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**The Foreign and International Trade Ministry of the Future**

Introduction

Foreign Affairs and International Trade is celebrating its hundredth anniversary at a time when the role of the foreign and trade ministry is being scrutinized as never before. Traditionally, core issues of concern for a foreign ministry included those related to peace and security and relations between states. In the past decades other core issues have been added such as the development of international law, and the whole domain of human rights. Some foreign ministries have been joined with trade ministries to add trade policy and commercial relations to the mix.

In 1982, the integration of the Department of External Affairs with the Trade Commissioner Service gave DFAIT the mandate and the tools to fulfill Canada's commitment to a complete and robust internationalism. Canada became one of a handful of countries to experiment – successfully in our case – with an integrated foreign and international trade ministry.

But the evolution has not stopped there. Since the 1970's new issues have been constantly emerging in international policy, the so-called "global issues" such as environment and climate change, energy, global migration and refugee flows, the enhanced risk of pandemics. Most recently we have seen the global interconnectedness of the financial system and its impact on the world economy. These kinds of issues require the cooperation of the whole international community working together to

resolve. They also require expertise not found in the traditional foreign and trade ministry.

Because issues are more interconnected than they have ever been, the dividing line between national and international interests has become blurred. This has happened over time. As Allan Gotlieb pointed out 30 years ago in his 1979 lecture *Canadian Diplomacy in the 1980s*,<sup>1</sup> “the traditional distinction between foreign policy and domestic policy implies a hard and fast line which no longer exists... there are few areas of domestic affairs which do not have an international dimension.”

Nor are national governments and their ministries the only ones with a foreign policy interest. Many more players are now involved, with regional governments, business, civil society and non-governmental organizations all adding their voices to the mix. Responding to these challenges, foreign and trade ministries have been continually obliged to rethink their mandate, at a time when there are expanding international aspects in almost every area of public policy, accompanied by a growing need for global solutions.

Many countries are grappling with these issues. Sweden recently announced that it was launching a review of its operations, examining how to make them more flexible, including a review of criteria for where Sweden should have a physical presence, how to modernize in response to globalization, and the potential for cooperation with neighbouring countries.

The British Foreign and Commonwealth Office initiated its own review last year, while foreign ministries in France and the Netherlands are going through a similar process. In Australia the Lowy Institute for Public Policy recently issued a report entitled “*Australia’s Diplomatic Deficit: Reinvesting in our Instruments of International Policy.*”

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<sup>1</sup> Allan Gotlieb, “Canadian Diplomacy in the 1980s,” Centre for International Studies (February 1979), pp.1-3

For those of us who work at Foreign Affairs and International Trade, this is not something new. Over the past year and a half we have pursued a vigorous Transformation Agenda. This Agenda is geared to determining what we as a department need to do in order to become a foreign and trade ministry of the future. In more pragmatic terms, it sets out practical steps and corporate changes to achieve our goal. In these remarks, I'd like to reflect on what this means for Canada. What should Canada's foreign and trade ministry of the future look like?

### Responsibilities of a foreign and trade ministry

Let us start with the fundamental responsibilities of a foreign ministry. I see four main areas.

First, a foreign and trade ministry must serve the government and carry out the priorities of that government across the range of the ministry's competencies. This may sound elemental, but it is important to remind ourselves that in democratic countries like Canada, where the political nature of the government can change, the ministry must constantly review and adjust its policy, as well as its operational and corporate priorities to ensure alignment with the wishes of the government of the day.

At the same time, the ministry must be able to provide well considered and articulated advice to the government in the best traditions of the Westminster system and in keeping with the non-partisan nature of the public service. This includes the political, diplomatic, economic and trade dimensions of Canada's international interests. This means helping the government steer a strong course through difficult times, while advancing Canada's interests and values at the international level. In this advisory role, the Department of Foreign Affairs and International Trade is no different than all other ministries serving the Government of Canada.

But we are different in other respects, and particularly so with respect to what I see as a foreign and trade ministry's second major responsibility – maintaining a strong international network of embassies, high commissions and consulates. This is our unique value-added in government. Not only does a foreign and trade ministry and its officials promote, protect and advocate Canadian interests abroad, we also provide a substantial “platform” for many other departments and agencies in this more complex world of the domestic-international interface I described above.

