military and development instruments to deliver a better life to people there. We are already applying this new, integrated approach in Haiti, where we are helping rebuild an accountable, competent police force. In Iraq, Canada will continue to play a major role in reconstruction and development, chairing the international donors' committee for that country.

PRIORITY FOR THE GOVERNMENT OF CANADA

Establish a Stabilization and Reconstruction Task Force (START) to plan and coordinate rapid and integrated civilian responses to international crises

KEY INITIATIVES

- Establish links between START and crucial partner departments, especially National Defence and CIDA
- Establish a Global Peace and Security Fund to support START and other urgent civilian contributions to crisis response operations
- Create links with counterpart taskforces in partner countries such as the United States and the United Kingdom

MAKING A DIFFERENCE GLOBALLY

Drawing on our experience with recent international crises, most notably the Indian Ocean tsunami, the Government will establish a Stabilization and Reconstruction Task Force (START) to ensure that there is longer-term planning for early responses to international crises and that the required skills and expertise are at the ready. Existing agencies will be used to source experts and individuals or groups whose capacities are required. They will be dispatched by those responsible, including the military or CIDA.

In addition, a Global Peace and Security Fund has been established within Foreign Affairs to provide security assistance to failed and fragile states, as well as resources for post-conflict stabilization and recovery. Five hundred million dollars has been allocated over five years for the fund.

Operations to restore order in failed and fragile states have become particularly challenging for the Canadian Forces since the end of the Cold War. In many cases, our military personnel must operate in difficult theatres where civilians mix with friendly, neutral and opposing forces. In such situations, negotiation and compromise, as well as an understanding of other cultures and practices, are essential. Despite these pressures, the Canadian Forces are recognized globally as one of the finest militaries in the world. The Canadian military's nuanced understanding of conflict environments and ability to seamlessly transition from combat to stabilization is a widely recognized comparative advantage. This is why our men and women in uniform are in such demand overseas.

To retain this standing, and to fulfill the tasks required to protect Canadians and build global security, the Canadian Forces must embrace new technologies, concepts and doctrines. Relevance, responsiveness and effectiveness are the principles that will guide everything they do. In turn, the Government, and Canadian citizens, will support them with the tools needed to do the job. To that end, the February 2005 Budget provided the Canadian Forces with almost \$13 billion over the next five years, the largest increase in defence spending in two decades. This represents a critical turning point for the future of our military and, by extension, the identity that Canada projects on the global stage. Investments today will enable the Canadian Forces to develop the expertise and skills that Canadians, and the world, desperately need.

As part of our comprehensive response to state failure, Canada will take action to help deal with the forced displacement of civilians within their country and across borders. Canada is a leader on refugee and internally displaced persons (IDP) issues. We are promoting legal and physical protection of affected persons, providing material assistance, engaging in diplomatic advocacy to resolve the causes of their plight, supporting durable solutions, and rebuilding post-conflict societies. Our stance is based on long-standing international obligations, and reflects the strong wish of Canadians to make a meaningful contribution internationally. Our resettlement of refugees to Canada provides both a lasting solution and demonstrates our commitment to responsibility sharing with countries hosting large numbers of displaced persons.

PRIORITY FOR THE GOVERNMENT OF CANADA

Maintain combat-capable Canadian Forces, focused on the challenge of restoring peace and stability to failed and fragile states

KEY INITIATIVES

- Focus on integrated operations to get the best mix of forces to the right place, at the right time, and to the right effect
- Increase the size of the Regular Forces by 5,000, effectively doubling the army's ability to deploy and sustain operations overseas
- Equip the Canadian Forces to carry out missions abroad, through initiatives such as the Joint Support Ships, the Mobile Gun System and guaranteed access to airlift
- Continuously review and modernize the Canadian Forces' capabilities

PRIORITIES FOR THE GOVERNMENT OF CANADA

Prevent the spread and reduce the existing stocks of WMD

Strengthen international export control regimes on proliferation-sensitive technologies and build the capacity of countries to enforce them

KEY INITIATIVES

- Protect Canadian ports against their potential use for illicit activities, including the movement of drugs, weapons and other contraband
- Participate in joint training missions and information sharing with other partners in the Proliferation Security Initiative
- Expand the G8 Global Partnership Program
- Use the 2005 NPT Review Conference to promote the strengthening of the Treaty's commitment to non-proliferation, disarmament, and peaceful uses of nuclear energy
- Contribute Canadian technology to strengthening the international community's WMD compliance and verification mechanisms
- Use the Conference on Disarmament to re-engage key countries in talks on the Prevention of an Arms Race in Outer Space

Canada will create a faster, more efficient, but fair domestic asylum system that enjoys public and partner confidence. We will work with other countries and international organizations to intensify the focus on facilitating protection for refugees, IDPs and other war-affected populations. As part of these efforts, Canada will continue to strongly support the UN Secretary-General's efforts to improve the UN humanitarian response system, and enhance our own responses, in line with the principles and practices of humanitarian donorship.

Combating Proliferation

The international community continues to face the prospect that weapons of mass destruction (WMD)—chemical, nuclear, radiological or biological—might be used by a state or terrorist organization. The desire to acquire these weapons is often driven by regional tensions—in the Middle East, India-Pakistan and the Korean peninsula—and misguided attempts to gain international prestige. Terrorists, who until now have focused on tactics involving car bombs and suicide bombers, are seeking new ways to inflict the maximum

amount of damage on their victims. An attack with such weapons could have an immense impact on Canada, no matter where in the world it might occur.

