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Collection Name EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

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DLB 1/23/2007

File Folder CANADA (02/25/1981-03/04/1981)

FOIA

F1554

Box Number 12

TAMMY NEMETH

2

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
32587	CABLE	#251805Z FEB 81 R 12/7/2007 NLRRF1554	4	2/25/1981	B1
32588	CABLE	#252039Z FEB 81 R 12/7/2007 NLRRF1554	2	2/25/1981	B1
32589	CABLE	#271555Z FEB 81 R 12/7/2007 NLRRF1554	2	2/27/1981	B1
32591	CABLE	#031940Z MAR 81 R 12/7/2007 NLRRF1554	6	3/3/1981	B1
32592	CABLE	#032242Z MAR 81 R 12/7/2007 NLRRF1554	2	3/3/1981	B1
32593	CABLE	#032350Z MAR 81 R 12/7/2007 NLRRF1554	2	3/3/1981	B1

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C. Closed in accordance with restrictions contained in donor's deed of gift.

32587

DATE 03/02/01

WHITE HOUSE SITUATION ROOM

PAGE 001

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE 1

DECLASSIFIED

NLRR P1554 #02587

BY CW NARA DATE 12/7/07

PRIORITY

DE RUEHOT #1121/01 0501807

P 251805Z FEB 81

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 9442

~~CONFIDENTIAL~~ SECTION 01 OF 02 OTTAWA 01121

ENDIS

STADIS

FOR THE SECRETARY FROM THE CHARGES

E.O. 120651 GDS 2/24/87 (SMITH, RICHARD J.) OR-M

TAGS: RHUM, CA

SUBJECT: (C) ANNUAL HUMAN RIGHTS REPORTS: CANADA

REF: (A) STATE 45423 (B) OTTAWA 781

1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.

2. SUMMARY: CANADIAN OFFICIALS ACKNOWLEDGE OUR RIGHT TO "JUDGE" CANADIAN HUMAN RIGHTS PRACTICES AND SOME SEE OUR WORLDWIDE REPORTS AS A USEFUL REFERENCE TOOL. HOWEVER, IN MY VIEW, WHICH IS SHARED BY THE MEMBERS OF THE COUNTRY TEAM, THE PREPARATION OF INDEPENDENT US GOVERNMENT REPORTS ON CANADIAN HUMAN RIGHTS IS A DUPLICATIVE AND UNNECESSARY EXPENDITURE OF TIME AND MONEY, WHICH DOES LITTLE TO ADVANCE EITHER IMMEDIATE U.S. FOREIGN POLICY INTERESTS OR RESPECT FOR HUMAN RIGHTS IN CANADA. OUR REPORT ON CANADIAN HUMAN RIGHTS AMOUNTS TO LITTLE MORE THAN A SUMMARY OF COMPREHENSIVE STUDIES PREPARED ON A SYSTEMATIC BASIS BY CANADIAN EXPERTS. WE WOULD NEED A GOOD FULL-TIME LAWYER ON THE STAFF HERE IF WE WERE TO FOLLOW AND INTERPRET THIS ISSUE ON A COMPARABLE PROFESSIONAL BASIS. WE RECOMMEND THAT THE U.S. DISCONTINUE HUMAN RIGHTS REPORTS ON COUNTRIES LIKE CANADA AND LEAVE THEM TO THE SCRUTINY OF WATCHDOG HUMAN RIGHTS AGENCIES FUNDED BY MULTILATERAL INSTITUTIONS, FOREIGN GOVERNMENTS AND PRIVATE GROUPS -- WHO ARE ALREADY DOING THE JOB ANYWAY. END SUMMARY.

