



Foreign and Commonwealth Office

Prime Minister

London SW1A 2AH

Rather extensive briefing
for Mr Mulroney. In addition
to the subjects listed, he
wants to talk about attendance

26 April 1985

at the IDU meeting in Washington in July
Dear Charles, (I believe he is still undecided)

Visit of the Canadian Prime Minister

C.D.P.

/ I enclose a brief for the Prime Minister's meeting with
/ Mr Mulroney on 30 April; Mr Mulroney's programme; personality
/ notes and a press line on which you may wish to draw for any
statement Mrs Thatcher may make after the talks.

Our main objectives are to consolidate an already good
relationship with the leader of Canada's new Progressive
Conservative Government, to discuss Bonn Summit issues and
generally maintain and strengthen relations with Canada.
/ In this connection I also enclose a memorandum on Anglo-
Canadian relations, prepared in response to the Prime Minister's
instructions conveyed in your letters of 9 July and
6 August 1984.

Mr Mulroney's Government is conducting a full review of
foreign and defence policies (due for consideration in June
and September respectively). Current preoccupations are
summarised in Sir Derek Day's telegram number 244 attached).
/ Mr Mulroney has taken steps to meet his commitment to strengthen
Canada's performance in NATO, but seems inclined to see Europe
as declining in importance to Canada, both as a market and
trading partner and politically. His main overseas preoccupation
is Canada's relationship with the USA.

Mr Mulroney's programme has been kept light at Canadian
request: partly to enable Mr Mulroney to relax and to brief
himself before the Summit, but also because Mrs Mulroney is
expecting their fourth child in September. The Prime Minister
should be aware that an invitation was conveyed to Mr Mulroney
by Mr Anthony Nelson MP, Chairman of the British-Canadian
Parliamentary Group, to address an all-party meeting of
Members of both Houses of Parliament, and to call on the Lord
Privy Seal and the Speaker. The Canadians declined the
invitation. We do not know whether Mr Mulroney was personally
consulted or whether the decision was made by his Principal
Secretary, Mr Roy, who is a close personal friend of
Mr Mulroney and has considerable delegated executive authority.

/You



You should be aware that a major exhibition on transport and communications, Expo '86 is to be held in Vancouver in 1986. Britain was the first country to confirm its participation and will have a display featuring the latest British technology in the field of communications.

*Yours ever,
L V Appleyard*

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street



PRIME MINISTER'S MEETING WITH CANADIAN PRIME MINISTER, 11.30 AM,
TUESDAY, 30 APRIL 1985

OUR OBJECTIVES

Summit

- (a) To establish extent to which UK and Canada share same objectives on new GATT round.
- (b) To preview briefly main economic issues at Summit.

East/West

- (c) To exchange impressions on recent East/West contacts and on the Soviet approach to East/West relations under the new leadership.

Alliance

- (d) To underline continuing need for Alliance cohesion.
- (e) To strengthen Canada's commitment to NATO and encourage a further increase in Canada's contribution.

Arms Control and Disarmament

- (f) To support Canadian return to mainstream Alliance policy on arms control matters.

UK/Canadian Relations

- (g) To demonstrate UK interest in strengthening bilateral and multilateral collaboration with Canada and increasing trade and investment; to acknowledge Canada's significant role in international affairs.
- (h) To persuade Canadians to buy Rapier.
- (i) To engage Mr Mulroney's support in putting pressure on Americans over unitary taxation.
- (j) To impress upon Mr Mulroney the importance of maintaining dialogue with Europe.

Commonwealth

(k) To seek Mr Mulroney's support for UK proposals to increase efficiency of CHOGM.

ARGUMENTSSummit

(a) Despite French/Italian caution, positive EC line has contributed to rapidly emerging consensus in favour of early launch of new round in OECD Ministerial Communique/IMF-IBRD Spring Meetings.

Must work together for unconditional endorsement at Bonn Summit of launch in 1986.

Priority then to work hard on developing countries to convince them of benefits to them of new round so that balanced agenda can be agreed at preparatory GATT meeting.

Should aim for broad parallel progress on major sectors (services, agriculture, graduation of NICs out of current GATT privileges), as well as further opening of Japanese market.

(b) Uncertain of US intent in suggesting possible monetary meeting. Canadian views? We do not accept progress on trade should be conditional on reform of international monetary system.

Marked improvement in world economy. Some uncertainties remain. Need for action by US on Federal deficit and to keep down interest rates, and to reaffirm medium term counter inflationary policies.

Summit declaration must note participants' awareness of external impact of domestic policies; cautious optimism for debtors' prospects and validity of present strategies; and concern for position in Sub-Saharan Africa.

