

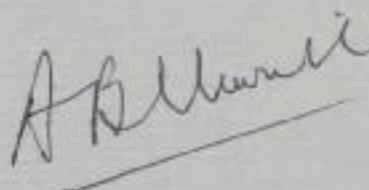
From: The High Commissioner

Date: 20 June 1988

Private Secretary/No. 10

**PRIME MINISTER'S VISIT TO OTTAWA: 22 JUNE 1988: SIGNATURE
OF BILATERAL AGREEMENTS**

1. As you know, the Prime Minister will be signing two bilateral agreements with Mr Mulroney at the House of Commons immediately after her address to Parliament. One of these is the Canada/UK Mutual Legal Assistance Treaty on Drug Trafficking Proceeds and the other the Canada/UK Air Services Agreement.
2. I attach the texts of the Canadian draft press releases on these two agreements, which have been approved on the Canadian side by the Department of External Affairs and also by the Prime Minister's Office; on the UK side they have been agreed by the FCO and the Department of Transport. They incidentally provide a succinct explanation of the significance of the two agreements for the two countries.
3. The signing ceremony will be very simple (no champagne). The airlines involved (British Airways, Air Canada, Wardair and Nationair) have been invited to send representatives. We are told that Mr Mulroney may say a sentence or two after signature, but not make a formal speech. We hope to have a text of his proposed remarks very shortly.



A B Urwick

PROPOSED CANADIAN PRESS RELEASE

MUTUAL ASSISTANCE TREATY (DRUG TRAFFICKING) BETWEEN CANADA AND
THE UNITED KINGDOM

Prime Minister Brian Mulroney and Prime Minister Margaret Thatcher today signed a Treaty on Mutual Assistance in Criminal Matters (Drug Trafficking) between Canada and the United Kingdom. This Treaty will provide a framework for cooperation between the two countries in order to improve assistance in the investigation and prosecution of international narcotics trafficking and other related criminal activities.

The Treaty will enable Canada and Britain to make available to their law enforcement authorities important legal means for collecting evidence in the other country that could be used in the course of investigations and judicial proceedings. Specifically, the assistance may range from providing information to locating people or obtaining testimony and records under a subpoena or search warrant or eventually to the restraining and confiscation of proceeds of crime deriving from drug trafficking. The implementing legislation necessary for the entry into force of treaties of this type in Canada is currently before the House of Commons.

Prime Minister Mulroney noted that the Treaty reflects the objectives of the National Drug Strategy launched by the Government in June 1987. The Treaty is also a concrete response to serious concerns expressed by the Toronto Summit participants with regard to the increasing problem of international drug trafficking and the money laundering which is generally associated with it. Since 1984, Canada has undertaken to develop with its Summit partners and other countries a network of mutual legal assistance treaties in criminal matters.

PROPOSED CANADIAN PRESS RELEASE

CANADA-UNITED KINGDOM AIR SERVICES AGREEMENT SIGNED

Prime Minister Brian Mulroney and Prime Minister Margaret Thatcher today signed a new scheduled air services agreement between Canada and the United Kingdom.

The Prime Ministers agreed that this signing marks an historic occasion in air relations between the two countries. The "open skies" agreement is unprecedented internationally for trans-Atlantic services. It allows each country to designate the number of airlines it wishes for services between any cities in Canada and any cities in the United Kingdom. These airlines will be free to operate as many flights in the market as they wish.

The agreement is also a first for Canada in allowing airlines to establish fares in a virtually deregulated environment. Travellers will benefit from the ability of airlines to set fares at very low levels as well as from greatly reduced restrictions on the availability of discount fares. Shippers will be able to take advantage of the deregulation of air cargo rates.

Both Prime Ministers welcomed the agreement as it reflects their desire to reduce the role of governments in the private sector and their particular wish to foster a more competitive, market-oriented aviation industry. "Clearly, air services between our two countries have matured. The heavy hand of government regulation is no longer warranted", Prime Minister Mulroney said.

The agreement also provides for improved flexibility for Air Canada's existing services beyond London to Asia and for expansion of its services to any points in Western Europe. In exchange, the British will gain enhanced reciprocal rights to America, Mexico and the South Pacific.

Canadian carriers Air Canada, Wardair and Nationair now operate scheduled services to the United Kingdom. British Airways operates scheduled services for the UK.