A third responsibility for the modern foreign and trade ministry in Canada is providing effective, high quality service to Canadians, delivered broadly both outside and inside Canada. In this respect much of what we do in today's world goes well beyond what was traditionally expected of foreign ministries. DFAIT is no exception: over the past decade it has been providing significantly increased levels of consular and passport services as more Canadians travel, work and live abroad. In addition, as an international trade ministry since 1982, it supports and promotes Canadian businesses with overseas commercial interests (encompassing trade, two-way investment, innovation and value chains). Indeed, the Trade Commissioner Service is more than 100 years old, and has never been more important and more in demand.

Fourth and finally, I believe that it is the responsibility of a foreign and trade ministry to look ahead to the world of tomorrow, provide over-the-horizon policy analysis, and prepare itself for the future – to anticipate new directions, new influences, changes in global relationships, rising and shifting centres of power, and possible threats or challenges to Canada's security and prosperity. Some of that translates into scenario planning and papers to help governments of the day deal with medium to longer term challenges.

It also includes ensuring the ministry itself is designed, governed, and has the operational flexibility to adjust where we are in the world and how we respond to challenges and opportunities. It also means having the right mix of people with the skills, training, and expertise to face the daunting challenges of a more complex, intermestic, and rapidly changing environment.

So these are what I see as the four major responsibilities of the modern foreign and trade ministry. Others might see it differently, but as I reflect on my own experience these past three years as Deputy Foreign Minister, and three previous years as Deputy Minister of International Trade, these are the key categories into which I think we need to put our effort if we are to be prepared for serving Canadians and Canadian governments now and in the future. And I believe that our Transformation Agenda in DFAIT, which I mentioned earlier, is providing new impetus and direction in each of them. Let me illustrate what I mean.

#### Supporting government priorities

The importance of being aligned with government priorities is right at the top of our Transformation Agenda.

The department has ensured that its plans and work are fully aligned with the priorities set by the government. Each year, as part of the department's planning, we review departmental priorities in light of the government's announcements and direction regarding its international agenda. This includes direction given in the Speech from the Throne, in the directions provided to Ministers by the Prime Minister, and in Cabinet policy decisions.

In the department's latest *Report on Plans and Priorities*, tabled in Parliament at the end of March, you will see DFAIT's priorities set out for the this fiscal year and the

immediate period beyond. Not surprisingly, the first priority of the department is to do whatever it can to support the government and Canadians in this time of global economic uncertainty. This means using our policy skills and experience in the international arena, along with our extensive network of commercial services at home and abroad, to help Canadians weather the storm. Our trade policy officials are very active in negotiating agreements with many economic partners to remove barriers to Canadian goods and services, and investment. Our Global Commerce Strategy, with new resources over the past few years, has been instrumental in meeting this priority, especially in emerging major economies.

Within the G-20, which we will host next year, Canada is helping to strengthen the international financial architecture and foster sustainable economic growth. Membership in the G-8, which we will also host next year, allows us to pursue other foreign and economic policy agenda issues and interests, and to influence developments on a range of global issues.

The other key priorities also set out in the RPP, as we call it, cover our critical relationship with the United States, the pursuit of Canadian interests in the Americas, and our substantial efforts to make Afghanistan a more secure and better place for its people, and help defeat international terrorism.

The final area of Transformation is devoted to strengthening the international platform which DFAIT manages on behalf of the Government of Canada.

### A Strong Presence Abroad

Our Transformation Agenda is also tackling the challenge of building a stronger international platform for the government of Canada.

Canada's missions are in the front line of our international engagement. Over the past year, we have made organizational, administrative and governance improvements in the department to ensure that the platform that supports Canada's representation abroad is managed to the best of our ability, on behalf of the government as a whole.

I say "government as a whole" because nearly one-third of all Canadian and locally hired staff in our missions work for other government departments. Thus, when we speak of Canada's representation abroad, it isn't just DFAIT that we're talking about. It is, more correctly, the Government of Canada and the 21 departments and agencies as well as provincial and territorial governments that have representatives in the mission network.

A fundamental element of our Transformation Agenda – and where we are directing a significant portion of our re-investment funds – is to strengthen this network and DFAIT's participation in it by putting more diplomatic personnel in the field, as opposed to Headquarters. Or, as the British Foreign and Commonwealth Office has coined it: "more foreign and less office."