The nuclear non-proliferation regime—the cornerstone of which is the Nuclear Non-Proliferation Treaty (NPT)—is under pressure. A number of countries remain outside of the Treaty, and several of them have shared nuclear material and expertise. Recent revelations about nuclear trafficking networks underscore the growing commercial dimension of proliferation. In addition, the means of delivering these lethal weapons have become easier to access, whether through high technology systems like long-range missiles, or unconventional means, such as shipping containers. The international community urgently needs stronger interdiction methods—at sea, on land, and in the air—and new legal mechanisms to facilitate the search of suspicious vessels, trucks and aircraft.

Concerted international action is also required to restore the effectiveness of arms control regimes and to maintain the confidence of the vast majority of countries that now supports them. Here, and in broader counter-proliferation efforts, we have a natural

MAKING A DIFFERENCE GLOBALLY

comparative advantage. Canada has played a leading role in the NPT process, in the G8, and in other forums such as the International Atomic Energy Agency, where we now chair the Agency's Board of Governors. We have been instrumental in strengthening international controls on transfers of sensitive nuclear technology, improving existing treaties, and forging coalitions among key states on issues such as Iran and North Korea. This active engagement will continue, whether through our direction of the Global Partnership Program to reduce the threat of terrorist acquisition of weapons of mass destruction in the former Soviet Union or our ongoing collaboration with Russia to destroy surplus fissile material. Canadian security depends on it.

INCREASING GLOBAL PROSPERITY

Canada's adaptation to globalization and our commitment to free trade have generated impressive levels of national wealth. We have also managed that wealth well. Prudent fiscal policy has produced a series of surpluses and enabled us to reduce our debt. This foundation underpins our freedom to make the choices that define us as a country.

We cannot take this enviable situation for granted. Our prosperity is intrinsically tied to international relationships, and these are evolving rapidly. Business previously adhered to a centralized model, operating in a limited number of jurisdictions and exporting to meet international demand. Today, companies increasingly operate across national boundaries, not only to improve

access to markets but, more significantly, to allocate elements of the value chain to their most economically efficient location. Business has become decentralized as production, distribution and financial activities within a single firm now take place in multiple locations around the globe. Activities from design, to component manufacturing, to assembly, to after-sales service can now be distributed across a range of commercial partners.

While exports remain important, accounting for almost 40 percent of our economy, they only represent part of the picture. Investment is now the more fundamental driver of economic growth. Investing in skills development, technology and infrastructure is critical to advancing our competitiveness. Much of the trade that benefits us occurs through affiliates of Canadian companies dispersed around the world. Securing investment access to overseas markets and attracting capital to our shores have therefore become pressing Canadian interests. So has the pursuit of other factors that shape international business, from government frameworks around science and technology, to more nuts-and-bolts issues like the establishment of direct air links. In short, pursuing international prosperity is no longer simply a question of negotiating trade agreements.

Strengthening Canada's Global Competitiveness

While the private sector is the major generator of wealth for Canadians, we cannot expect to benefit from international commerce unless we get our domestic

PRIORITY FOR THE GOVERNMENT OF CANADA

Get the economic framework right at home

KEY INITIATIVES

- Facilitate immigration integration through new admissions processing, credential recognition, training and support programs
- Implement the recommendations of the External Advisory Committee on Smart Regulations
- Promote the internationalization of education through student exchange programs and direct institutional links
- Support international science and technology partnerships by Canadian firms and research institutes with counterparts in other countries, particularly China and India

economic framework right. In fact, the drivers of international and domestic competitiveness are one and the same: our economy, and every player in it, must be supported by an open, secure and competitive business climate in Canada.

This begins with our people. Maintaining an accomplished and skilled workforce is a key component of a productive and competitive economy. This means providing lifelong learning opportunities for Canadians and tapping into the dynamism of our immigrant population, which will provide all the net growth in our workforce within a decade. In filling labour market shortages, we face stiff competition for highly qualified individuals. Progressive immigration policies and more comprehensive support structures will encourage more people to choose Canada as their home and ensure their success once they are here. Forging international links between students, academics and universities can deepen mutual understanding, giving us an edge in skills recruitment.

But attracting investment requires more than a qualified workforce. A sound economic policy must also encourage investment and support innovation. Supporting Canadian companies as they commercialize their innovative technology will improve the competitiveness of our economy; building on the strengths of particular sectors and regions within Canada will consolidate it. We will also build a regulatory environment that attracts investment but safeguards Canadian quality of life. Regulation in the public interest is necessary, but not all regulation takes the right form. Superfluous restrictions hindering investment will be removed. By benchmarking our policies with those of major markets, we will facilitate new investment flows. Though this strategy already applies to building prosperity with our North American partners, the next challenge is to extend this model into the wider world.

Increasing Trade and Investment

The 21st century presents a dramatically different economic landscape for Canadian companies. While our current relationships with major trading partners will remain important, large developing countries are emerging as powers in their own right, with implications for our own prosperity. These economic

opportunities must be better understood today, so that Canadians can benefit from them in the decades ahead.

Emerging economic powers like China, India and Brazil are the key drivers of a new era of global economic growth. As a result, they will have a profound impact on Canada's long-term economic future. While China is poised to become the most important national economy in the 21st century, it still represents only one-tenth of 1 percent of Canada's direct investment abroad. We will increase the pace of our engagement with these new giants. But we must also recognize their different stages of development. China and Brazil are deeply embedded in regional economies, and while India is not yet a major player in supply chains, its knowledge-based industries, size and outward orientation make it an important player. Canadian policy must reflect an intimate knowledge of these dynamics.