3. HUMAN RIGHTS IS A PROMINENT CANADIAN FOREIGN POLICY THEME, AND CANADIAN REPRESENTATIVES HAVE GENERALLY APPLAUDED U.S. HUMAN RIGHTS INITIATIVES INCLUDING OUR COMPILATION OF WORLDWIDE HUMAN RIGHTS REPORTS. IN A

*****CONFIDENTIAL*****

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DATE 03/02/81

WHITE HOUSE SITUATION ROOM

PAGE 002

MESSAGE (CONTINUED):

FEBRUARY 2 ADDRESS TO A FEDERAL-PROVINCIAL MINISTERIAL HUMAN RIGHTS CONFERENCE, EXTAFF MINISTER MACGUIGAN STRESSED THAT INTERNATIONAL LEGAL COMMITMENTS OBLIGE CANADA TO INSIST ON A PLACE FOR HUMAN RIGHTS IN ITS FOREIGN RELATIONS AND ALSO ENTITLED FOREIGN GOVERNMENTS TO "JUDGE" CANADA'S CONDUCT UNDER HUMAN RIGHTS CONVENANTS. IN CONVERSATIONS WITH US, VERONA EDELSTEIN, DIRECTOR OF THE CANADIAN UN SOCIAL AND HUMANITARIAN AFFAIRS DIVISION (AND EXTAFF'S CENTRAL COORDINATOR FOR INTERNATIONAL HUMAN RIGHTS CONCERNS) HAS SAID SHE FINDS U.S. HUMAN RIGHTS REPORTS A USEFUL REFERENCE TOOL. (REF B COMMENTED FURTHER ON MACGUIGAN'S AND EDELSTEIN'S VIEWS.) MEDIA AND CANADIAN OFFICIALS HAVE TAKEN NOTE IN LOW KEY MANNER OF RELEASE OF LATEST U.S. REPORT ON CANADA, TAKING SATISFACTION FROM GENERALLY POSITIVE ASSESSMENT IT REPRESENTED.

4. WE ARE NOT AWARE THAT ANY OTHER INFLUENTIAL CANADIAN INDIVIDUALS OR INSTITUTION HAVE TAKEN MUCH ACCOUNT OF THE U.S. REPORTS ON CANADA, AND WE DOUBT THAT OUR LARGELY FAVORABLE COMMENTS HAVE SIGNIFICANTLY AFFECTED CANADIAN HUMAN RIGHTS PRACTICES ONE WAY OR THE OTHER. THEY ARE GREATLY OVERSHADOWED BY CANADIAN WORK. IN CANADA AS, WE ASSUME, IN MOST OTHER DEVELOPED WESTERN DEMOCRACIES, THERE IS AN ELABORATE NETWORK OF PUBLIC AND PRIVATE HUMAN RIGHTS ORGANIZATIONS AND INSTITUTIONS AND A COMPLEX ARRAY OF STATUTORY AND CONSTITUTIONAL PROVISIONS GOVERNING HUMAN RIGHTS PRACTICES. NUMEROUS PUBLIC BODIES ISSUE VOLUMINOUS REPORTS ON CANADIAN HUMAN RIGHTS PRACTICES EACH YEAR, AND THE CANADIAN GOVERNMENT HAS PREPARED AN EXHAUSTIVE 479-PAGE REPORT ASSESSING CANADA'S OBSERVANCE OF THE INTERNATIONAL COVENANT ON CIVIL AND POLITICAL RIGHTS. FOR THE PAST SIX MONTHS IN PARTICULAR, CANADIANS HAVE BEEN PREOCCUPIED WITH A NATIONWIDE DEBATE OVER THE EXACT TERMS OF HUMAN RIGHTS GUARANTEES WHICH THE GOVERNMENT PROPOSES TO ENTRENCH IN A NEW CONSTITUTION.

