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From the Private Secretary

17 March 1986

PRIME MINISTER'S TELEPHONE CALL WITH THE CANADIAN
PRIME MINISTER

Mr. Mulroney telephoned the Prime Minister from Ottawa this evening shortly before leaving for a visit to Washington.

Nicaragua

Mr. Mulroney said that he expected to come under heavy pressure from the United States Administration to support their line on Nicaragua. He wondered whether President Reagan had invited the Prime Minister to make any public comment. The Prime Minister said that we had received no such request. Her impression was that the regime in Nicaragua was becoming steadily more repressive. In practice she would not want to hinder the United States from defending its own backyard against Communist subversion. Her own public line would be that the United Kingdom supported the Contadora process; that anything beyond that was a matter for the United States Administration's judgement; but that we noted with regret the steadily more repressive nature of the Nicaraguan regime. Mr. Mulroney thought this a sensible line.

Group of Five

Mr. Mulroney said that he hoped to have the Prime Minister's personal support for Canadian membership of the G5. The request was not a capricious one. It was vital politically for Canada to be seen to be treated on an equal footing with other members of the Economic Summit Seven. He had been assured of support by President Reagan, Chancellor Kohl and President Mitterrand.

The Prime Minister said that she had discussed the matter recently with Signor Craxi. Obviously Italy and Canada should take part in discussions of matters affecting exchange rates, when important decisions affecting them were to be taken. But it was essential not to go beyond that. In particular, neither the EC Presidency nor the Commission should be included. Equally she did not want to see the existing Economic Summit Seven extended to take in, for
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instance, Australia.

Mr. Mulroney said that he was grateful for the Prime Minister's support. He agreed entirely that there was no need for EC representation. Nor did he want to extend the Economic Summit Seven. He had been much impressed by the quality of private discussion between Heads of Government at the Bonn Economic Summit.

Prime Minister's Visit to Canada

The Prime Minister said that she was much looking forward to her visit to Vancouver in July. Mr. Mulroney said that he would be meeting the Prime Minister in Canada then, and of course before that at the Economic Summit. The conversation ended on this note.

I should add, however, that - according to his staff who spoke to me beforehand - Mr. Mulroney was intending to go on to suggest that Commonwealth Heads of Government might meet in Canada in mid-July to consider the report of the Eminent Persons Group on South Africa. The Prime Minister is not at all keen on being tied to a deadline for this and, forewarned, brought the conversation to a rapid conclusion before the matter could be raised.

I am copying this letter to Rachel Lomax (H.M. Treasury).

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

PRIME MINISTER

TELEPHONE CALL WITH MR. MULRONEY

Mr. Mulroney wants to telephone you at 8.30 p.m. on Monday before he sets off on a visit to Washington.

His office are not certain what he wants to discuss. But the obvious subjects are:

- (a) Canadian membership of the Group of Five. He has recently sent you a message on this (in the folder).
- (b) South Africa and the outcome of the Eminent Persons' Group's visit. He may in particular ask how you see the way ahead; and whether you have given thought to the timing of a further meeting of the Commonwealth Heads of Government concerned.

I enclose briefing on both points.

[Briefing on South Africa
in Lord Barber
meeting folder]

C.D.D

Charles Powell

14 March 1986

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