With China in particular, Canada will continue building on the efforts of the Strategic Working Group, a crucial mechanism for expanding trade and investment through regulatory policy dialogue, cooperation in science and technology, and safeguards for foreign investment. Since China is also at the heart of regional economic consolidation in East Asia, Canada will respond to this shift by looking for new forms of entry to this regional market. Canada's proposed free trade pact with South Korea is one potential solution. With an advanced economy already the size of Canada's, and straddling value chains that link Japan and China, South Korea offers both a unique opportunity for Canadian business and a complement to broader strategies for the region.

India has developed largely on the basis of its own market and the considerable skills of its people. Building on the WTO, we will also pursue particular Canadian needs—such as air links, investment protection and science and technology partnering—that tap into the dynamics of India's information and technology sectors in particular. The new science and technology agreement with India will open the door to accelerated cooperation in this area.

At the same time, our traditional markets offer new opportunities. As we continue to develop existing economic relationships, our negotiations with the EU offer a model for the future. The negotiations toward a

PRIORITIES FOR THE GOVERNMENT OF CANADA

Develop new frameworks to promote trade and investment with our mature markets, while reaching out to take advantage of emerging economic giants

Create a level playing field in international trade and investment through active participation in the WTO

KEY INITIATIVES

- Implement the Trade and Investment Enhancement Agreement with the EU
- Establish a new economic framework arrangement between Canada and Japan, with a particular focus on technology
- Explore targeted trade and investment efforts with China and Brazil within the context of regional engagement with Asia and Latin America
- Pursue discussions with South Korea about negotiating a free trade agreement
- Expand on our current relationship with India, specifically in information and communications technology
- Advocate for an ambitious outcome to the Doha Round, seeking fairer rules for farm trade and a more liberal environment for goods and services trade

new Canada-EU Trade and Investment Enhancement Agreement (TIEA) aim to go beyond traditional market access issues by promoting mutual recognition of national standards, professional qualifications and assessment procedures. By achieving regulatory compatibility, the TIEA will allow Canada to better exploit the European Union's advanced science and technology base, in turn enabling further Canadian innovation. It will also raise our visibility in the eyes of European investors, who are second only to Americans in their contributions to our economy and our technological base. A similar strategy can be adopted for Japan. Here our goal is a new Canada-Japan economic framework that highlights mutual opportunities for trade and investment, particularly in technology-intensive industries. By deepening our mature economic relationships through these new arrangements, Canada can build on its successful trade negotiations while increasing bilateral investment.

All of Canada's bilateral trading relationships ultimately rest on the multilateral framework embodied in the World Trade Organization. As Canada's trade agreement with the rest of the world, it offers us several substantial benefits. A global, rules-based system provides traders and investors with predictability and

confidence, and creates a playing field in which relative economic power has diminished importance. Through its web of commitments and rules, enforced by its dispute settlement mechanism, the WTO allows us to leverage global rules to address bilateral disagreements. Finally, the WTO represents one of the key planks in the world's multilateral architecture and a model for how other institutions might evolve. It is broad in membership, liberal in its guiding philosophy and cooperative rather than coercive in its approach to solving problems. While an open world economy is not the only answer to the current challenges of economic stagnation, poverty and underdevelopment, progress is inconceivable without it.

This is why Canada fully supports the WTO as it adapts to the changing global economic context. Achieving a successful outcome to the Doha Round remains an essential first step. A positive outcome in this round would affirm that multilateralism works. Failure would deliver a major blow to the WTO and the global trading system as a whole.

The substance of Doha is also important for Canada. Greater openness in international commerce, through measures that include the end to agricultural export subsidies, is consistent with our interests as well as our values. That said, the Government will vigorously

defend the interests of our stakeholders. Through Doha, developed states stand to gain a more liberal trading regime while developing countries will get a fairer deal. Here, as in the security realm, national interests can be brought to converge with common interests. Reaffirming the key tenets of the Monterrey Consensus, Canada can also help developing countries make the adjustments necessary to benefit from the opportunities offered by free trade. Continued support, both through development assistance and technical capacity building, are necessary if all states are to participate as equal members in the global economy.

Promoting Sustainable Development

While global economic growth has produced many benefits, it has also had a devastating impact on many natural systems. For too long, the debate has been characterized as environmental sustainability versus economic prosperity. Today, there is a growing understanding that the most prosperous economies are also those that take the best care of their natural environment. Achieving prosperity without environmental sustainability only beggars the future for the spoils of the present. The world as a whole needs to adopt models of resource and energy-intensive development that do not jeopardize the planet's capacity to support life. Yet problems of the global commons are particularly intractable and little consensus exists on how to advance key issues. Effective collective action

has proven difficult. Canada will play a lead role in breaking the impasse through both national and international initiatives.

Since the collapse of northern cod stocks in the 1990s, the devastation produced by overfishing has become especially apparent to Canadians. Indeed, the Food and Agriculture Organization now estimates that 75% of the world's fish stocks are either under strain or recovering from depletion. Canada has taken a lead role in addressing this problem, particularly in the negotiations that led to the 1995 United Nations Agreement on Straddling and Highly Migratory Fish Stocks, which came into force in 2001. But regional stocks remain threatened and Canada will continue to work with a network of like-minded countries to improve the sustainable management of fisheries resources around the world.

More broadly, new international environmental policies at home will provide a management framework that integrates domestic and international goals. Strengthening domestic environmental organizations will also enhance Canadian expertise in developing green technologies. We have a niche role to play in designing innovative solutions to the technical problems plaguing sustainable development, particularly in the area of clean and renewable energy.