5. GIVEN THIS WEALTH OF INFORMATION, THE SMALL SIZE OF OUR POLITICAL SECTION AND COMPETING PRIORITIES, THE EMBASSY'S HUMAN RIGHTS REPORT ON CANADA CAN DO LITTLE MORE THAN SUMMARIZE HIGHLIGHTS OF CANADIAN DOCUMENTS AND OPINIONS. AS SUCH, OUR EFFORT SEEMS LARGELY REDUNDANT. MOREOVER, THE NECESSITY OF CONDENSING A VAST RANGE OF MATERIAL INTO A FEW PAGES INEVITABLY OVER-SIMPLIFIES LOCAL HUMAN RIGHTS QUESTIONS, AND RUNS THE RISK OF DISTORTING THEM IN THE PROCESS. FURTHERMORE, THIS EMBASSY DOES NOT POSSESS THE LEGAL EXPERTISE NECESSARY FOR EASY, ACCURATE

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*****~~C O N F I D E N T I A L~~*****

DATE 03/02/81

WHITE HOUSE SITUATION ROOM

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MESSAGE (CONTINUED):

INTERPRETATION AND CONDENSATION OF TECHNICAL HUMAN RIGHTS
COMMENTARIES BY CANADIAN CONSTITUTIONAL SPECIALISTS.
THE RESULT IS A DISPROPORTIONATELY LARGE EXPENDITURE OF
TIME AND EFFORT IN REFINING THE HUMAN RIGHTS REPORT IN
OTTAWA, AND THROUGH SUCCESSIVE EXCHANGES BETWEEN THE EMBASSY
AND THE DEPARTMENT OF STATE.

PSN: 016910

TOR: 056/20:34Z

RTG: 251805Z FEB 81

*****~~C O N F I D E N T I A L~~*****

506

~~*****CONFIDENTIAL*****~~

DATE 03/02/81

WHITE HOUSE SITUATION ROOM

PAGE 001

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

PRIORITY

DE RUEHOT #1121/02 0561815

P 251805Z FEB 81

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 9443

~~CONFIDENTIAL~~ SECTION 02 OF 02 OTTAWA 01121

EXDIS - STADIS

6. SINCE NO ONE SERIOUSLY BELIEVES THAT CANADA PERPETRATES GROSS HUMAN RIGHTS ABUSES, AND SINCE LOCAL HUMAN RIGHTS PRACTICES ARE ALREADY SYSTEMATICALLY DOCUMENTED BY CANADIAN GROUPS IN VASTLY MORE PAINSTAKING DETAIL THAN OUR OWN SURVEYS CAN HOPE TO EQUAL, IT SEEMS TO US IMPOSSIBLE TO JUSTIFY THE SUBSTANTIAL OUTLAY OF MAN HOURS WHICH THIS ANNUAL PROJECT DEMANDS. WE RECOMMEND THAT THE U.S. LEAVE HUMAN RIGHTS REPORTING ON COUNTRIES SUCH AS CANADA TO THE BROAD RANGE OF MULTILATERAL, (FOREIGN) GOVERNMENTAL AND PRIVATE HUMAN RIGHTS WATCHDOG AGENCIES WHO POSSESS THE EXPERTISE AND RESOURCES TO DO THE JOB RIGHT, AND WHO ARE ALREADY DOING THE JOB ANYWAY. SMITH

PSN: 016906

TOR: 056/20132Z

RTG: 251805Z FEB 81

~~*****CONFIDENTIAL*****~~

ROUTINE
STUD190
DE RUEHOT #1134 0562235
R 252039Z FEB 81
PM AMEMBASSY OTTAWA

DECLASSIFIED

NLRR FISSY #32588

BY CN NARA DATE 12/7/07

32588

TO SECSTATE WASHDC 9448

EXDIS
E.O. 12065: GDS 2/25/86 (SMITH, R.J.) OR-M
TAGS: ENSD, OYIP, CA
SUBJECT: NORTH/SOUTH SUMMIT

1. CONFIDENTIAL - ENTIRE TEXT

2. SMITH, NORTH/SOUTH SUMMIT IN CANADIAN DEPARTMENT OF EXTERNAL AFFAIRS, SUGGESTED FEBRUARY 24 GOC IS STILL CASTING ABOUT FOR WAYS TO ENCOURAGE PRESIDENT REAGAN TO ATTEND NORTH/SOUTH SUMMIT IN MEXICO.