This is fundamentally a re-balancing and reallocation exercise to ensure that Canada's diplomatic presence and engagement is reinforced in priority areas. Being the "eyes and ears" of Canada abroad is one thing; making sure that these sensory organs are in places where Canada's priorities and interests lie is another.

Moreover, it's not just eyes and ears. It's hands-on as well. An increasingly important part of diplomatic engagement is operational, whether in the form of technical capacity-building such as building accountability and effective police, corrections and justice systems, supporting democracy and human rights, or building bridges to civil society, including in post-conflict situations. DFAIT directs and implements a number of Government of Canada programs abroad aimed at enhancing peace and security – for

example, the Global Peace and Security Fund managed by the Stabilization and Reconstruction Task Force (START) and the Global Partnership Program.

This practical, hands on delivery of programs abroad, and management of significant program funds, has not traditionally been part of “diplomacy”, or the tools of the foreign ministry. It is indispensable now in today’s world.

### Improving services to Canadians

Another key element of the department’s Transformation Agenda is improving DFAIT’s consular, passport and commercial services.

Improving services is a constant undertaking. It never stops, since there’s no time when we can say that we have reached perfection. In commercial services, the Global Commerce Strategy provides the overall framework within which discrete elements and initiatives are developed and implemented. Regional market plans, commercial sector plans, initiatives to support innovation and commercial applications in science and technology, opening of new missions in emerging and growing markets – the department constantly adapts and aligns its commercial strategies and support networks to fit the international needs of Canadian businesses, investors and entrepreneurs.

Passport Canada has responded to the new demands for greater passport security and more efficient provision of passports to Canadian citizens. This fact has been recognized by the Auditor General, who notes the extraordinary demands placed on the agency by recent developments such as the U.S. Government’s Western Hemisphere Travel Initiative. This is an example of real, organizational transformation and adaptation in the light of quickly changing international circumstances. In recognition of their efforts, our colleagues in the Passport Office recently received the Public Service Award for Exemplary Contribution under Extraordinary Circumstances.

On the consular front, more and more Canadians are travelling these days, often in difficult circumstances. Over 2.5 million Canadians live abroad. This has generated a substantial increase in consular cases, many of which are exceedingly complex and take time to resolve. In response, the department has secured increased funding from the government for additional consular officers to go to those countries where Canadian travellers may encounter difficulties or are in need of the consular services that DFAIT provides. There are enough dangerous places in the world where wearing a maple leaf will not keep Canadians out of harm's way.

Along with other partner departments, DFAIT is creating an Emergency Management and Crisis Operations Centre. Timely, coordinated Government of Canada responses to international crises and assistance to countries facing natural disasters or in urgent need of humanitarian aid help bring Canadian values to the fore. We must be ready to respond to the unexpected developments that affect Canada as well as the rest of the world.

Our Transformation Agenda is therefore a key driver in ensuring that the department improves its services to reflect changing demands in a changing world. It also ensures that the mission network can be adapted wherever necessary to best reflect and advance Canada's interests and values in that changing world. These are two fundamental strategic objectives of a foreign ministry of the future.

Let me now move on to a the final area of transformation I want to discuss with you today: the provision of foreign policy advice and diplomatic engagement.

### Foreign policy advice

Provision of foreign policy advice and diplomatic engagement is a potentially vast subject. To make it more tractable in discussion and more manageable in an operational sense, one might speak instead of DFAIT's core policy business. But what *is* our core

policy business? In my view, this comprises peace and security, trade and investment, international law, human rights, and geographic expertise. These are areas of enduring responsibility within the mandates of foreign and trade ministries.

So far, so good. But how does a foreign ministry of the future best provide advice and engagement? How do we develop our policy capacity and diplomatic engagement strategies in order to shape the international agenda in accordance with Canada's interests and values?

Let me try to answer these questions.

First, our policy planning should focus on identifying the main elements of the future world order that will emerge in the aftermath of the crisis – both a likely world order and a desired one. It will remain an interdependent world, but one with different networks, different strains and points of potential conflict, with technology driving ever forward, for good or bad. There will be exacerbated challenges of climate change, pandemics, resource scarcity, weapons of mass destruction, crime and terrorism, creeping protectionism, ever greater gaps between rich and poor, possible collapse of fragile states, and a retreat from democracy in the face of civil instability and unemployment.

