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PRIME MINISTER'S VISIT TO CANADA AND THE UNITED STATES
25-30 SEPTEMBER 1983

CANADIAN SCENE: ONTARIO

Brief by Foreign & Commonwealth Office

UK Objective

To encourage the interest of the Ontario Government in improving trade with UK. To advertise the UK's economic success.

Background

Economy

1. Ontario has one third of Canada's population and is responsible for ^{40%} ~~50%~~ of its GDP. It produces more than half the country's manufactured goods, and 80% of its steel. It is a major producer of minerals and has large agricultural and forestry sectors. It has been slightly less badly affected by the recession than most provinces with unemployment around 10.5% compared with the national average of 12% and there have been some indications of returning confidence.

Political

2. Ontario has had a Progressive Conservative (PC) government for 40 years and Mr Bill Davis has been Premier for 12 years. Although the party supports free enterprise and freedom of choice for the individual, Mr Davis has also introduced social welfare programming and this had gained him support at the expense

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of the centre-left opposition. In the federal parliament, however, the representation of the province is predominantly Liberal.

3. As the industrial and financial heartland of Canada, Ontario has been a firm supporter of federal government policies aimed at restricting foreign, particularly American, economic domination, through controls on inward investment and protection for local industries. The Province has also supported the National Energy Policy, which provides it with Albertan oil and gas at prices below world levels.

British Interests

4. Almost half the population of Ontario is of British extraction and there is considerable goodwill towards the United Kingdom.

About half of Britain's non-oil exports to Canada are to ^{2/3 pop - 40% of income} Ontario. The major sales are industrial equipment (£180m in 1982), consumer goods (£117m) and electrical/high technology items (£37m). Many British firms have subsidiaries in Ontario; ten of them are among Canada's top 200 firms. There are more than 200 British-owned concerns in the province including subsidiaries of leading British engineering, chemical and electrical manufacturing firms. Marks and Spencer, Boots and W H Smith and six British banks operate there.

*From
Prime
Min*

5. The provincial government have shown an interest in promoting cooperation between Ontario and British firms. Officially organised seminars and trade missions have identified possible opportunities for joint ventures in the off-shore oil and gas construction industry, pharmaceuticals, high technology and, very tentatively, defence equipment for export to the United States.

among them the BP/Petro Canada tar sands development at Wolf Lake.

Political

3. The Provincial Premier, Mr Lougheed, and his Progressive Conservative (PC) government first came to power in 1971 and now hold 75 of the 79 seats in the legislature. Albertans in general share Mr Lougheed's distrust of the Eastern establishment (in which category they include the federal government, the Liberal Party, the Toronto financial world and Quebec and the French Canadians). Alberta returns no Liberals to the federal - or provincial - Parliament and Ottawa is frequently seen as favouring central Canada at the expense of the West and lacking the solid Western virtues of self-reliance and hard work.

4. Although the province is responsible for the development of its own energy resources, the prices of energy supplied to other provinces and for export are fixed by the federal authorities. Ottawa's National Energy Programme (NEP) first introduced in 1980, was resisted by Alberta because it sought to keep the price of oil and gas sold to the rest of Canada well below world prices (75%). The NEP, has proved unsustainable in a falling world oil market. The revised pricing agreement signed by the federal government in June this year provides for a closer approach to world oil prices and is acceptable to the provincial authorities.

5. Another cause of disagreement with the federal authorities which is important locally is the proposal to raise the tariff for the freighting of grain (the so-called 'crow rate') which has for over 80 years been fixed at artificially low levels to the benefit of Western grain producers and Quebec livestock

farmers but no-one else.

Relations with Britain

6. Alberta was founded by settlers of predominantly British stock. The connection with the Crown is still greatly valued and links with Britain are close and varied. The Prince and Princess of Wales attended the World Student Games in Edmonton in July. A number of British companies - British Petroleum, British Steel, Wimpey - and British banks are active in Alberta. Part of Alberta's Heritage Fund (currently C\$13 billion) set up by the Provincial Government to invest the revenue from the energy industry for the future benefit of the province is handled in London by Morgan Grenfell and Warburgs.