3. AT JANUARY MEETING WITH LOPEZ PORTILLO, TRUDEAU TOOK POSITION THAT PRESIDENT REAGAN SHOULD BE ENCOURAGED TO ATTEND, BUT IF THE PRESIDENT DECIDED NOT TO, SUMMIT IN MEXICO SHOULD GO AHEAD ANYWAY IN JUNE.

4. SMITH NOTED THAT AT LONDON MEETING LAST WEEK OF PERSONAL REPS, THERE HAD BEEN SUGGESTION BY UK THAT NORTH/SOUTH SUMMIT MIGHT BE HELD AFTER JULY ECONOMIC SUMMIT IN OTTAWA, POSSIBLY IN THE FALL.

5. EXTAFF IS CONSIDERING RECOMMENDATION TO TRUDEAU THAT DURING THE PRIME MINISTER'S MEETING WITH THE PRESIDENT IN OTTAWA MARCH 10-11, TRUDEAU SUGGEST THAT NORTH/SOUTH SUMMIT COULD BE DELAYED UNTIL MAY, OCTOBER, IF PRESIDENT COULD AGREE TO ATTEND AT THAT TIME.

6. COMMENT. SMITH UNDERSTANDS FULL WELL THAT TIMING OF NORTH/SOUTH SUMMIT MAY BE FAR FROM CENTRAL U.S. CONCERN REGARDING ATTENDANCE BY THE PRESIDENT. HOWEVER, FOREIGN MINISTER MACGUGAN WILL LEAVE OTTAWA IMMEDIATELY AFTER PRESIDENTIAL VISIT TO ATTEND MARCH 13-15 PREPARATORY MEETING IN VIENNA OF FOREIGN MINISTERS FOR NORTH/SOUTH SUMMIT.

*****WHSR COMMENT*****

COL VP
FOR:WEIR

PSN1018778

PAGE 01

TOR:058/02:22Z

DTG:252039Z FEB 81

*****CONFIDENTIAL***** COPY

AS PREPARATIONS FOR NORTH/SOUTH SUMMIT ARE APPARENTLY STILL IN CONSIDERABLE DISARRAY, SMITH MAY BE HOPING THAT AGREEMENT BY THE PRESIDENT TO ATTEND IN THE FALL COULD BE REPORTED BY MACGUIGAN IN VIENNA AND PROVIDE A REASON TO AGREE ON A POSTPONEMENT. THIS COULD BUY TIME FOR MEXICO AND OTHERS TO WORK OUT WHAT IT IS THEY WANT TO DO AT A NORTH/SOUTH SUMMIT.

7. EMBASSY IS NOT AT ALL SURE TRUDEAU WILL BUY SUCH AN APPROACH. HE STRONGLY WANTS TO DO SOMETHING IN NORTH/SOUTH AREA. HE DEFINITELY CAN BE EXPECTED TO RAISE U.S. ATTENDANCE AT A NORTH/SOUTH SUMMIT WITH PRESIDENT. BUT HE WOULD NOT EXPECT TRUDEAU TO PUSH IN AN AREA WHERE HE JUDGES THAT THERE SEEMS LITTLE CHANCE OF POSITIVE RESULTS FROM HIS VIEWPOINT. SMITH
BT

*****CONFIDENTIAL*****

32589

DATE 02/27/81

WHITE HOUSE SITUATION ROOM

PAGE 001

WHSR COMMENT:

RA NAN COL VP
EOB:ECON, NUCUN, WEUR

DECLASSIFIED

NLRR F1554 #32589

MESSAGE ANNOTATIONS:

BY CU NARA DATE 12/7/07

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE
DE RUEHOT #1177 0501055
O 271555Z FEB 81
FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 9477

~~CONFIDENTIAL~~ OTTAWA 01177

LIMDIS

E.O. 120651 GDS 2/26/81 (SMITH, RICHARD J.) OR-M
TAGS: OVIP, EGEN, SENV, ETRD, ENRG, EFIS, USTR, CA
SUBJECT: POST PRESIDENTIAL VISIT: THE CONTINUED DIALOGUE1. ~~CONFIDENTIAL~~ - ENTIRE TEXT