East/West

(c) Hard line from Gorbachev in 23 April Speech to Central Committee Plenum. Allegations that US not seeking agreement at Geneva.

Real preoccupation of new leadership is economy.

Ottawa CSCE meeting on human rights not easy to handle for Canadians: West must rightly call for better Soviet implementation, make clear distaste for inhumane Soviet practices; but nothing will be achieved (and potential damage to East/West relations done) if it turned into empty confrontations.

Conclusions from Sir G Howe's visit to Eastern Europe:

- Eastern Europeans eager for contact;
- Possible to have dialogue without compromising position on essentials (arms control and human rights);
- Key relationship, for West and Eastern Europeans, is with Soviet Union.

Alliance

(d) Alliance healthy. Particularly important to maintain cohesion in coming months.

(e) Important to avoid damaging row over burden sharing. Trans-Atlantic unity remains foundation of Alliance. Must all contribute our share.

Welcome recent announcement of moves to strengthen Canadian contribution to NATO. Await with interest outcome of Defence Review.

Arms Control

(f) Early days at Geneva. Russians clearly probing Alliance cohesion on INF and SDI. Need to develop overall Western game-plan, maximising prospects for forward movement on all three elements.

SDI: Camp David Four Points solid basis for future policy. Key elements are:

- Alliance unity based on support for current strategy/ABM Treaty;
- Continued support for current strategy of nuclear deterrence;
- Compatible approach by Allies towards participation in research.

Participation need not imply support for post-research activities. But ABM Treaty ramifications and implications for civil and military sectors need careful study. No need to rush fences. Important US stick to present declared intention to observe Treaty; no unilateral abrogation.

INF/START: Russians have not yet engaged in serious negotiations. Encouraging that firm Alliance reaction to Gorbachev's moratorium proposal. US negotiators have sufficient flexibility to build on 1983 positions; timing of specific new proposals will need careful consideration. Important Alliance seen to be pursuing main objective of limits/reductions on nuclear weapons, whatever situation in space group.

Chemical Weapons (CW): Continue Western pressure on Soviet Union in Geneva negotiations.

UK/Canadian Relations

(g) Value links with Canada. Range of contacts extensive. Significant political and economic interests in common; important we work together to pursue them.

Attach importance to UK trade with Canada; seek to maintain and increase in volume. Welcome moves to encourage foreign investment in Canada. Hope Canadian investors will also look to UK.

(h) Rapier battle proven - most successful in the Falklands. Already in service with other forces on NATO's Central Front. Rapier is being continuously improved to ensure its

effectiveness beyond the year 2000.

If Rapier were purchased common NATO training and logistic support could be extended to Canada.

BAe have made offset proposals, fully supported by HMG, with a value at least equal to the Canadian purchase.

(i) Hope you will press US Administration to resolve unitary taxation this year. 1985 crucial. UK will raise at Summit.

Serious risk that unitary tax will not pass in California this year; 1986 state election year. Administration reluctant to implement Don Regan's threat to federally imposed solution.

(j) Important not to overlook economic and political potential of EC. In both Canadian and EC interests to consult before taking actions detrimental to each other's interests and to manage any differences which arise. Following with interest debate in Canada about further liberalisation of trade with the USA and potential for trade with Pacific Rim. What prospects?

Commonwealth

(k) In both our interests to make Commonwealth work efficiently. Need to stop CHOGM becoming a talking shop. Should reduce length to 4/5 days; encourage briefer and more representative communique; shorten retreat to an evening and a day; secure proper support facilities during retreat; secure defined role for Foreign Ministers.

CANADIAN OBJECTIVES

Summit

(a) To emphasise need for commitment on 1986 launch of new GATT round at Bonn, to stem tide of US protectionism. To seek ways of mitigating hostility of NICs and LDCs to new round.

East/West

(b) To give Canadian impression of Mr Clark's visit to Moscow (30 March - 7 April), and Ceausescu's visit to Canada (14-17 April).

Arms Control

(c) To distance present government from Trudeau attitudes and initiatives on arms control.

(d) To sound out European attitudes to SDI and participation in research.

UK/Canadian Relations

(e) To reaffirm that they regard UK as Canada's next most important partner after the United States; to indicate wish to strengthen Anglo-Canadian relations.

(f) To influence UK thinking on issues of concern to Canada (might include British pensioners, seals, acid rain; allocation of certain contracts).

(g) To sound Mrs Thatcher on the general direction of European development (ie union or unity).

Commonwealth/Caribbean

(h) To brief Mrs Thatcher on February regional meeting in Jamaica; to seek reassurance of UK commitment to region.

