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*LEP copy -  
to see.*

*Mr. Dawson*

*Pl. time over copy  
to Mr Wicks, No. 10  
and add his name to future  
telegrams in this series.*

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FM OTTAWA  
TO PRIORITY FCO  
TELNO 051  
OF 221805Z JANUARY 88

MY TELNO 44: TORONTO ECONOMIC SUMMIT

*n/Brower  
25/*

SUMMARY

1. MRS OSTRY, WHO WILL BE IN LONDON ON 4/5 FEBRUARY, DISCUSSES SOME OUTSTANDING ISSUES CONNECTED WITH THE TORONTO SUMMIT INCLUDING POINTS WE MIGHT WISH TO TAKE UP IN REPLYING TO MR MULRONEY'S LETTER.

POLITICAL

2. WHEN I CALLED ON MRS OSTRY ON 21 JANUARY, SHE SAID SHE THOUGHT EAST-WEST RELATIONS WERE BOUND TO BE THE DOMINANT THEME OF THE POLITICAL DISCUSSIONS AT THE JUNE SUMMIT. DEPENDING ON EVENTS THERE, THE MIDDLE EAST MIGHT ALSO FEATURE. THE JAPANESE WANTED TO RAISE TERRORISM MAINLY BECAUSE OF THE KOREAN AIRLINE INCIDENT, BUT MRS OSTRY CONSIDERED THIS WAS A ONE-OFF EVENT NOT REALLY APPROPRIATE FOR SUMMIT DISCUSSION: A MEETING OF THE EXPERTS ON TERRORISM WOULD IN ANY CASE BE TAKING PLACE IN CANADA SHORTLY.

FORMAT AND ARRANGEMENTS

3. MRS OSTRY THOUGHT IT VERY DESIRABLE TO HAVE ONE NOTE TAKEN WITH EACH LEADER AT THE INFORMAL MEETINGS. IN VIEW OF THE COMPLEXITY OF THE ISSUES TO BE DISCUSSED MANY OF WHICH WOULD BE NEW TO, FOR EXAMPLE, THE JAPANESE PRIME MINISTER, IT SEEMED ALL THE MORE IMPORTANT THAT EACH DELEGATION SHOULD HAVE ITS OWN DETAILED RECORD OF THE DISCUSSIONS.

4. MRS OSTRY URGED THAT THE PRIME MINISTER'S REPLY TO MR MULRONEY'S LETTER SHOULD SET OUT THE PRECISE NATURE OF ANY CONCERNS WE MIGHT HAVE ABOUT THE PROPOSED ARRANGEMENTS FOR THE SUMMIT BEFORE THESE BECAME SET IN CONCRETE. SPEAKING PERSONALLY, MRS OSTRY RECOGNISED THAT THE LETTER AND ITS ENCLOSURE WERE NOT CLEAR ON SOME POINTS, EG THE PRECISE LOCATION AND NATURE OF SEVERAL OF THE MEETINGS, PARTICULARLY THE RETREAT. THE AMERICANS HAD ALREADY RULED OUT ANY MEETINGS WHICH REQUIRED TRANSPORTING THE PRESIDENT BY BOAT OR HELICOPTER SEMI-COLON ANY RETREAT WAS THEREFORE BOUND TO TAKE PLACE IN TORONTO. THE CANADIANS WOULD WELCOME THE PRIME MINISTER'S VIEW ON THE SUGGESTION FOR AN ADDITIONAL SESSION ON THE FIRST DAY AND A CONSEQUENT REDUCTION IN THE ARRIVAL CEREMONIES, AND ALSO WHETHER

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THE PRIME MINISTER FAVOURED THE PRESENCE OF FINANCE AND FOREIGN MINISTERS AT THE PLENARY SESSIONS. ONE ARGUMENT MRS OSTRY SAW IN FAVOUR WAS THAT THE CREDIBILITY OF THE SUMMIT PROCESS MIGHT BE UNDERMINED IF ECONOMIC MATTERS WERE NOT SEEN TO FEATURE IN THE SUMMIT DISCUSSIONS. SOME OF THE SUMMIT LEADERS (MRS THATCHER BEING A NOTABLE EXCEPTION) WERE NOT VERY EXPERIENCED IN ECONOMIC QUESTIONS.

TRADE MINISTERS' MEETING

5. MRS OSTRY FORECAST A FORMAL REJECTION BY MR MULRONEY OF MR TAKESHITA'S PROPOSAL THAT TRADE MINISTERS SHOULD MEET DURING THE SUMMIT (MY TELNO 39). MALONE, WHO ASSISTS MRS OSTRY ON SUMMITS, TOLD US LATER IN CONFIDENCE THAT MR MULRONEY HAD SIGNED OFF ON 21 JANUARY A LETTER TO MR TAKESHITA, SAYING THAT BECAUSE OF THE DANGERS OF INSTITUTIONALISATION AND BECAUSE THERE WOULD BE QUADRILATERALS BEFORE AND AFTER SUMMIT AS WELL AS OTHER MEETINGS OF TRADE MINISTERS, MR MULRONEY 'AS SUMMIT HOST COULD NOT ENCOURAGE ANY FURTHER MEETINGS OF TRADE MINISTERS IN OR NEAR TORONTO AT OR AROUND THE TIME OF THE SUMMIT.' MALONE THOUGHT MR MULRONEY WOULD NOT FAVOUR A SEPARATE TRADE MINISTERS' MEETING BETWEEN NOW AND THE SUMMIT SEMI-COLON WE TOLD HIM THAT OUR OWN REACTION TO THIS PROPOSAL HAD BEEN CAUTIOUS.

6. MY JAPANESE COLLEAGUE HAS TOLD ME PRIVATELY THAT HIS PRIME MINISTER HAD BEEN EMBARRASSED BY HIS TRADE MINISTER'S ACTION IN FIRST PUTTING FORWARD THIS PROPOSAL AT BALI AND THEN PRESSING THAT IT BE PURSUED DURING TAKESHITA'S RECENT VISIT TO CANADA. TAMURA, THE TRADE MINISTER, APPARENTLY HAS AN IMPORTANT PARTY ROLE AND TAKESHITA HAD NOT THEREFORE FELT ABLE TO TURN DOWN HIS INITIATIVE (WHICH HAD NOT BEEN CLEARED WITH HIS CABINET COLLEAGUES IN ADVANCE) OUT OF HAND.

7. MRS OSTRY IS LOOKING FORWARD TO MEETING WICKS, AS WELL AS LITTLER AND BRAITHWAITE, IN LONDON ON 4/5 FEBRUARY. I UNDERSTAND THE CANADIAN HIGH COMMISSION IN LONDON ARE MAKING THE ARRANGEMENTS.

8. FCO PLEASE REPEAT TO POSTS AS NECESSARY.

URWICK

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TPM