Internationally, Canada can set an example. As a first step, we will increase our efforts to mitigate the causes

PRIORITY FOR THE GOVERNMENT OF CANADA

Pursue sustainable development through both domestic and international strategies

KEY INITIATIVES

- Design an action plan to implement our Kyoto commitments in a timely fashion
- Contribute to the reform of the United Nations Environmental Programme
- Support implementation of the 2002 Cartagena Agreement on improvements in international environmental governance
- Build on Canada's Oceans Action Plan and work internationally to close gaps in the management of oceans resources
- Launch a reform process for international fisheries governance at the May 2005 Conference on High Seas Fisheries and the UN Fish Agreement

MAKING A DIFFERENCE GLOBALLY

of global climate change within the context of the Kyoto Protocol, which has now come into force. In addition, we will push forward with the next phase of commitments, based on what we have learned to date, including by hosting in Montreal in late 2005 the first meeting of parties to Kyoto since it entered into force. These commitments will be built upon incentives that induce real behavioural change by individuals and companies, and upon developments in green technology. Together, these efforts will ensure that economic and environmental objectives become mutually reinforcing. But stronger global solutions, with clear mandates and sufficient resources, will remain necessary for managing international efforts.

TAKING RESPONSIBILITY

In a world of independent states, governments carry an obligation to look after their own people. However, this presents a fundamental dilemma. Unless we act collectively on the basis of our common humanity, the rich will become richer, the poor will become poorer and hundreds of millions of people will be at risk. We have to think beyond our own national borders and take responsibility for one another.

Canada will advocate reforms that put our common humanity at the centre of our agenda. We see five areas of shared responsibility where bold steps are required. The first three—to protect civilians from conflict, to deny terrorists and irresponsible states from acquiring weapons of mass destruction, and to promote sustainable development—were dealt with in the preceding sections.

This section describes how Canada will fulfill its responsibilities to respect fundamental human rights and to build genuine development.

Respecting Human Rights

Canada is committed to extending human rights and human security throughout the world, a commitment that also forms the foundation for our approach to good governance. Canada will collaborate with those in failed and fragile states to enshrine the principles of accountability, transparency and representation in effective democratic institutions. Although specific governance structures will vary by political and

cultural context, Canada's ultimate goal is to foster commitment on human rights, democracy and the rule of law that places individual citizens at the heart of society and creates a state committed to protecting their welfare.

Canada's new challenge is to specify what these values actually mean and require, in countries with different circumstances from our own. Canadians are in an enviable position: we can manage and adjust to the challenges of globalization by drawing on the reservoir of a stable and capable state. Millions of the world's inhabitants live without such a buffer. Recent examples, such as Haiti, illustrate that human rights and human security remain unachievable ideals without stable state structures to provide for them.

As we assist in this process, the importance of national autonomy cannot be overstated. Canadians hold their values dear, but are not keen to see them imposed on others. This is not the Canadian way. Each state will take the lead in charting its own particular path toward development, with the Government of Canada and individual Canadians as advisors and assistants. Our efforts must also remain sensitive to the current lack of capacity in developing societies. Our initiatives cannot in turn become burdens themselves. Canadians will assist in a spirit of partnership; we will position ourselves not as providers of ready-made solutions, but as a rich resource of knowledge and experience to be drawn upon. The Government of Canada believes that an integrated "3D" approach, combining diplomacy, defence and development, is the best strategy for supporting states that suffer from a broad range of interconnected problems. In short, our official aid programs and our broader international policies must operate in tandem. This requires government departments to work more closely together—from planning through to execution—so that contributions as disparate as police force training, civil engineering and private sector development combine into one, comprehensive approach to capacity building. Increased collaboration with existing networks of Canadians will also be essential to ensuring coherence on the ground.

Building Genuine Development

Throughout its history, Canada has been committed to both generating and sharing wealth. We identify public

MAKING A DIFFERENCE GLOBALLY

health care and comprehensive social welfare programs as integral features of our society. And as individual Canadians have experienced structural changes in our economy, the Canadian model has come into its own, sharing the risk involved and supporting those who experience short-term dislocation. Yet these safety nets are notably absent at the international level.

For many countries, market-led growth has proven elusive or insufficient, making it difficult to build and maintain adequate welfare systems. Too often the poor bear a disproportionate burden for the lack of economic progress. Better conditions for domestic and international commerce will be decisive if developing countries are to generate sufficient resources to lift themselves from poverty. The reduction of poverty is one of the most difficult challenges the global community confronts over the next decade. But it is a challenge all nations must commit to meet. In addition to our efforts at the WTO, there is much Canada can do unilaterally. Improving access to Canadian markets for goods and services from developing countries will help foster entrepreneurship. In turn, offering advice and assistance to potential exporters will enable them to take advantage of new commercial opportunities. Similarly, extending research and development partnerships to poor countries will facilitate the transfer of technical skills and technology, building their capacity to compete in the global marketplace.

Helping to create the economic foundations for private sector growth is an essential step. For some countries, however, the challenge is even greater, as they lack the basic resources necessary to participate in international commerce. In this context, debt relief can form a crucial part of the solution. Relieving the debts of the world's poorest countries will allow them much needed respite from the crushing financial burdens that currently hamper their development. While Canada has recently granted unilateral debt relief to Ethiopia, Ghana and Senegal, bringing the total forgiven under the Canadian Debt Initiative to over \$1 billion, the global effort needed is still falling short. In this context, the Government of Canada has advocated within the G8 for a more ambitious debt servicing relief scheme, beginning with a core group of countries but with the possibility of expansion to others. It will also press for greater participation in debt relief by international financial institutions (such as the World Bank and International Monetary Fund), without jeopardizing the viability of these institutions or world markets.

