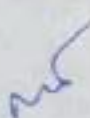


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FOR NAD

YOUR TELNOS 300 AND 301:

VALEDICTORY CALL ON THE CANADIAN PRIME MINISTER

1. MR MULRONEY GAVE ME A FULL HALF HOUR TODAY, MUCH OF IT DEVOTED TO EXPRESSING HIS ADMIRATION FOR THE PRIME MINISTER, PARTICULARLY FOR HER HANDLING OF THE PRINCIPAL TOPICS AT THE PARIS ECONOMIC SUMMIT (QUOTE THE ONLY PRIME MINISTER I CAN THINK OF WHO GETS BETTER AND BETTER THE LONGER SHE STAYS IN THE JOB UNQUOTE) AND AT THEIR MEETING IN LONDON, ALTHOUGH HE HAD CLEARLY BEEN HURT BY THE DAMAGING PRESS COVERAGE OF THE LATTER IN CANADA. HE ALSO SAID HOW MUCH HE ESTEEMED SIR GEOFFREY HOWE, WHOM HE REFERRED TO AS A GREAT FOREIGN MINISTER AND AN INSPIRED CHOICE AS LEADER OF THE HOUSE AT A TIME WHEN ITS PROCEEDINGS WERE ABOUT TO BE TELEVISED AND WHEN IT WAS ESSENTIAL FOR THE CONSERVATIVE PARTY TO BUILD UP ITS SUPPORT IN THE COUNTRY PRIOR TO THE NEXT GENERAL ELECTION. MULRONEY REMARKED THAT JUST ABOUT THE ONLY FREEDOM LEFT TO A PRIME MINISTER NOWADAYS WAS TO BE ABLE TO RESHUFFLE HIS OR HER CABINET AND SAID HE FULLY UNDERSTOOD WHY MRS THATCHER HAD FELT IT NECESSARY AT THIS STAGE TO BRING FORWARD SOME OF THE YOUNGER MEN IN THE PARTY. THERE WAS MUCH MORE IN THE SAME VEIN. I REFERED TO THE FACT THAT YOU WERE SEEING MR CLARK TODAY AND THAT A MORE EXTENDED MEETING WAS IN PROSPECT IN EARLY SEPTEMBER: MULRONEY WAS CLEARLY PLEASED TO HEAR OF THIS.

2. ON HONG KONG I WAS ABLE TO MAKE ALL THE POINTS IN YOUR TELNO 301. MULRONEY VOLUNTEERED THAT HE HAD GONE OUT OF HIS WAY, IN THE MARGINS OF THE ECONOMIC SUMMIT AND PARTICULARLY WITH THE GERMANS AND THE FRENCH, TO EMPHASISE THAT BRITAIN COULD NOT AND SHOULD NOT BE LEFT TO COPE ON HER OWN WITH THE PROBLEMS OF HONG KONG, WHICH RESULTED DIRECTLY FROM RECENT EVENTS IN CHINA AND THE FEARS THESE HAD AROUSED THAT THE CHINESE WOULD NO LONGER HONOUR THE AGREEMENT THEY HAD ENTERED INTO WITH BRITAIN. IT WAS, IN MULRONEY'S VIEW, A WORLD PROBLEM THE SOLUTION TO WHICH MUST BE AN INTERNATIONAL ONE. I REFERRED TO HIS PROPOSAL THAT HONG KONG MIGHT ESTABLISH AN OFFICE IN CANADA WITH ITS OWN RIGHTS AND PRIVILEGES, SAID THIS HAD BEEN GRATEFULLY NOTED AND THAT WE WOULD BE FOLLOWING UP SHORTLY. I ALSO

REFERRED TWICE TO THE PROBLEMS OF THE VIETNAMESE BOAT PEOPLE, BUT MULRONEY DID NOT PURSUE THIS TOPIC.

3. I TOOK THE OPPORTUNITY TO LEAVE WITH THE PRIME MINISTER A COPY OF MY REQUEST TO CLARK FOR AGREEMENT FOR MY SUCCESSOR, WHOM I WARMLY COMMENDED: AGAIN MULRONEY SEEMED WELL PLEASED. AS I HAD ALREADY COVERED THE COMMONWEALTH FOREIGN MINISTERS MEETING IN CANBERRA AND CHOGM FULLY WITH PERRON (ADM FOR THE MIDDLE EAST AND AFRICA IN THE DEA) EARLIER IN THE DAY I DID NOT THINK IT NECESSARY TO RAISE THE MATTER AGAIN: MULRONEY HIMSELF DID NOT REFER TO IT, NOR TO THE SUCCESSION TO RAMPHAL.

4. NONE OF THE DEFENSIVE POINTS IN THE BRIEFING IN YOUR TELNO 300 CAME UP AND INDEED MULRONEY SPENT MUCH OF THE LATER PART OF OUR MEETING IN A WHOLLY UNDESERVED EULOGY OF MY OWN TENURE IN OTTAWA.

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ADDITIONAL 5

PS/NO 10 DOWNING ST
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MR APPEYARD, CAB OFF

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