More than ever, innovative thinking will be required – but it must also be able to unite countries in action towards mutually beneficial goals. It means leadership by middle powers, like Canada, with a long history of building bridges and finding consensus; leadership backed by action plans aimed at real results that find support among governments as well as civil society. Policy and diplomatic engagement skills will be at a premium for a foreign ministry of the future, as it seeks networking advantages to influence and shape the emerging world order.

In our foreign ministry of the future, we have to make Headquarters a receiver as well as a generator of policy advice, initiative and options. People who contribute to networking actions, whether at HQ or missions, must see how they connect to the larger policy effort.

This kind of network needs to be nurtured and allowed time and latitude to grow.

But we must also pay close attention to the results we seek, to performance measurement, risk management, reporting and accountability. The priorities of the government and the areas of particular departmental focus have to be firmly in everyone's sights. That way, we can harness the collective energy of our diplomats and use our missions abroad to best effect, building relationships and network nodes in a more entrepreneurial way.

To meet these challenges, we are strengthening policy capacity by finding new conduits for the development and transmission of innovative ideas. These will feed in with other sources of policy development to produce a richer field of options and action plans for the government and for Canada's foreign policy. This includes horizontal engagement with other government departments and with stakeholders to bring their ideas and interests into consideration. As an example, along with CIDA, we co-chair the Deputy Ministers' Committee on Global Trends, Foreign Affairs and Defence Issues, ensuring a cohesive, whole of government, approach to emerging international policy issues.

We are also improving our international diplomatic engagement through enhancement and renewal of our political, economic and public affairs – or PERPA – stream. These officers are encouraged to think more in terms of network-building and partnerships, rather than reporting from a mission. Emphasis is being placed on the very real value of our diplomatic skills and experience in an age of instant communication and internet-based media. Alignment with priorities gives direction to this engagement.

Recruitment is not restricted to PERPA staff. We have also enhanced recruitment in other categories including trade commissioners, locally engaged staff and administrative assistants, geared to creating a more representative foreign service – one that better reflects the face, talents and aspiration of today’s diverse Canada.

This is not an altruistic gesture. Given the foreign language skills of many young Canadians, especially those with a strong grasp of other cultures, we would be short-sighted, to say the least, if we didn’t take advantage of this great asset. By strengthening our foreign language training and cross-cultural skills, our diplomats can build new networks and be more effective in making our interests and values known.

Other transformative changes are aimed at organizational structure and governance. Increasingly, a department like DFAIT should reflect a collaborative spirit, with accountability for results shared collegially, especially at the senior management level. We have also placed greater emphasis on directors-general as chief operating officers, representing the point at which the political, economic, consular and international trade elements of the department meet and integrate with one other. Silos are a thing of the past. Coming from Saskatchewan, I am allowed to say that this may be regretted when they are farm silos. When they are bureaucratic silos, then I say: bring them on down!

Finally, to be a foreign ministry of the future, the department must be nimble and flexible, able to make adjustments to its overseas mission network where necessary – and quickly. This requires a strong, ongoing reallocation system, through which resources and personnel flow as needed from one part of the mission network to another. We have created a senior board in DFAIT to do just that.

## The importance of networks

I have given you a brief outline of what we are doing now – and what we plan to do in the very near future – to create a foreign ministry of the future.

But is that enough? It may be too much to try to answer this question definitively. But what we can do is develop a vision of what we need in order to survive and flourish in the aftermath of today's economic crisis.

For some years now, international relations theorists and policy-makers have spoken the language of global interdependence. Joseph Nye and others introduced this concept almost forty years ago, though it had always been around in different guises – in theories of economic development and underdevelopment, for example.

In the current economic situation, we see the elementary theory of interdependence clearly demonstrated. States are woven into such complex patterns of economic, political, financial and power relationships that events in one state or region can have a significant and even immediate impact on others, even if they are half-a-world away.

Whether this interdependence is thought of as being rounded, like the earth as a tightly laced ball or skein of wool, or flat, as in Thomas Friedman's depiction, there is one unifying element. This common element probably best defines today's interdependence, as apart from earlier kinds.

It is the word "network" – network as in physical interconnections of trade, manufacturing, travel, people and climate; network as a metaphor, as interconnections not seen so obviously physically but which nonetheless are conduits of capital, investment, ideas, influence and leadership.