Canada is a testament to the belief that institutions can bring disparate interests together in a common cause. Governing such a large and diverse territory has been an ongoing challenge for our political leaders, but they have responded with solutions that reaffirm the values of individual freedom and collective responsibility. Canada's Parliament and provincial legislatures,

PRIORITY FOR THE GOVERNMENT OF CANADA

Refocus Canadian development assistance to target states with the greatest need and greatest potential for successful intervention

KEY INITIATIVES

- Double international assistance by 2010 from its 2001 level
- Restructure the International Assistance Envelope to ensure greater coherence between aid and non-aid policies
- Establish long-term programming with a limited number of "Development Partners" chosen on the basis of greatest need, demonstrated ability to use aid effectively, and current level of Canadian involvement
- Concentrate at least two-thirds of Canada's bilateral aid budget on Development Partner countries by 2010
- Double aid to Africa by 2008-09 from its 2003-04 level
- Maintain increases beyond 2010, and accelerate the projected rate of growth in international assistance as Canada's fiscal position continues to improve

MAKING A DIFFERENCE GLOBALLY

PRIORITIES FOR THE GOVERNMENT OF CANADA

Focus our contribution to the Millennium Development Goals on governance, private sector development, health, basic education and environmental sustainability

Ensure our development assistance efforts systematically incorporate gender equality throughout

KEY INITIATIVES

- Provide additional funding to combat HIV/AIDS, tuberculosis and malaria through the World Health Organization's "3 by 5" initiative and the Global Fund to fight HIV/AIDS, TB and malaria
- Encourage implementation of Canada's new generic drug legislation in other countries
- Focus education assistance on improving community access to schools, increasing the quality of teaching and supporting life skills training
- Launch the Canada Investment Fund for Africa to provide risk capital to support growth-generating private sector development
- Renew Canada's Climate Change Development Fund as an important mechanism to help combat the challenges of global warming in developing countries

combined with more recent innovations such as the Charter of Rights and Freedoms and the Social Union Framework, have given coherence to our transcontinental partnership of regions and languages.

For those in countries where violence threatens to overtake political accommodation as the answer to competing interests, Canada's long history of accommodation of linguistic, ethnic and cultural differences—dating from the Quebec Act of 1774—offers a glimmer of hope. Our system of governance represents a laboratory full of intriguing experiments that can assist others engaged in the complex task of institution building. This understanding of the "DNA" of governance is an important resource Canada can use to make a difference.

The establishment of good governance in other societies around the globe will make Canadians safer and more prosperous. In a globalized world, where threats are transnational and greater wealth depends upon deeper forms of exchange, the creation of stable and capable states will form a major part of Canada's global agenda.

The plight of failed and fragile states is where Canada's interests and obligations are most closely aligned.

National interest dictates that we look beyond our borders to treat the root causes of instability. At the same time, Canadians have demonstrated that they will not turn a blind eye to the poorest and most destitute of the world. The tremendous response to the recent Indian Ocean tsunami and Canada's enthusiastic contribution to facilitating the democratic transformation in Ukraine reflect our growing sense of global solidarity and awareness of shared vulnerability. As the world moves toward a more mature phase of globalization, there is greater concern with the uneven impact of this powerful process.

Weak states in the global community confront unique and particularly daunting governance challenges. Many are locked in vicious circles where insecurity undermines prosperity, and underdevelopment generates instability. Any solution to their dilemma must operate within this security-development nexus, seeking to embed efforts to provide a safe and secure environment in a broader framework of human development. Tragically, very few of these societies have sufficient resources—financial or human—to begin addressing these problems. With vital technical capacity already lacking, the spread of HIV/AIDS compounds the crisis, and civil wars drag whole regions backwards.

MAKING A DIFFERENCE GLOBALLY

Canada can make a difference in three main ways. First, our commitment to support short-term humanitarian relief will continue. Realizing that crises disproportionately afflict the poor and vulnerable, we will respond rapidly to natural disasters and humanitarian emergencies, deploying our Disaster Assistance Response Team (DART). We will also provide coherent financial and technical support through international agencies and Canada's network of expert non-governmental organizations. Without this assistance, weeks of turmoil can undermine years of progress.

Second, in failed states wracked by civil war, Canada can help lay the initial groundwork by establishing stability and then providing development assistance to further processes of state building.

Third, in stable but poor countries, Canada's traditional development assistance framework will be most applicable. We will focus on a set of basic building blocks—functioning markets, effective governance structures, and robust health and education systems—that can create a “virtuous cycle” of economic growth and social progress. Here the Government will work in partnership with others to reinforce good governance, improve social conditions and resources, and bolster the impetus for economic growth.

Canada's current bilateral development programs are more widely dispersed around the world than those of any other donor country. Of the 155 countries that currently receive development assistance from Canada, only 18 receive assistance valued at more

than \$10 million annually, and 54 receive less than \$1 million annually. This wide dispersion of our aid program makes it more difficult to develop the knowledge and contacts in any one place to ensure that our dollars are used effectively. In addition, the proliferation of small-scale programming on the part of donors like the Canadian government puts a greater coordination and cost burden on recipient countries. Finally, the fragmentation of aid programs increases the management and overhead costs of the Government itself.

To achieve measurable impact, we must make choices. By refocusing our development strategy and moving away from an extremely broad but often thinly spread presence, Canada will strive to make a greater difference in fewer places. In so doing, we will further the interests of our development partners, the international community at large and Canada itself. Priority will be given to Africa, the region where the needs are most pressing.