7. There are no trade figures for UK/Alberta trade because international trade is recorded by port of entry/export (usually Montreal). Britain's commercial interest in Alberta is in oil development mega-projects (worth around C\$24 billion). Alberta is also trying to diversify into small high value, high technology industries, although without much success so far except in medical products. Premier Lougheed would like more British companies to take an interest in Alberta, but although there was a successful coal mining trade mission in 1980, attempts since then to promote trade missions to Canada have fallen by the wayside for lack of support.

Foreign and Commonwealth Office
9 September 1983

1. Had the pleasure of talking to Mr. Haywood in London

2. Change. -

Suddenly - causes mass = dilemmas & problems

3. Growth - Reduced level of income

People founded their policies upon it

And then it stopped

- How unlimited amount of goods & services

people should want & need

Can we justify going again

No food waiting for a boat. - we have to take the boat.

4. Agriculture.

North Sea - Alberta

2 Global Oil Shocks

And only eastern workers only

Recovery
Predictability - volatility
now us



PRIME MINISTER'S VISIT TO CANADA AND THE UNITED STATES, 25 - 30
SEPTEMBER 1983.

Meeting with British Businessmen.

1. Those attending the meeting are representatives of British banks in Canada and the Chief Executive of a number of Canadian companies which are wholly or largely owned and controlled by British parent companies. A list of those attending is attached. The High Commissioner will introduce the Prime Minister.

2. Opening remarks. All of you represent companies which have close ties to the United Kingdom and I would like to concentrate our discussions this morning on economic and commercial relations between Canada and Britain. In particular I would like your views on:

- a) Trade. As you know trade between Britain and Canada has declined both ways in relative terms. This decline is in some ways understandable with Britain looking more to Europe and Canada to the USA and the Pacific. It also reflects to some extent increasing investment particularly British investment in Canada. Nevertheless the decline is disappointing and I would be interested in your views as to how we might change matters. We are encouraging British businessmen to look to markets in Canada and I would appreciate your views on how they should approach the Canadian market, on the possibilities for British exports generally on which sectors they should be aiming at and on ways in which government support can best be given.
- b) Investment in Canada. Britain is still the second largest investor in Canada and recent figures seem to show that this will continue. I am anxious to promote useful and profitable UK investment abroad and Canada is a traditional place for UK investors to look at. As you know we have had some problems with Canadian government policies as reflected by the Foreign Investment Review Act (FIRA) and the National Energy Programme but our experience is that FIRA is now somewhat less of a disincentive to British investors. I would welcome your views on the opportunities for British investment, on any particular sectors which might be of interest and on the question of joint ventures and other means of cooperating with Canadian enterprises.

3. Supplementary Questions (if needed). I should be interested to hear your views on what more we might do to encourage Canadian investment in Britain.



BUSINESSMEN ASKED TO MEET MRS THATCHER IN TORONTO

These are senior executives of Canadian companies in which British interests have a majority or substantial shareholding.

M A Kirkby	President and CEO BP Resources Canada Ltd, Calgary
L D Woodruff	President Ultramar Canada Ltd, Toronto
C H Hantho	President and CEO CIL Inc, Toronto
George Albino	Chairman and CEO Rio Algom, Toronto
J R Shier	President Johnson Matthey Ltd, Toronto
Walter E Stracey	Chairman, President and CEO Indal Ltd, Toronto
R F Tanner	President and CEO Hawker Siddeley Canada Inc, Toronto
L R Wilson	President and CEO Redpath Industries Ltd, Toronto
Malcolm G Hobbs	General Manager Marks & Spencer Canada Inc, Toronto
G H Stoppenbrink	President and CEO Kuehne & Nagel Int, Toronto
Stewart Jardine	Chairman George Wimpey Canada Ltd, Toronto
Alistair McInnes	Chairman Boots Drug Stores (Holdings) Ltd, Toronto
H C Hollands	President Erco Industries Ltd, Toronto
J L Olsen	President and CEO Phillips Cables Ltd, Brockville
G F Francolini	Vice Chairman and CEO Livingston Int Inc, Toronto
H K Moreley	Chairman and CEO Costain Ltd, Toronto