Central America

(i) To exchange views on Central America/Nicaragua.

(j) To seek European financial or other material support for verification and control process of a Contadora agreement

OUR RESPONSE(a) Summit

Agree desirability of fixing early date: will continue to press EC to take a positive line on this at Summit. But agreement on substance in the long run more important.

Should not be too pessimistic about developing countries: some (eg Brazil) hesitant, but others (ASEAN, Korea) relatively positive, and increasing signs that doubters (eg India) will climb aboard.

(b) East/West

Clark visit confirms continuing Soviet interest in increasing contacts with West. Pity he did not see Gorbachev: new edict stopping calls by Foreign Ministers on General Secretary has characteristic Gorbachev touch; further indication of preoccupation with internal matters.

(f) Pensions

Matter being kept under review; no prospects of necessary finance being available at present.

EC Ban on Seals

Strong public feeling in UK. Hope Royal Commission will complete its work and report soon. Canadians should lobby other Member States.

RAF Basic Trainer : Pratt and Whitney

Decision made on grounds of cost.

Northern Telecom

Decision a commercial judgement by British Telecom Board.

Helsinki Meeting on Acid Rain

UK acknowledges strong views of other countries. Whilst restating its position clearly, it will not strike discordant note at the Helsinki meeting.



(h) Commonwealth/Caribbean

Welcome regional initiatives like Jamaica meeting. Hope Canada will continue active role in Caribbean. Additional £1.6 m of UK assistance has been earmarked to provide facilities on 6 East Caribbean Islands to maintain police patrol boats.

Look to Canada for active role on security of small states. Regional co-operation likely to be most fruitful - prevention better than cure. Britain has contributed to Commonwealth study and consulted widely.

Anglo-Canadian seminar at Leeds University 31 May/1 June on UK, Canada and the Commonwealth a useful way of identifying potential areas for future co-operation.

Central America

(i) The Ten committed to supporting Contadora; best available method of neutralising Sandanista Government's potential for mischief-making.

(j) [If asked for UK/EC assistance:] We shall consider how best we can help.

OTHER ISSUES WHICH MIGHT ARISEPeace-Keeping

✓ Welcome Mr Mulroney's announcement on 11 April that Canada had decided in principle to participate in the Multinational Force and Observers (MFO) in Sinai from March 1986 to replace the Australian contingent (after approaches from Israel, Egypt and US).

[If raised:] Appreciate Canadian role in UN force in Cyprus (Canada is second largest contributor after UK). Canada also contributes troops to Disengagement Observer Force in Golan Heights.

Hong Kong

The Canadian Government were briefed regularly in the course of negotiations. Canadian Secretary of State for External Affairs issued a press statement last September warmly welcoming agreement with China. Canadians have expressed interest in nationality/citizenship and civil aviation and provisions of agreement. Sir Geoffrey Howe told Canadian Secretary of State for External Affairs that we would brief them; we await notification from Canadians of particular points of interest.

Northern Ireland: Mr Mulroney is of Irish ancestry (cf his meeting with President Reagan in Quebec on St Patrick's Day). No public references to Northern Ireland yet, but Mr Mulroney privately supports UK position. Irish Prime Minister is to visit Ottawa on 7-8 May.

New Zealand and Ships Visits

We await New Zealand response to Prime Minister's reaffirmation to Mr Lange on 4 March UK Government's 'neither confirm nor deny' policy; he said he hoped to be able to find the formula which would permit RN visits. Canada deeply regrets issue should have arisen. Canadian officials raised issue in Wellington last November pointing to their similar position as a non-nuclear state which did not allow nuclear weapons on its soil in peace time, but which allowed ship visits.

Terrorism

UK and Canadian thinking on terrorism broadly in line. Bilateral links with Canadians on counter-terrorism good and Canadians interested in thickening them further.

An Armenian terrorist group briefly occupied Turkish Embassy in Ottawa in March before surrendering; one Canadian dead. Canada has similar problems as UK with India over activities of Sikhs resident in Canada.

UNESCO

Mr Mulroney personally interested in UNESCO. Concern at overall direction of UNESCO and 1987 succession to Mr M'Bow. Canada increasingly active in UNESCO and more critical of organisation. Canada has organised inter-regional meeting in May to co-ordinate positions; UK will be represented at senior level.

BACKGROUND

1. The Prime Minister last met Mr Mulroney at Chernenko's funeral in Moscow (March). She last visited Canada in September 1983.

Summit

2. Mr Mulroney very concerned to avert rising tide of US protectionism. (C 75% of Canada's exports go to US.) He has supported early launching of new GATT round. Canada chaired OECD Ministerial meeting 11/12 April, which recorded agreement to launch new GATT round.

