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10 DOWNING STREET
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*CANADA
RELATIONS PT 6*

From the Private Secretary

22 June 1988

Dear Lynn,

PRIME MINISTER'S VISIT TO CANADA:
MEETING WITH THE CANADIAN PRIME MINISTER

The Prime Minister had a talk with the Canadian Prime Minister over lunch at his official residence in Ottawa on 22 June. Those present on the Canadian side were Mr. Derek Burney and the Canadian High Commissioner in London. Our High Commissioner in Ottawa was also present.

Prime Minister's speech to the Canadian Parliament

Mr. Mulroney expressed warm appreciation for the Prime Minister's speech earlier in the day to the Canadian Parliament.

Canadian political situation

Mr. Mulroney explained that the Canadian Parliament would be kept in session until it had completed the main outstanding Bills in the government's legislative programme. He was prepared to go on as long as necessary. But the indications were that the Opposition would crumble and let the main Bills through by the third week in July.

Northern Ireland

Mr. Mulroney sought the Prime Minister's views on the longer term outlook for Northern Ireland. The Prime Minister said that there was little alternative to pressing ahead with current policies. Unfortunately the Irish Republic had neither the will nor the resources to cooperate wholeheartedly in the fight against terrorism, with the result that terrorists enjoyed virtually a safe haven in the Republic. Mr. Mulroney enquired why the Prime Minister did not take measures to close the border between the Republic and Northern Ireland. He had discussed this problem in the past with President Reagan and could say that most Canadian and United States governments would be ready to provide financial backing for any steps which would help deal definitively with the IRA.

Middle East

Mr. Mulroney was pessimistic about the prospects for progress on Arab/Israel during the remaining months of the present United

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States Administration. The outlook was little better in the event of a Democratic victory in the Presidential elections in November. He wondered whether the Prime Minister, as the West's leading statesman, could not take some initiative which might help bring the two sides in the Middle East together. The Prime Minister explained the intricacies of the Middle East situation and the limitations on any intervention by outsiders. No solution would be possible without effective pressure by the United States on Israel.

South Africa

Mr. Mulroney raised this subject, seeking the Prime Minister's assessment of the prospects in South Africa. The Prime Minister said that the situation was frozen: President Botha was psychologically incapable of taking the steps necessary for progress towards a political solution. Mr. Mulroney said that it would be very useful if the Prime Minister were to visit South Africa. She was the only person whose voice carried weight with whites in South Africa. An alternative would be for her to make a speech which would be heard by the whites setting out the steps needed. The Prime Minister said that she would be very resistant to paying a visit without some assurance that it would lead to some positive step such as the release of Nelson Mandela. But she did not believe the South African government would be ready to make concessions in response to external pressure. Mr. Mulroney asked whether partition was a possible solution in South Africa. The Prime Minister thought this highly unlikely, although she recalled that President Reagan had at various times expressed support for a cantonal solution.

SSNs

The Prime Minister set out with considerable vigour the case for Canada choosing the Trafalgar class submarines over the rival French offer. They represented a higher state of technology and were safer and quieter. It would be difficult for us - and no doubt for the United States navy - to conduct joint exercises or training with the Canadian navy if they were to choose the noisier French submarines, since to do so would risk compromising our submarines to the Soviet navy. Mr. Mulroney said that the two options were still being evaluated by the military and no recommendation had yet been received by the Canadian Cabinet. He thought it might still be some three weeks before such a recommendation was submitted. He would ensure the Prime Minister was informed as soon as it was. Mr. Burney said that the Canadians had still not been able to conclude negotiations with the Americans on necessary amendments to the US/Canada Nuclear Cooperation Agreement (not in fact true: they were concluded on 17 June). This was one of the reasons for the delay in the options coming forward to Ministers. Mr. Mulroney said that he was anxious that both options should be examined on an exactly equal footing. The Prime Minister said that she wished to leave Mr. Mulroney in no doubt of the degree of public interest in this issue in the United Kingdom and the way in which a decision to opt for the French proposals would be viewed, in view of the obvious technological superiority and operational advantages of the British submarines.

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I am copying this letter to Brian Hawtin (Ministry of Defence), Stephen Ratcliffe (Department of Trade and Industry), David Watkins (Northern Ireland Office) and Trevor Woolley (Cabinet Office).

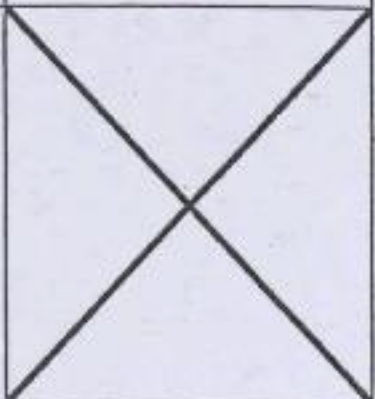
Yours sincerely,
Chris Jones

(C. D. POWELL)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

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