G D Farrar	President and CEO Barclays Bank of Canada, Toronto
G H M Hall	President and CEO National Westminster Bank of Canada, Toronto
T E Gray	President and CEO Grindlays Bank of Canada, Toronto
Johny Armstrong	President and CEO Lloyds Bank International Canada, Toronto
Ian Mair	President Prudential Assurance Ltd, Montreal
G W Churton	President (and CEO, Doulton Canada) British Canadian Trade Associates
Ian Richards	Manager for Canada British Tourist Authority, Toronto
David Macmillan	Manager for Canada British Airways
John Mackie	President Jaguar Canada, Toronto
J A Wetton	President and CEO ICL, Toronto
Gordon Hepburn	President Thomas Cook Canada, Toronto
Rupert Merer	President GEC Canada, Toronto
B Reid	Chairman W H Smith Canada, Toronto
J S Appleyard	(Past President, BCTA) Slough Estates, Toronto
Peter Kent-Lemon	President Acrow Canada, Toronto
J Keith Mowling	President Josiah Wedgewood & Sons Canada Ltd, Toronto
John Hardy	President Charterhouse Canada Ltd, Toronto
R L Henry	Chairman and CEO Wirerope Industries, Montreal

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S E Wort

Chairman
Rolls Royce Holdings Canada Ltd



PRIME MINISTER'S VISIT TO CANADA AND THE UNITED STATES, 25-30
SEPTEMBER 1983.

Meeting with Canadian Businessmen.

1. The meeting will be chaired by Mr Roy MacLaren, Minister of State (Finance) who will introduce Mrs Thatcher to the leading Canadian businessmen. A list of names and companies is attached. In his introduction Mr MacLaren will ask the Prime Minister to speak about the British economy and prospects for economic recovery.

2. Opening Remarks. After responding to Mr MacLaren's invitation the Prime Minister might go on to say that Canada and Britain face many of the same economic problems and should be able to benefit from each other's experience in providing solutions. Canada is close to, and particularly influenced by, economic trends in the USA. Signs of a world recovery are now strongest in North America - in both the USA and Canada - and the views of the businessmen on the strength and sustainability of the economic upturn in North America will be of particular interest.

3. Supplementary Questions.

- a) How important do you consider a low and stable rate of inflation to achieving sustained economic growth?
- b) How concerned are you about the possibility of rising US interest rates choking off the North American recovery?
- c) I see that governments at both the federal and provincial level have imposed partial wage and price restraints? Do you think these have been effective in combatting inflation? Would you like to see them extended to the private sector?
- d) Pressures for protection have increased in recent years. Have you had this experience in Canada and would you support multilateral efforts to counter the pressures and even roll back measures to protect national industries?

CANADIAN IMPERIAL BANK OF COMMERCE

Mr. Russel E. Harrison
Chairman of the Board, Chief Executive Officer
Canadian Imperial Bank of Commerce
Toronto

With assets of \$68 billion, the Canadian Imperial Bank of Commerce is the second largest in Canada, seventh largest in North America and ranks in the world's top twenty-five. It employs 34,000 people in 1,600 branches across Canada. The headquarter's office for East Africa and the Middle East, the London branch and the headquarters of CIBC Limited, the company's Merchant Bank are based in London. Since 1862, a Regional Office operates in Birmingham. In the U.K., the CIBC employs 267 people and has \$4 billion in assets.

MCCAIN FOODS LIMITED

Mr. G.W.F. McCain
President
McCain Foods Limited
Florenceville, N.B.

McCain Foods operates plants in Ontario, Quebec and Manitoba producing frozen food such as pizza and orange juice. 5,000 to 6,000 workers are employed in the company. Total sales are approximately \$700 million annually. McCain Foods operates three potato processing plants in Britain and one frozen flat pizza plant. 35 million pounds sterling are invested in Britain and annual sales exceed 100 million pounds. McCain Foods employs over 1,200 workers in Britain.

SOCIETE ASBESTOS LIMITEE

Mr. D. Persltein
President
Soci t  Asbestos Limit e
Quebec

Total sales for Asbestos Corporation Limited in 1982 were \$105 million. Sales in Western Europe reached \$39 million. In Canada, Asbestos Corporation Limited employs 1,424 people. With the U.K., Asbestos Corporation Limited is primarily involved in producing and selling asbestos fibres.

THE DE HAVILLAND AIRCRAFT COMPANY OF CANADA LIMITED

Mr. J.W. Sandford
President
The de Havilland Aircraft Company of Canada Limited
Downsview

In fiscal year 1982, the company generated \$450 million in sales. Currently, the company is working on a new aircraft, the Dash 8, an activity which involves subcontracts with eight Canadian companies in five provinces. The company's origin is British and ties back to the U.K. continue in the form of direct sales and supplies. For example, British Hovercraft designed and is now manufacturing a large portion of the engine casings used in the Dash 8. The estimated value of this contract is \$48 million.