East/West

3. During Clark's visit to Moscow Gromyko only interested in East/West questions. | Pessimistic. | Critical of US | but relatively positive about prospects of success for US/Soviet Summit. No call on Gorbachev.

4. Six week Ottawa meeting on human rights opens 7 May. Preparatory Conference now under way.

5. Canadian Government have to tread careful path on East/West relations, taking account of substantial numbers of emigres from Eastern Europe and Soviet Union settled in Canada.

Alliance

6. In spite of election commitment to increase defence expenditure by 6% in real terms, defence budget has been scaled down in public expenditure cut-backs. Still not clear whether any significant growth rate will be possible. Green Paper on Canada's defence expected in February, but delayed until September.

7. In March, Canada announced strengthening of brigade in Germany by 1,200 men, and dedication of infantry battalion group in Canada to ACE's Mobile Force. On 17 March, Mr Mulroney and President Reagan signed agreement on North America Air Defence modernisation and a Northern Warning System. Canada takes the view that the



Northern Warning System is nothing to do with SDI. However, it could be relevant if SDI intended to counter air breathing systems (see paragraph 10 below).

8. Canada devotes 2.1% of GDP to defence (second lowest level in Alliance). UK figure is 5.3%.

Arms Control

9. Canadian Government has given qualified support to research on SDI, but Mr Clark told the House of Commons in February that Canada would not be involved with SDI in any way. Canada among those invited to participate in SDI research; Mr Mulroney reported to have reservations.

UK/Canadian Relations

10. See separate memorandum. No current bilateral problems on UK side.

Rapier

11. The Canadians want to provide their two airfields in Germany with low level air defence when new F18 aircraft are deployed in 1986. Estimated value of contract £350 m. Shortlist of three systems submitted to Canadian Defence Minister (one Swedish, two Swiss) unlikely to meet Canadian timescale. Canadians fear Rapier obsolescent; fail to appreciate that MOD funded improvement programme will ensure Rapier's effectiveness beyond 2000.

12. British Ministers have urged Canadians, so far unsuccessfully, to reconsider shortlist and include Rapier. Mr Butler raised matter with Canadian Defence Minister on 22 April.

Trade and Investment

13. New Government encouraging foreign investment. Name and restrictive procedures of old Foreign Investment Review Agency changed; now Investment Canada. Measures also taken to change aspects of National Energy Policy disadvantageous to foreign companies.



14. 1984 UK exports to Canada increased by 21% over 1983 (mainly crude petroleum, transportation, and high technology equipment) but share of market declining. DTI, High Commission and British Overseas Trade Board seeking to increase trade in priority areas.

Canadian interest in British contracts.

15. Northern Telecom (Canada) shortlisted for BT's system 'Y' contract; Thorne Erisson's (Sweden) tender successful.

16. Canada disappointed that Pratt and Whitney's joint bid with BAe and Pilatus (Canda) failed to win bid for RAF trainer. Shorts' Tucano proved to have a significant financial edge.

Akkuyu Nuclear Project : Turkey

17. AECL of Canda are pursuing Akkuyu nuclear project in Turkey in collaboration with Parsons (turbines). Parsons ability to continue project in doubt because of ECGD constraints. DTI and Treasury Ministers considering whether Parsons can be enabled to stay in the project; decision to be made soon.

EC/Canada

18. Relations governed by a Framework Agreement signed in 1976. Canadians do not understand EC and are irritated by complexities of dealing with it.

Seals

19. Two year EC ban on imports of sealskins and seal products expires September 1985. Prime Minister publicly undertook to support a continuation of ban during 1983 election campaign. Canadians set up Royal Commission in response to outcry, and lobbied EC Member States to take no action to extend ban until findings were available. Commission has moved slowly; report not now expected until after September.



20. Commission likely to propose indefinite ban with support from majority of Member States. Mr Waldegrave said in answer to PQ on 18 April, that we would discuss range of options for extension of existing ban with European colleagues.

British Pensioners in Canada

21. Forty-one thousand British National Insurance pensioners in Canada do not get increases awarded to UK residents. Pressures in UK and Canada for UK increases to be paid in Canada (as they are in USA). Cost of total unfreezing £35 m per annum; cost of partial unfreezing would be £2½ m in the first year, but ultimately the same. Position exacerbated by DHSS strike at Newcastle; substantial backlog to be cleared.

Helsinki Meeting on Acid Rain

22. Canada has serious problems with acid rain. UK could be alone in opposing Protocol on transboundary air pollution to be signed by UN/ECE body in Helsinki in July. (See separate note for more detail.)