The Government will reorient overall bilateral programming at the country level by placing enhanced focus on long-term bilateral programs with a core group of 25 “Development Partners.” These countries are selected from among the poorest, where effective programming to reduce poverty is possible and where Canada can add real value. This does not mean that we will abandon our established relationships with other countries. Instead, we will assist countries through a transition period during which our relationship will graduate from a focus on development assistance to a

PRIORITY FOR THE GOVERNMENT OF CANADA

Establish Canada Corps as a key mechanism for providing governance assistance to developing countries

KEY INITIATIVES

- Use Canada Corps to develop collaborative partnerships across government, and with non-governmental organizations, the private sector and Canadian citizens
- Create coherent governance assistance programs with a focus on sharing Canadian expertise in the rule of law and human rights
- Create a single portal for Canadians to access international volunteer opportunities

MAKING A DIFFERENCE GLOBALLY

recognition of broader mutual interests. Where we are not directly engaged, Canada will continue to offer support through multilateral institutions, working through the World Bank, regional development banks and specialized UN agencies. But our priority will be results over process. We will focus greater support on those institutions that are most effective in promoting global governance and contributing to poverty reduction.

The need to act selectively to achieve greater impact applies equally to the sectors in which Canada seeks to make a difference. The United Nations has established eight Millennium Development Goals, with specific targets to be achieved by 2015. The MDGs are the world's agreed-upon benchmarks for faster, measurable progress in reducing poverty. A very wide range of interventions and programs could contribute to these broad goals. But Canada's assets and modest share of global development assistance call for greater focus. We will tailor our distinctive contribution by targeting five areas: governance, private sector development, health, basic education and environmental sustainability. These five will help us advance all eight MDGs, which are the keys to reducing poverty in developing countries.

The rationale for sector concentration is threefold. First, consistent with the core objective of reducing poverty, these five areas are critical to the achievement of a number of other MDGs. Second, these sectors have been identified by our long-term development partners (governments and civil society groups) as their highest priorities. Thus, elevating them in our development strategy honours the principle of local ownership—a key ingredient in aid effectiveness. And third, these are the sectors in which Canada can add greatest value in the form of appreciable Canadian expertise.

Canada is especially well poised to offer governance assistance. Our experience with human rights yields valuable insights for those seeking to build pluralistic societies, and Canadian experts have played a productive role in the establishment of human rights commissions and legal frameworks abroad. The formation of Canada Corps extends this model further by creating new partnerships between government, civil society and the private sector.

Canada possesses large reserves of skills and knowledge necessary for effective governance. Canada Corps will

combine this experience from the private, public and not-for-profit sectors with the energy, enthusiasm and new ideas of younger generations to promote good governance at two levels. The first is at the level of statehood: governments, courts and elections. But beneath these formal institutions and processes lie the less formal but critical elements of any successful society: a human rights culture, a thriving civil society and sound public sector management. Working at both these levels, Canada Corps initiatives will mobilize Canadians of all ages and backgrounds, providing new opportunities for individuals to contribute to capacity building in the developing world. By combining the dynamism of youth and the experience of professionals, it will prepare the next generation while passing on the wisdom of the present.

We are also at the forefront of new approaches to private sector development. The Report of the UN Commission on the Private Sector and Development, *Unleashing Entrepreneurship*, sets out a new case for private sector-led growth, arguing that markets only work for the poor when the right conditions are established. It is here that governance and private sector development intersect. Effective public institutions, private organizations and property law all form part of an enabling environment that encourages the poor to lift themselves from destitution through entrepreneurship.

Even where these are present, however, many will often require direct assistance if they are to emerge from a sustained condition of poverty. Innovative microfinance schemes and progressive capital funds can provide these resources, extending credit and loans to those previously unable to hold a bank account. By focusing on these strategies, Canada can help foster local growth, giving the poor the tools they need to generate income and make their own development choices.

Improvements in basic health and education work together with better governance and economic opportunity as key foundations of development and good development cooperation. They are essential in enabling poor people to participate in the political and economic life of their communities and countries, and are crucial in themselves to meeting the Millennium Development Goals.

The health and education sectors rank high in all the priority requests to Canada for assistance from

MAKING A DIFFERENCE GLOBALLY

developing countries. In health, two major strengths explain this demand. Canada's longstanding experience in strengthening accessible health care systems at home and abroad has been reinforced by its clear global leadership in recent years in fighting communicable diseases; strengthening sexual and reproductive health (especially for women); and improving infant and child health and food security.

In education, developing countries come to Canada for its well-established expertise in learner-centred approaches, teacher training, curriculum development, and the creation of child-friendly, girl-friendly schools. Another special strength for the conditions of many developing countries is built on our geography—Canada's leadership in distance education and new technology to develop educators and expand access to education information and resources.

Environmental sustainability must be integrated at planning and programming levels to ensure that programs and projects are implemented in a sustainable manner that meets agreed standards. Healthy ecosystems at the local level are essential to long-term, meaningful

development and sustainable livelihoods for many of the world's poor. At the same time, many environmental challenges are global in their causes and impacts and require a coordinated response through multilateral channels. We will work on a global level to ensure that developing countries are able to participate fully in global environmental initiatives, such as combatting climate change, that meet our common goals.

Gender equality will be a crosscutting theme. Empowering women to participate fully in the political and economic activities of their communities is an MDG in its own right and is essential to achieving poverty reduction. Canada has been a leader among donors in promoting gender equality, both as a global issue and as a practical matter in implementing programs and projects. Across all five sectors, gender equality will be systematically integrated into programming. The focus will be on equal participation of women as decision makers, on their full human rights, and on their equal access to and control over community and household assets.

CHANGING HOW WE WORK

A world that is governed well, both globally and nationally, is not a soft ideal. It is a vital Canadian interest in the 21st century. Effective multilateral institutions allow our Government to have a hand in creating the global rules that directly affect Canadians. Without such forums, and without a strong Canadian presence in them, we risk subjecting ourselves to the wishes of those who may not act in accordance with our priorities. Effective multilateralism is therefore an essential tool in preserving the Canadian approach.