Aided and abetted by the revolution in information technology over the past few years, people speak and think today increasingly in terms of networks. We don't have to go far to see why. A quick look at Google, YouTube, Facebook, and MySpace serves to show that networks and networking have exploded at the individual and societal level. International interdependence is no longer about relations between states. It is much, much more. We see this interconnectedness borne out every day.

Networks, I am convinced, will be the key to the success of any foreign and trade ministry of the future. Let me explain.

Networks and networking are, of course, inherent in what we do in DFAIT. We manage the mission network, for instance. And this network is in turn supported by an infrastructural network of worldwide communications operated out of DFAIT Headquarters.

But the networking of the future goes well beyond these rather obvious examples. Indeed, the foreign and trade ministry of the future will only be successful to the extent that it can build, manage and capitalize (or leverage) various collaborative networks. Let's look at some examples.

First, - *the "inter-mestic" network*. As I mentioned at the beginning, a growing number of domestic departments, provinces and constituencies have a strong interest in, and connection with, what happens abroad. Moreover, they also seek to explain, get ideas from, and gain support for their country's foreign and trade policies. The challenge is to build a domestic network of key stakeholders, including the private sector, OGDs, NGOs, universities and think tanks, in order to ground foreign policy more deeply in the interests and concerns of the citizenry.

Second, there is *the thematic network*. Any given priority of the government could be further developed, extended and implemented through thematic networks. For example, the department is developing a pilot project along thematic lines by establishing an Arctic Centre. The Centre will be “located” – to the extent one needs a location when connected virtually through an intranet – at one of Canada’s missions abroad.

Physical location can be an important factor in some instances; as for example in Kandahar, where it was essential that the military and civilian staff be located in close proximity to have the same understanding of the context. However, in general, where thematic networks are concerned, physical location is not the key. Instead, the key is to assemble, connect and utilize the expertise of people who may be dispersed geographically but who are nevertheless working on the same thematic issue. Having these people dispersed means that the extended reach of the thematic network is also useful for hands-on diplomatic engagement with the government and public of the country in which they are located.

A third kind of network is one I might call *the “expeditionary team” network*. For the modern foreign and trade ministry to promote effective governance, stability, democracy and respect for human rights anywhere in the world, especially in acutely fragile states or countries emerging from crisis, then it must have the capacity and flexibility to do so. By this I mean the human and financial resources, as well as structures and systems to deliver programs and to deploy expertise in complex contexts.

This kind of network requires a cadre of foreign service personnel and other experts specializing in civil-military cooperation, conflict prevention, humanitarian action, peacekeeping and peace-building, who understand how to deliver programs in different contexts, and who are prepared and trained to work in high risk environments. It must have tested standard operating procedures and an ability to establish task forces, drawing from the network according to the nature of the crisis. It must be able to leverage its

relationships with other governments and international organizations, and have solid links with the private sector and civil society.

Indeed, I see the expeditionary team network as a useful tool across the whole range of international activities from trade and commerce, to stability and security, to aid and development.

This crisis management-oriented network should be capable of quick deployment, and able in turn to cultivate new collaborative networks on the ground with host governments, their citizens, and with NGOs working on the same issues.

### Conclusion

I have given you three examples of useful networks; there are many more. What unites them all is the growing disposition and readiness of the younger generation to use collaborative means to communicate ideas and interests and find solutions to problems. A tool as well as a symbol of that approach is the Wiki – with the best known wiki being Wikipedia.

These networks are, I believe, the foundation of a truly 21<sup>st</sup> century foreign and trade ministry.

For the upcoming generation, networking, either for social or business purposes, is already widely accepted and pursued as a means of furthering one's interests. This will have a far-reaching impact on the nature of the diplomatic engagement pursued by Canada's representatives abroad. It will also have a major impact on how foreign policy advice is developed and coordinated.

At the end of the day, creating a foreign and trade ministry of the future has to have two elements. First, there must be a well thought out vision of its role and responsibilities in advancing the security and prosperity of Canada and Canadians in tomorrow's world, and in light of Canadian interests and values. And secondly, there must be, what we in DFAIT have called a Transformation Agenda, a process that takes you towards that vision, in ways that are themselves innovative and progressive.

We in DFAIT have set ourselves the goal of advancing both elements and making them real. This is how we are living up to our responsibilities and the demands rightly placed on us by Canadians and government leaders. In these ways, we seek to ensure that Canada's foreign and international trade ministry is an agile and flexible department, well prepared to meet the future.