Commonwealth

23. Close co-ordination of UK and Canadian positions before most Commonwealth meetings. Considerable common ground, eg on economic matters and in Commonwealth Committee on Southern Africa.

24. Previous Canadian Government not entirely sympathetic to UK proposals for reform of CHOGM. New Government's views not known.

25. Mr Mulroney attended a meeting of Heads of Government of Commonwealth Caribbean and Canada in Jamaica on 25/26 February. Main issue was Mr Seaga's initiative for one way free trade from Caribbean to Canada; Mr Mulroney reaffirmed his predecessor's substantial aid undertakings to the region and undertook to consider free trade proposals. Regional defence was discussed only in the margins and no concensus emerged; Mr Mulroney's assessment may be of interest in preparation for CHOGM.



26. Seminar to be held at Leeds University on 31 May/1 June co-financed by Leeds University, Canadian Government and UK Government on UK, Canada and the Commonwealth.

Central America

27. Canadians assisting Contadora Group with advice on control and verification machinery. Submitted detailed memorandum to Contadora Group countries, November 1984. If Canadian proposals are generally accepted, they expect to be asked to participate in verification process. European countries and Latin Americans may be among four countries to be asked to contribute national contingents to verification team. All States which support Contadora are likely to be asked to contribute to Fund for Peace in Central America which is to be set up to finance verification machinery.



MULRONEY, THE RT HON (MARTIN) BRIAN, PC MP BA LL.L LL.D
(Pronounced Mulroony)

Prime Minister since 4 September 1984.

Born Baie Comeau, Quebec in 1939.

Educated at St Francis Xavier and Laval Universities.

President and Director Iron Ore Company of Canada 1977. Also formerly on the Board of Directors of a number of other companies including Quebec North Shore and Labrador Railway, Standard Broadcasting Corporation, Ritz-Carlton Hotel Co of Montreal Ltd, and various others. Called to the Bar of Quebec in 1965.

Runner-up to Joe Clark in the PC leadership race in 1976. Until he was victorious at the June 1983 PC leadership convention, had never been elected to any political office. Defeated Joe Clark on the fourth ballot. Was elected to Parliament for the riding of Central Nova (in Nova Scotia) in a landslide victory in August 1983, the previous incumbent having resigned to make way for him.

Ran in his native constituency of Baie Comeau in the 1984 election, and won a landslide victory there and throughout Canada.

He is a shrewd politician and an effective operator, though he can give the impression of being glib and superficial. He is easy to underestimate. He has put his skills as a conciliator to good use in restoring party unity since his election. He initially presented himself as a successful businessman who knew how to run an economy and was committed to free enterprise, but increasingly tempered this with concern for the under-privileged. Committed to NATO and to improvement of the Canadian defence forces, as well as closer links with the United States.

Roman Catholic. Good looking with a great deal of Irish charm.

Interest: tennis.

His wife, Mila, (pronounced Mealer, not Miller) born in Yugoslavia, is pretty, vivacious, and a considerable political asset. She studied civil engineering at university for a year but left to marry Mr Mulroney. She collects Canadian art and antiques, enjoys swimming, tennis and dancercise. They have three children and a fourth expected in September.



ROY, MR BERNARD [pronounced as in French 'ROI' for king]

Principal Secretary to the Prime Minister.

44 years old. A lawyer from Montreal. Has been a close friend of Mr Mulroney since the late 1960s and was best man at the Mulroneys' wedding in 1973.

He was Mr Mulroney's chief election organiser in Quebec in 1984, but has a limited understanding of the federal Progressive Conservative Party.

He is fiercely loyal to Mr Mulroney who reciprocates with total confidence in Mr Roy.

Married.



DOUCET MR (JEAN) ALFRED "FRED"

Senior Adviser to the Prime Minister.

Born Nova Scotia 1939. Bilingual.

Educated St Francis Xavier University, Mount Allison University and Ottawa University (PHD).

1960-65 School Teacher in Manitoba and Quebec.

1965-80 St Francis Xavier University where he worked consecutively as Administrative Assistant to the President, Director of Student Services and Director of Development.

1980-83 Chief Executive Officer of East Coast Energy Ltd.

1983-84 Chief of Staff of Leader of the Opposition.

Close friend and business associate of Mulroney, whom he met at St Francis Xavier where they were both active in the Tory Party. Doucet helped organise the Laval Conference which launched Mulroney onto the National Political scene. Had brief oil business links with Walter Wolf, the international entrepreneur credited with providing the offshore funds to dethrone Joe Clark.



FOWLER, ROBERT

Assistant Secretary to Cabinet (Foreign and Defence Policy) Privy Council Office since 1980.