2. THE MARCH 10-11 PRESIDENTIAL VISIT TO OTTAWA WILL SET THE AGENDA FOR THE US/CANADIAN RELATIONSHIP FOR THE NEW ADMINISTRATION. AT THE SAME TIME THE VISIT WILL BE BRIEF AND NOT PROVIDE A SUITABLE OCCASION FOR EXTENSIVE AND DETAILED DISCUSSION OF BILATERAL ISSUES. SENIOR GOC OFFICIALS WILL NOT HAVE THE OPPORTUNITY TO MEET WITH US COUNTERPARTS ON ANY SUSTAINED, SUBSTANTIVE BASIS DURING THE VISIT. (ALTHOUGH A NUMBER OF CANADIAN MINISTERS ARE EXPECTED TO ATTEND AT LEAST PART OF THE AFTERNOON SESSION ON BI-LATERAL ISSUES, GOC OFFICIALS HAVE SAID THAT IT IS NOT ANTICIPATED THAT THEY WILL TAKE PART IN THE DISCUSSION IN ANY SUBSTANTIAL WAY.)

3. WE RECOMMEND THAT CONSIDERATION BE GIVEN TO PLANNING A SERIES OF CABINET LEVEL VISITS TO TAKE PLACE AFTER THE PRESIDENTIAL VISIT TO PERMIT IN-DEPTH CONSULTATION AND FOLLOW-UP ON THE ISSUES IDENTIFIED BY THE PRESIDENT AND PRIME MINISTER. THE PRESIDENT'S VISIT COULD THUS SERVE AS A CATALYST FOR ACHIEVING SIGNIFICANT PROGRESS IN A NUMBER OF AREAS.

4. SPECIFICALLY, WE SUGGEST CONSIDERATION OF VISITS OVER

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DATE 02/27/81

WHITE HOUSE SITUATION ROOM

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MESSAGE (CONTINUED):

THE COMING MONTHS BY THE SECRETARIES OF DEFENSE, ENERGY AND COMMERCE, AS WELL AS THE USTR AND ADMINISTRATOR OF EPA. THESE VISITS SHOULD BE SPACED FOR MAXIMUM VISIBILITY AND SUBSTANTIVE PREPARATION AND COULD DEAL INTER ALIA WITH THE FOLLOWING:

--DEFENSE: NATO DEFENSE COMMITMENTS AND THE UPDATING OF THE DEFENSE PRODUCTION SHARING AGREEMENT (DPSA).

--ENERGY: GAS PRICING AND SUPPLY, CANADIAN ENERGY POLICIES AND HYDROELECTRICITY COOPERATION. WE CLEARLY NEED TO REPLACE THE DUNCAN-LALONDE EXCHANGE OF LETTERS.

--COMMERCE AND USTR: U.S. INDUSTRIAL POLICIES AS THEY AFFECT CANADA, ESPECIALLY AUTOMOBILES. BILATERAL TRADE AND INVESTMENT ISSUES SUCH AS FIRA, IMPORT LEGISLATION AND GOVERNMENT PROCUREMENT COULD BE DISCUSSED. THE SECRETARY OF COMMERCE MIGHT ALSO WISH TO DISCUSS U.S. FISHERIES POLICIES ONCE IT BECOMES CLEAR HOW BOTH GOVERNMENTS ARE GOING TO PURSUE THIS TROUBLESOME ISSUE.