Diplomacy is a central tool for achieving the priorities set out in this International Policy Statement. But as the world changes, so too must our understanding and practice of diplomacy. The Government of Canada must rethink not only what we do, but with whom we do it. States remain the central actors on the global stage, but they are increasingly embedded in transnational linkages that diffuse power above to supranational frameworks and below to civil society. Individuals are playing a greater role in international affairs than ever before, with both positive and negative results.

THE NEW MULTILATERALISM

This year, 2005, marks the 60th anniversary of the end of the Second World War and the birth of the multilateral institutions that defined the post-war international order. Our 21st century world looks

markedly different. While 51 states signed the United Nations Charter in 1945, the current international system is composed of over 190 members. The purposes of key post-war institutions, such as the UN, NATO and the World Bank, have shifted dramatically as a result of globalization, the end of the Cold War, and the emergence of new and more deadly security threats. As they grapple with more complex problems, these foundational institutions face challenging questions about their continued relevance and legitimacy. Moreover, these institutions now exist alongside myriad informal rules and relationships that contribute to global governance. Canada must recognize and adapt to these realities, and contribute to building a new framework of governance that can both serve our interests and solve contemporary global problems. Just as we were present at the creation of the architecture that has governed our world since 1945, today we will continue to lend our ideas and expertise to institutional reform and innovation.

In pursuing this agenda, Canada will adopt two operating principles. First, we acknowledge that any successful framework of global governance incorporates power as well as rules. The founding members of the United Nations understood this instinctively, having experienced first hand the failures of the inter-war collective security system. Their key innovation—a Security Council that reflected the reigning balance of power—sought to harness the capacity of the powerful

PRIORITY FOR THE GOVERNMENT OF CANADA

Contribute ideas, expertise and resources to reform efforts aimed at improving the effectiveness and legitimacy of existing international institutions

KEY INITIATIVES

- Actively support the reform agenda of the 2004 UN High Level Panel Report, particularly its recommendations relating to the Responsibility to Protect, the creation of a civilian Peacebuilding Commission, and reform of the UN Human Rights Commission
- Encourage the creation of an effective division of labour between the UN and key regional organizations
- Contribute to the ambitious transformation of NATO, as set out in the Prague Capabilities Commitment
- Lead the diplomatic efforts to create and define the agenda for an “L20,” comprising leaders from the developing and developed world

PRIORITIES FOR THE GOVERNMENT OF CANADA

Revitalize Canada's core international relationships, while strengthening our ties with key "pathfinder" states and organizations

Strengthen Canada's influence in the western hemisphere

KEY INITIATIVES

- Develop new bilateral strategies for key regional players, such as South Africa, Jordan, Mexico and South Korea, to make Canada's presence more coherent and better known in their respective regions
- Strengthen Canada's presence in the OAS and support greater hemispheric cooperation through the Summit of the Americas process
- Promote cooperation within the transatlantic community in areas of common concern, such as the Israeli-Palestinian peace process
- Devote special attention to the G8, where we hold our most influential membership and can influence the industrialized world's economic and development policy
- Use our developing economic relationship with India, Brazil and China to build stronger political ties
- Engage Canadian diasporas in the creation and renewal of bilateral and regional relationships

and transform it into a responsibility for maintaining global peace and security. We must therefore continue to seek ways to engage current and emerging superpowers in mechanisms for global governance.

Second, Canada's championing of multilateralism will put outcomes ahead of process. As a first step, this requires us to reiterate the case for multilateral institutions in contemporary global society. A key plank in that case derives from Canadian values: a rules-based and more predictable international system produces better results than one that is dominated by independent and uncoordinated action. But there is also a more pragmatic set of arguments that Canada can advance. First, multilateral cooperation, as we have seen so clearly in Afghanistan, remains an effective means for sharing burdens and risks. Great and small powers benefit from the collective assuming of responsibility. Second, operating through an international framework makes it more likely that international policy will be motivated by a broader set of interests and concerns—rather than a particular ideological agenda—and is therefore likely to enjoy greater legitimacy. Finally, and most importantly, multilateral cooperation remains the only way to tackle some of the world's most pressing problems, such as environmental degradation or global

financial instability. Collective action is the only viable path to a lasting solution.

In reiterating the case for multilateral institutions, Canada cannot be complacent. Innovation, not replication, must guide our contribution. In order to fulfill the goals of burden sharing, legitimacy, and collective problem solving, the current architecture of global governance must be reformed and augmented to take account of new realities and to better represent the views of new voices. Of particular interest to Canada is the G20, a body whose members account for two-thirds of the world's population, and almost 60 percent of the world's poor. The G20 body of finance ministers, which Canada proposed in the wake of the Mexican, Brazilian and Asian financial crises, has in a short time become a pivotal factor in enabling the world's emerging economies to modernize the structures within which they operate. As such, it offers a glimpse of how our future system of global governance might operate. Canada believes the leaders of a globally representative group of 20 countries should now come together as an "L20" to tackle the next generation of problems plaguing the developing and developed worlds, in such areas as the environment, education, and public health.

CHANGING HOW WE WORK

THE NEW DIPLOMACY

Flexibility has thus become the watchword of this new century. The Government of Canada must mirror global developments, learning to interact with new players at a variety of levels. The transformation of Foreign Affairs into a 21st century diplomatic corps is a major component of this process. So too are our fellow citizens, who showcase every day their global instincts and aspirations. As members of a society that reflects the world's diversity, Canadians are out there, doing fantastic things in the world. Leveraging this precious resource will spread Canada's influence through the vehicle of public diplomacy.

The international strategy presented here relies on the capacity for choice. We cannot be everywhere and do everything while also making a difference on the issues that mean most to Canadians. This is not just a matter of diverting resources from a wide base to selected targets. Canada must also be more flexible and open-minded in its global relationships. Forging ties with states and organizations that are charting new paths within particular regions or on issues of concern to Canada will enhance our own diplomatic capacity.