Born Ottawa, August 1944.

Educated at Queen's University. Lectured at Universite Nationale Du Rwanda.

1968 Canadian International Development Agency (CIDA).

1969 External Affairs (Paris, Ottawa, New York (UN)).

1979 Executive Assistant to Alan Gotlieb (then Under-Secretary of State for External Affairs).

Divorced (two children).



FOX, MR WILLIAM

Press Secretary to the Prime Minister.

A former reporter whom Mr Mulroney got to know and like during his first bid for the Progressive Conservative leadership in 1976.

Has considerable political authority and influence beyond press relations, but a rather abrasive and arrogant manner.

ANGLO-CANADIAN RELATIONS

Summary

1. Sir Derek Day's despatch of 22 November concluded that he had been impressed by just how extensive the Anglo-Canadian relationship still was and noted the opportunities for us created by the watershed of a new, inexperienced, but self-confident Progressive Conservative government, free of the hang-ups about the United States or NATO Alliance that had soured relations under Trudeau. This paper endorses these conclusions; lists official and political ties (Annexes A and B); stresses the need to consolidate a good relationship with the new government under Mr Mulroney; notes (Annex C) work on some modest measures by which the relationship might be strengthened, and (Annex D) others which are blocked by lack of funds.

DetailChanges from the old relationship

2. Canada fought in 2 World Wars because Great Britain was at war. Since 1945 that Canada has greatly changed. New immigration has increased the non-European origin population to 33% and reduced the proportion of British stock to only 40%. Trade with the US has increased to 75% and with the EC has diminished to 7.4%. Canadians attached to the British connection have had difficulty in accepting Britain's increased involvement in the EC. Many Canadians still feel European but have become more North American.

Remaining ties

3. Nonetheless the relationship with Britain and with Europe retains great importance for Canada as a counter-weight to absorption by the United States. The ties with the UK remain extensive. Britain is Canada's second largest investor;

/its



its third largest supplier (1984 £1.183 bn UK exports up 21.5%) and its third largest export market. In 1984 visits were about half a million in both directions. Ministerial visits (including visits by Provincial Ministers) are very frequent. Some 10,000 British troops a year use training areas in Canada.

The Canadian change of government

4. Under the impact of post-war change Canada has been uncertain of its identity; still feeling European but detached through geography; increasingly North American in style and involvement yet resisting absorption; in NATO and the Summit Seven but often left feeling marginal. Trudeau reacted by a degree of maverick behaviour such as his independent East-West initiative, championing of the third world, nationalist and protectionist legislation.

5. The new Progressive Conservative government (September 1984) has a massive majority and is led by an Anglophone from Quebec with a North American style. It is committed to improved relations within Canada between the federal centre and the Provinces and with the United States, also to an enhanced contribution to NATO and to closer relations with Britain and Europe. Despite lack of governmental experience it has already gone far to meet these goals.

Scope for effort to improve Anglo-Canadian links

6. As shown above ties with Canada remain deep and extensive. Annexes A and B give detail on official relations and ministerial visits. But these are just the tip of other ties which continue without direct governmental involvement or knowledge. The scope for enhancing such ties through official efforts seems marginal, certainly without the expenditure of much greater extra resources than are available on either side (the Canadian government inherited a massive budget deficit).

/Relations

Relations with the Mulroney government

7. Efforts to consolidate a good relationship with the new government, to respond to its goodwill and to applaud its new initiatives could bring disproportionate dividends. For a good Anglo-Canadian relationship it is important that the Canadians feel that their identity and interests are recognised and that their counsels are being sought. The new government's first priority is a better relationship with Washington, but it is conscious of inexperience (Mr Mulroney and 21 of the Cabinet of 40 are new to government) and open to friendly advice. Both the government and Canadians generally have difficulty in understanding and working with the European Community. Many of the government's aims, such as privatisation and deficit reductions are similar to those of HMG. We can without reservation encourage it in its first policy moves:

- commitment to increase defence spending and Canadian forces in Europe;
- relaxation of energy price controls (benefiting UK oil companies and stimulating oil/gas exploration);
- encouragement to foreign investment;
- improved relations with Washington, including agreement on joint funding of a new early warning radar network.

Other measures to strengthen ties

8. Annex C sets out a number of measures underway within existing budgets or with only modest financial implications. These include increased Parliamentary exchanges, academic and business joint seminars, scientific and technical collaboration, defence research and production collaboration, joint governmental studies, increased governmental and business contacts, periodic reviews of relations at senior official level, film co-production and wider exchanges of diplomatic reports.