--EPA: ACID RAIN AND A WIDE VARIETY OF SPECIFIC PROBLEMS ARE AMONG THE MOST POLITICALLY SENSITIVE BILATERAL ISSUES. A VISIT BY THE ADMINISTRATOR WOULD BE CRUCIAL TO SETTING THE TONE FOR THIS RELATIONSHIP UNDER THE REAGAN ADMINISTRATION. SMITH

PSNI 019538

TORI 058/16100Z

RTGI 271555Z FEB 81

*****CONFIDENTIAL*****

DATE 03/06/81

WHITE HOUSE SITUATION ROOM

PAGE 001

WHSR COMMENT:

NAN COL VP
EOBIECON, WEUR

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE
DE RUEHOTD #0540/1 0021944
O 031940Z MAR 81
FM AMCONSUL TORONTO

TO SECSTATE WASHDC IMMEDIATE 3038

INFO AMEMBASSY OTTAWA IMMEDIATE 4268
AMCONSUL MONTREAL 417
AMCONSUL QUEBEC 206
AMCONSUL CALGARY POUCH
AMCONSUL HALIFAX POUCH
AMCONSUL VANCOUVER POUCH
AMCONSUL WINNIPEG POUCH
BT

~~C O N F I D E N T I A L~~ SECTION 1 OF 2 TORONTO 0548
E.O. 120651 GDS 3/3/87 (WILLIAMS, THOMAS E.) OR-P
TAGS: EFIN, PEPR, PDIP, CA, US
SUBJECT: NEW CANADIAN BANK ACT - BANKS SEEK USG ASSISTANCE
CHARLES YOUNG, SENIOR VICE PRESIDENT OF CITICORP
CANAD, HAS PROVIDED CONGEN WITH TEXT OF (A) MEMO
CONCERNING RECENT MEETING OF REPRESENTATIVES OF SIX
U.S. BANK SUBSIDIARIES IN TORONTO TO DISCUSS THEIR
CONCERN THAT NEW CANADIAN BANKING ACT WILL NOT RPT
NOT ACCORD U.S. BANKS A REASONABLE MARKET SHARE AND
(B) LETTER FROM WALTER M. WRISTON, CHAIRMAN OF CITIBANK,
TO SECRETARY HAIG REQUESTING THAT THESE CONCERNS BE
BROUGHT TO ATTENTION OF CANADIANS DURING PRESIDENT
REAGAN'S FORTHCOMING VISIT TO OTTAWA. TEXT OF BOTH
DOCUMENTS FOLLOWS:
MEMO FROM CHARLES YOUNG, CITICORP CANADA TO
LAWRENCE M. SMALL, EXEC VP OF CITIBANK -
"THERE IS GROWING CONCERN AMONG U.S. BANKERS IN CANADA
THAT WE UST ACT IN CONCERT THROUGH U.S. GOVERNMENT
AND SENIOR REGULATORY CHANNELS TO ENSURE THAT U.S.
BANKS ARE TREATED FAIRLY IN THE ALLOCATION OF THE

*****CONFIDENTIAL*****

DECLASSIFIED

NLRR EK54 #32591

BY OL NARA DATE 12/7/07

32591

DATE 03/06/81

WHITE HOUSE SITUATION ROOM

PAGE 002

MESSAGE (CONTINUED):

8 PERCENT MARKET SHARE RESERVED IN THE BANK ACT FOR FOREIGN BANK SUBSIDIARIES. THE U.S. BANKS TODAY REPRESENT 55 PERCENT TO 60 PERCENT OF THE C\$10 BILLION IN FOREIGN BANK ASSETS. THE 8 PERCENT CEILING WILL PERMIT FURTHER GROWTH TO C\$14 BILLION. PRELIMINARY DISCUSSIONS WITH THE CANADIAN SUPERINTENDENT OF BANKS SUGGEST THAT FOREIGN BANKS ALREADY OPERATING IN CANADA WILL BE PERMITTED TO GROW BY ONLY TEN PERCENT PER ANNUM ABOVE THEIR PRESENT ASSET BASE. AT THE SAME TIME, UP TO TWENTY NEW BANKS WILL BE PERMITTED TO ENTER CANADA DE NOVO OR UPGRADE THEIR EXISTING REP OFFICES TO OPERATE AS BANKING SUBSIDIARIES. IF EACH OF THESE NEW BANKS IS PERMITTED AN AUTHORIZED CAPITAL OF C\$100MM, THEY WOULD BE PERMITTED ASSETS OF C\$2 BILLION GIVEN THE 20-1 ASSETS TO CAPITAL RATIO. MOST OF THESE BANKS WILL BE NON-U.S. BANKS. THEREFORE, THE SHARE OF THE FOREIGN BANKING MARKET CONTROLLED BY THE U.S. BANKS FOLLOWING THE LICENSING OF THE NEW BANKS AND THE ALLOCATION OF CAPITAL TO ALL PLAYERS CAN BE EXPECTED TO DECLINE BELOW FIFTY PERCENT.