THOMSON NEWSPAPERS LIMITED

Mr. K.R. Thomson
President
Thomson Newspapers Limited
Toronto

The operating revenue in Canada for Thomson Newspapers in 1982 was \$353 million. The company employs 4,800 workers throughout Canada and over 6,500 in the United Kingdom. Thomson Newspapers publish four morning, ten evening, one Sunday and forty weeklies in Britain, among them the principal papers of Scotland, Wales and Northern Ireland.

INCO LIMITED

Mr. Donald J. Phillips
President, Chief Operating Officer
Inco Limited
Toronto

Inco's worldwide assets exceed \$3.4 billion of which \$1.5 billion are located in Canada. Worldwide the company employs 26,000 people. Inco's principal metals operations encompass nickel, copper, cobalt, gold and silver. Inco Limited is also active in the U.K. with a nickel refinery in Clydach, Wales and a precious metals refinery in Acton. The headquarters of Inco Europe Limited is based in London and is also responsible for metals marketing in the Middle East, Africa, and the Indian sub-continent. In Europe, total sales for 1982 were \$465 million.

CANADIAN PACIFIC

Mr. S.S. Burbidge
Chairman, Chief Executive Officer
Canadian Pacific
Montreal, Quebec

Canadian Pacific is a conglomerate involved in sectors such as agriproducts, finance, forest products, oil and gas, transportation and services. Total assets worldwide reached \$17.2 billion in 1982 with revenues of \$12.3 billion. In the U.K., Canadian Pacific operates C.P. Steamships, a major participant in the container trade between North America and Europe, and has offices for hotel, rail and air traffic. C.P.'s subsidiary companies, such as Pan Canadian Petroleum, Cominco and AMCA International, all have important links with the U.K.

MASSEY FERGUSON LIMITED

Mr. V.P. Rice
Chairman and Chief Executive Officer
Massey Ferguson Limited
Toronto

Total sales for Massey Ferguson in 1982 were \$2 billion. The company employs 30,000 workers worldwide, of which 6,000 are located in Canada. Most of Massey Ferguson's factories are based in Ontario. In the U.K., Massey Ferguson owns Perkins Engines, which is one of the largest diesel engine plants in the world. The company also has a large tractor plant in Coventry. In 1982, sales in the U.K. were \$265 million, and 12,000 employees worked for the company.

STELCO INCORPORATED

Mr. J.B. Allan
President and Chief Operating Officer
Stelco Incorporated
Toronto

In 1982, Stelco had total assets of \$2.9 billion. Sales primarily in the steel sector were \$2.020 billion. Throughout the world, Stelco Inc. employs 22,104 workers.

CONSOLIDATED BATHURST INCORPORATED

Mr. W.I.M. Turner
Chairman, Chief Executive Officer
Consolidated Bathurst Incorporated
Montreal, Quebec

In 1982, Consolidated Bathurst had assets of \$1.588 billion worldwide. Of \$242.4 million in worldwide capital expenditures, \$21.4 million were invested in Britain. Corporate assets in the United Kingdom are now \$40.8 million. Primarily involved in pulp and paper activities, Consolidated Bathurst is a partner in a joint venture in the U.K., at Ellesmere Port, scheduled to start in late 1984. Worldwide, the company employs 15,820 people.

MITEL CORPORATION

Mr. J. Matthews
Chairman
Mitel Corporation
Kanata, Ontario

Total sales in 1982 were \$304 million. Of this amount, \$52.9 million were generated in Canada and \$49.4 million in Europe. Mitel employs 4,160 workers worldwide. In the U.K., Mitel will be introducing new switching equipment and has already signed a \$22 million contract with British Telecom. Mitel has four manufacturing plants in the U.K., the most important one located in ~~Swansea~~, South Wales.

NORANDA MINES LIMITED

Mr. A. Powis
Chairman and Chief Executive Officer
Noranda Mines Limited
Toronto

In 1982, Noranda Mines' total assets were \$2.8 billion and the company employed 69,200 people, 29,000 of which work outside of Canada. Activities in Britain are carried out by several subsidiaries; MacMillan-Bloedel operates several plants; Noranda Sales Corporation of Canada is responsible for the U.K. and the continent; and the Rudolf Wolff Group trades metal commodities throughout the E.E.C. at the London Metal Exchange.