9. Annex D lists other areas which would have an impact but would require more substantial expenditure. Chief amongst these are a reduction in UK University fees for Canadian students and the unfreezing of pensions payable to British pensioners in Canada.

→
? Reciprocal agreement?

EXISTING ANGLO-CANADIAN CONTACTS

Bilateral

- (a) Bilateral Ministerial talks (see Annex B)
- (b) Regular bilateral official consultations
 - (i) Annual politico-military talks
 - (ii) Annual talks between FCO and Department of External Affairs Planners
 - (iii) Bi-ennial Anglo-Canadian cultural talks
 - (iv) Anglo-Canadian Continuing Committee (trade, periodic meetings)
 - (v) Anglo-Canadian Defence Research, Development and Production Collaboration Committee (annual meetings)
- (c) Ad hoc contacts between officials of Government Departments.
(In October 1984 there were 140 short-term official visits to Canada - civilian and military officials and British Council sponsored visits.)
- (d) Academic, cultural and educational visits programme, British Council or ODA funded (149 visits to and 199 visits from Canada in 1984)
- (e) FCO sponsored visitors programme (26 sponsored visitors from Canada to UK in 1984)
- (f) Exchange of diplomatic reporting between FCO and Department of External Affairs (Canadian material is usually of high quality)
- (g) British Army training takes place under a training agreement. Main features are:
 - (i) Establishment of a British Army training unit at Suffield, Alberta, providing facilities (1,000 square miles of prairie) for battle group exercises for about 10,000 British Army personnel each year.
 - (ii) Establishment of infantry training facilities at Wainwright, Alberta (3 British Army infantry battalions p.a.)



- (iii) Construction of project training of one engineer
Field Squadron p.a.
- (iv) Royal Marine Commando group training
- (v) RAF training at Goose Bay
- (vi) Adventure training
- (h) Canadian military training at UK establishments
- (i) Ships visits (6 RN vessels to Canada that year); annual exchange of 1 Canadian and 1 RN submarine

Multilateral

- (j) Economic summits (annual) plus experts meetings eg on international terrorism
- (k) Commonwealth meetings (including heads of Government, other Ministerial, and senior officials)
- (l) NATO meetings (including Foreign and Defence Ministers)
- (m) Participation in allied intelligence co-ordination
- (n) Tri-partite meetings with US on Caribbean and Central America
- (o) Co-ordination in United Nations bodies within Western group and ad hoc

Parliamentary

- (p) Commonwealth Parliamentary Association visits involving UK MPs
visiting Canada and Canadian MPs visiting UK

Non-Official

- (q) Extensive business and commercial links
- (r) Co-operation between professional and cultural bodies (eg Canadian Institute of Advanced Legal Studies bi-ennial meetings in Cambridge)
- (s) International and bilateral sporting contacts
- (t) Commercially sponsored art, cultural, theatrical and pop shows and exhibitions

Media

- (u) (i) Purchase of British film and TV programmes including extensive use of BBC and TV news material
- (ii) Canadian media representatives resident in London covering UK and Europe (5 Canadian newspapers and 2 television companies are represented in London). There is no resident British media representation in Canada.

CANADIAN MINISTERIAL VISITS TO UK 1984-51984

February	Minister for Employment and Immigration
February	Premier of Alberta
February	Premier of Ontario
February	Secretary of State
February	Minister of State, Ministry of Finance
February	Minister for Communications
February	Minister for International Trade
June	Prime Minister
June	Minister of Finance
July	Prime Minister
September	Minister of National Defence
November	Minister for International Trade
November	President of the Treasury Board
December	Secretary of State for External Affairs
December/January	Minister of State for Multi-culturalism

1985

January	Ambassador for Disarmament
January	Premier Lougheed of Alberta
January	Premier Devine of Saskatchewan
February	Minister of Regional Industrial Expansion
February	Mr Speaker Bosley
March	Minister of Tourism
April	Secretary of State
April/May	Prime Minister
June	Minister for Energy Mines and Resources
July	Minister of Justice
August	Minister of Revenue

UK MINISTERIAL VISITS TO CANADA 1984-51984

April/May	Minister for Trade
April	Chief Secretary, Treasury
May	Minister of State, FCO
May	Minister of State, Home Office
September	Minister of State for the Armed Forces

1985

April	Minister of State for Defence Procurement
May	Minister of State, FCO
June	Minister of State, DTI
?	Minister for Overseas Development
Summer Recess	Minister for the Armed Forces
? September	Secretary of State for Foreign and Commonwealth Affairs
? September	Minister of State for Energy



NEW FIELDS OF COOPERATION BEING PURSUED

Parliamentary Exchanges

1. Following a Canadian initiative to supplement regular CPA arrangements for contracts between Parliamentarians, there was an exchange of Parliamentary delegations in 1984 (FCO paid UK costs of incoming Canadian team). The FCO is ready to sponsor such exchanges on an annual basis.

