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PRIME MINISTER

MEETING WITH MR. MULRONEY

You are to have a 45 minute meeting with Mr. Mulroney at the NATO Summit. He wants it to be a personal exchange of views and will be accompanied only by his Chief of Staff.

You will recall that he recently sent you a personal message about the disadvantages of televising Parliament. You share his misgivings.

You will want to ask about the political situation and prospects in Canada.

The main point he wants to discuss is the management of the Toronto Economic Summit. You sent him a message arguing strongly for sticking to the traditional format (no meetings before the dinner on the first day, separate meetings of Heads of Government and other Ministers on the first full day). He will probably go along with this if you insist, but is concerned about the lack of time available for 'free discussion'. The truth is that given linguistic problems and the nature of the Japanese, 'free discussion' is not likely to happen anyway. There is time enough at dinner on the first night.

On the substance of the Summit agenda, the main items which we want to see pursued are reduction of trade imbalances and agricultural reform in the context of the GATT round.

Mr. Mulroney wants to hear about developments in the European Community. You will want to stress the tough stabilisers and constraints on agricultural spending agreed at the European Council, and the objective of completing the internal market by 1992. But you might express some concern of the tendency in Europe to under-estimate the Soviet threat and the increasingly soggy approach to defence (which the NATO Summit is intended in part to counter).

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There are three bilateral issues:

- Sale of SSNS. We want the Canadians to buy our Trafalgar class submarines and have been lobbying hard on the Canadians' behalf in Washington. Our submarines are tried and tested.

- RADARSAT. He pressed you in Vancouver to commit the UK to support this. You cannot give any commitment: we have decided not to increase our space spending and are reviewing our Space programme.

- Furs. Alan Clark wants to stick labels on furs sold in this country which read "from species commonly caught by leg hold traps". The Canadians are very exercised about this because of the effect on their indigenous people who make their living by trapping. The line to take is that "no decisions have yet been reached on the precise form any legislation might take".

A full brief is in the folder.

C.D.?

(C. D. POWELL)

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