URBAN TRANSPORTATION DEVELOPMENT CORPORATION (UTDC)

Mr. K. Foley
President and Chief Executive Officer
Urban Transportation Development Corporation (UTDC)
Toronto

The Urban Transportation Development Corporation was established in 1972 to produce transit systems. The company now has equipment in the Greater Vancouver Region, in Scarborough, and Detroit. Sales in 1982 were some \$65 million. There are rapid transit and heavy rail equipment sales pending to VIA Rail and Santa Clara, California. The UTDC companies have several links to British companies. It is cooperating with Metro Cammell, Hawker Siddeley and Balfour Beatty on the London Docklands system, and is in a consortium with Westinghouse Brake, Signal and Balfour Beatty to bid on a large transit system in Colombia.

INVESTMENT DEALERS ASSOCIATION OF CANADA

Mr. A. Kniewasser
President
Investment Dealers Association of Canada
Toronto

The Association handles 90% of all Canadian security transactions. It is the nation's self-regulatory association for the investment community to enhance and establish a high standard of business procedure and to promote a framework for investments in Canada. 97 firms belong to the association including 13 British companies.

CANADIAN TIRE CORPORATION

Mr. J.E. Muncaster
President
Canadian Tire Corporation
Toronto

Canadian Tire is an automotive and hardware merchandiser corporation. It is composed of 365 independent dealers throughout Canada and the Southern part of the U.S.A. Canadian Tire Corporation employs 6,074 workers and generated \$1.788 million in total sales in 1982. The company is considering a major investment in the United Kingdom.

NORTHERN TELECOM LIMITED

Mr. W.F. Light
Chairman of the Board and Chief Executive Officer
Northern Telecom Limited
Mississauga, Ontario

Northern Telecom is Canada's largest producer of telecommunications equipment with sales of \$3 billion in 1982. In the United Kingdom, Northern Telecom employs about 330 people and is organized into three major companies: Northern Telecom (U.K.) Limited; Northern Telecom (Middle East) Limited; and Northern Telecom Data Systems Limited. In 1982, total sales from these organizations were about \$137 million.

ABITIBI-PRICE INCORPORATION

Mr. R.C. Gimlin
Chairman and Chief Executive Officer
Abitibi-Price Incorporated
Toronto

Abitibi-Price operates more than 30 manufacturing operations. It is the largest producer of newsprint in Canada and also produces groundwood, fine paper, lumber and building products. It is also involved in mining and minerals. Sales in 1982 were \$1.6 billion with an employment level of 16,000 people. In the United Kingdom, Abitibi-Price controls Abitibi-Price Sales Company Limited, active in sales and in servicing Germany, France and the United Kingdom. In 1982, 100,000 tons of newsprint were supplied to major publishers in the U.K.

SPAR AEROSPACE LIMITED

Mr. L.D. Clarke
Chairman, Chief Executive Officer
Spar Aerospace Limited
Toronto

Spar Aerospace is a major producer of high technology products such as satellite systems. In December 1982, the company reached an agreement with British Aerospace to collaborate on the promotion of the Seawolf Naval Air Defence System in Canada. In Europe, Spar has undertaken a new space program that will link Canada and European Space Agency (ESA) in the production of the L-SAT, one of the world's most powerful communication satellites.

ARGUS CORPORATION

Mr. Conrad Black
Chairman of the Board
Argus Corporation
Toronto

Argus Corporation is one of Canada's largest conglomerates. It has two subsidiaries in the United Kingdom. Norcen, with worldwide sales of \$1.013 billion, participated in 1982 in four wells in the North Sea. Also, Argus owns the Standard Broadcasting Corporation (U.K.) Limited and has equity positions in a total of 15 operating companies in Britain.

CANADA PACKERS

Mr. V.N. Stock
President and Chief Executive Officer
Canada Packers
Toronto

Sales for Canada Packers for fiscal 1983 were \$3 billion. Worldwide, Canada Packers employs 15,000 people of which 12,000 are located in Canada. A subsidiary of Canada Packers, Sainsbury Limited is active in the United Kingdom. Based in London, the company is involved in import and export ventures as well as in the marketing of products from other countries. Canada Packers is also involved in a joint venture in the U.K. with Haverhill Meat Products.