2. The Canadian Secretary of State for External Affairs, Mr Clark, suggested to the Foreign Secretary at their meeting in December 1984 that there should be more working contacts ie to include research and discussion on specific issues. (The Canadian Government's sizeable majority includes many young and inexperienced MPs who would benefit and who need to be kept occupied.) A number of potential subjects for study have been put forward from UK Parliamentary and other sources but there are difficulties about finance, and about pursuing certain issues in an all party group. We shall seek Canadian views on how they wish to pursue the matter.

Dalhousie Seminar and follow-up

3. A colloquium on Anglo-Canadian relations was held at Dalhousie University, Nova Scotia, in May 1984, financed by the Canadian Government and the University. It succeeded colloquia held in the UK in 1971 and 1979. A further seminar is to be held from 31 May to 1 June at Leeds University on 'Britain, Canada and the Commonwealth' jointly funded by Leeds University, the Canadian High Commission and FCO. The feasibility of a regular series, ie 'Dalhousie Colloquia' is being explored. These should be largely externally organised and funded.

/Scientific



Scientific and technological collaboration

4. There are effective, though not extensive, working level links with Canadian scientists. An exchange of letters was signed by Sir R Nicholson and his Canadian counterpart in October 1983. Promising areas for collaboration have been identified, and in many significant progress has been made. A meeting is likely to be held in late 1985 in Ottawa to review progress.

Collaboration in defence research, development and production

5. Ministry of Defence are investigating the possibility of increased collaboration. (The Canadians are pained that UK did not award the contract for the new RAF trainer aircraft to the British Aerospace/Pilatus PC 6 bid, which incorporated Canadian Pratt and Whitney engines.)

Intergovernmental collaboration

6. The High Commission in Ottawa is pursuing with the Canadians ideas for joint study on arms control questions, including verification, chemical weapons ban, biological weapons convention and constraints on conventional forces.

7. Official contacts have been stepped up in the fields of East-West relations, arms control, disarmament, defence, Central America and the Caribbean, international terrorism, dissidents, CSCE, human rights and research.

Contacts between Chambers of Commerce

8. DTI, through the British Overseas Trade Board and the North America Advisory Group, are trying to stimulate British Chambers of Commerce to establish closer contacts with Canadian Boards of Trade and Chambers of Commerce.



UK/Canada Film Co-production Agreement

9. The Agreement is being extended to cover co-production of films made for television and video; signature is expected shortly.

Exchange of information

10. We are looking into the possibility of extending the range of diplomatic reports which we make available to the Canadians.

Periodical review

11. At their meeting last December the Foreign Secretary and Mr Joe Clark agreed that the Canadian High Commissioner in London and the British High Commissioner in Ottawa should meet the appropriate Foreign Ministry Under Secretary at regular intervals to review progress on Anglo-Canadian relations, and make recommendations. The first such meetings will take place in London when the new Canadian High Commissioner has settled in.



ANNEX D

PROPOSALS WHICH WOULD REQUIRE MORE EXTENSIVE FUNDING

- (a) Agreement on the unfreezing of UK pensions to Britons resident in Canada (estimated cost £35 m pa).
- (b) Measures to alleviate the effects of increased UK student fees on attendance by Canadians at British Universities.
- (c) Increased British Council support for major cultural tours and British participation in cultural exhibitions and activities.
- (d) Commercial sponsorship for sporting and cultural events by British and/or Canadian firms (there is considerable scope for activity but commercial sponsorship as in the past proved hard to obtain).

S U M M A R YFIRST IMPRESSIONS OF CANADA

1. Delayed first impressions, and why. The implications of the size and relatively small population of Canada (Paras. 1 - 3).
2. In-built tension between Ottawa and the Provinces. The outlook is for more harmonious relations. The new Government should seize the opportunity while the going is good (Paras. 4 - 7).
3. Canadians pay themselves more than they can afford. Will the new Government impose the necessary financial discipline? (Paras. 8 - 9).
4. Canada uncertain of its role in the world; stranded between Europe and the United States. In our own interest to make Canada feel more part of the Western team (Paras. 10 - 13).
5. Relationship with United Kingdom good and extensive. Much activity that is not apparent at first sight (Paras. 13 - 15).
6. Opportunity to establish closer and more beneficial relationship with the Mulroney Government than was possible with Trudeau. We shouldn't miss the chance (Paras. 16 - 17).