In addition to maintaining close ties with our North American and G8 partners, Canada will increasingly deal with societies at various stages of development and with diverse cultural backgrounds. The western hemisphere is a priority for this strategy of engagement. Here, many of the issues that matter to Canadians, such as democratization and sustainable development, are happening before our very eyes. Canada will play a leadership role in regional processes such as the Summit

of the Americas and its key partner institution, the Organization of American States (OAS), to promote security, prosperity and democracy in the hemisphere. We will also strengthen our cooperation with Mexico in these hemispheric bodies on issues of governance and economic growth. We will also use the place of privilege that we enjoy in the Commonwealth and la Francophonie to enlist the support of our partners in these organizations in the pursuit of objectives we share.

In the 10 years since our last international policy review, the issues that dominate the global agenda have been transformed. Most importantly, they have proven too complex to be treated by the traditional “silos” of government. Enduring and emerging problems, such as terrorism, weapons of mass destruction, state failure and environmental degradation, now require a coherent policy that integrates security, development and trade expertise. The challenge, in short, is to work across government. Departments must become better connected with each other, and the system as a whole more efficient at leveraging current assets—wherever they reside.

Untapped resources also exist at the provincial and municipal levels. Canadian premiers have already established close relationships with U.S. governors in neighbouring states to identify and act upon joint challenges and opportunities. Continued cooperation between the federal and provincial governments on Canada-U.S. relations is critical if we are to manage our North American partnership effectively, especially where international obligations touch on areas of shared jurisdiction. Canada's largest cities are also globally recognized centres of excellence, with a wealth of expertise on urban development and local governance

PRIORITY FOR THE GOVERNMENT OF CANADA

Create a new framework for international policy making that engages multiple departments and levels of government

KEY INITIATIVES

- Facilitate wider Canadian involvement—both inside and outside government—in the Canada-U.S. relationship
- Cooperate with the Federation of Municipalities to promote sustainable cities and strengthen local governance and capacity building in the developing world. Establish a “Democracy Council,” comprising government departments and organizations such as the Parliamentary Centre, the IDRC, the Centre for International Governance Innovation, Elections Canada, the Forum of Federations, and Rights and Democracy, to guide good governance policy making

PRIORITY FOR THE GOVERNMENT OF CANADA

Support the good international work of existing networks of Canadians

KEY INITIATIVES

- Seek regular input from Canadian NGOs, labour unions, business groups, academics and professional bodies
- Expand the international public diplomacy program to promote Canadian culture, innovation, education and business opportunities
- Reform our consular services to provide high-quality support to Canadians
- Encourage academic networking among Canadian institutions through the International Academic Mobility Initiative
- Support the efforts of Canadian diasporas to forge transnational political, economic and cultural links
- Collaborate with the provinces on a “Smart Networks” initiative to build direct cooperation between Canadian institutions and their counterparts abroad

that is particularly in demand as population migration from rural to urban areas continues unabated in the developing world. The 2006 World Urban Forum in Vancouver will allow Canadian cities to share their ideas and expertise, and learn from other municipalities from across the globe.

Canadians are already busy global citizens. Our NGOs, labour unions, business groups, universities and professional bodies have widespread international connections. Their expertise is well respected in many fields, particularly those related to human rights, governance and development. Younger Canadians travel, work and study abroad more than ever before, and think in terms of networks rather than geographical units. Our multiculturalism also means that many Canadians are part of broader diasporas that link nations directly and transmit impressions of our country to the world. In times of crisis, like the recent tsunamis, their efforts are a substantial component of Canada’s overall response. These professional and personal networks make a powerful contribution to Canada’s international success.

Empowering individual Canadians, wherever they reside, demands a subtle shift in focus. For Foreign Affairs this translates into greater emphasis on consular services to support Canadians abroad, ensuring that those working and studying abroad do so in the safest possible conditions, by tightening security at our missions. For the Government as a whole, fostering academic and professional partnerships between Canadians and foreign counterparts takes on added significance. Showcasing Canadian artistry and innovation to the world will cultivate long-term relationships, dialogue and understanding abroad. These activities have taken on new significance as modern diplomacy increasingly trades on established credibility. By supporting the efforts of individual Canadians we confirm the reality of the 21st century: Canada is a network of people and values whose hub is north of the 49th parallel, but whose worldwide reach is growing every day.

CONCLUSION

This International Policy Statement establishes the principles and priorities that will guide the next generation of Canadian global engagement. It starts from two basic premises. First, that there can be no greater role, no more important obligation for a government, than the protection and safety of its citizens. Second, that unless states act collectively, acknowledging their shared vulnerability, the rich will become richer and the poor will become poorer—and everyone will be less secure.

The strategy that emerges from this International Policy Statement reflects who we are: a highly successful liberal democracy, with both a regional destiny and global responsibilities. It adapts to the key changes in the global context since 1995: new and more deadly security threats; a changed distribution of global power; challenges to existing international institutions;

and the transformation of the global economy. It also singles out particular geographic areas for increased activity: the Arctic, Africa and the Americas.

Most importantly, this document responds to the historic opportunity Canadians have today to re-conceptualize and re-energize their global role. That opportunity can only be seized through a clear-eyed understanding of our core national interests, and strategic reinvestments in our military, diplomacy, commercial policy and development programs. We believe that through more focused and integrated policies, Canada can honour its historical achievements in international affairs, and make a difference to greater security and prosperity in the 21st century. The success of this strategy will depend on our continued resolve, and our capacity to forge new partnerships with other states and non-state actors.