WE HAVE ALSO LEARNED THAT THE BANKING SUPERINTENDENT IS NEGOTIATING DIRECTLY WITH THE BANKING AUTHORITIES IN SEVERAL COUNTRIES TO OBTAIN RECIPROCITY IN THOSE COUNTRIES FOR CANADIAN BANKS AS A QUID PRO QUO FOR ENTRY INTO CANADA. SPECIFICALLY, FIVE JAPANESE BANKS WILL ENTER CANADA IN RETURN FOR FIVE LICENSES FOR CANADIAN BANK BRANCHES IN JAPAN. THE PROBLEM, AS WE SEE IT, IS THAT CANADIAN BANKS ARE ALREADY OPERATING MORE ADVANTAGEOUSLY IN THE U.S. THAN WE ARE IN CANADA AND, THEREFORE, THE BANKING SUPERINTENDENT HAS NO INTEREST IN BARTERING WITH THE U.S. BANKING AUTHORITIES TO OFFER BENEFITS TO U.S. BANKS IN CANADA IN EXCHANGE FOR ACCESS TO THE U.S. MARKET. FURTHERMORE, BECAUSE OF OUR ANTITRUST TRADITION IN THE U.S., THE U.S. BANKS HAVE NEVER ACTED IN CONCERT HERE ON ANY MATTER, PREFERRING TO MAINTAIN A FRIENDLY COMPETITIVE POSTURE VIS A VIS ONE ANOTHER. HOWEVER, AT THE SUGGESTION OF THE BANK OF AMERICA AND THE CONTINENTAL ILLINOIS, I HOSTED A LUNCHEON THIS WEEK IN OUR BOARDROOM IN TORONTO FOR THE HEADS OF THE SIX LARGEST U.S. BANKING SUBSIDIARIES, (BOA, CHASE, MORGAN, CONTINENTAL, CHEMICAL AND 1ST CHICAGO). WE DISCUSSED THE QUESTION OF WHAT WE MIGHT DO TO ENSURE THAT U.S. BANKS WERE TREATED FAIRLY IN THE UPCOMING ASSET ALLOCATION PROCESS.

THERE WAS CONSENSUS THAT WE SHOULD ACT TOGETHER AND THAT WE SHOULD TRY TO INSERT THE ISSUE ON THE AGENDA FOR DISCUSSION DURING PRESIDENT REAGAN'S VISIT

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WHITE HOUSE SITUATION ROOM

PAGE 003

MESSAGE (CONTINUED):

TO CANADA, SCHEDULED FOR MARCH 9-10, 1981. WE CONCLUDED THAT IT WAS IMPORTANT THAT AS SENIOR A REPRESENTATIVE OF THE U.S. GOVERNMENT AS POSSIBLE CONVEY THE FOLLOWING MESSAGE:

1. THE U.S. AUTHORITIES WERE AWARE THAT THE IMPACT OF THE CANADIAN BANK ACT WOULD BE TO PLACE GROWTH RESTRICTIONS ON U.S. BANKS IN CANADA WHILE NO SUCH RESTRICTIONS ARE PLACED ON CANADIAN BANKS OPERATING IN THE U.S.
2. THE U.S. EXPECTED THAT U.S. BANKS WOULD BE TREATED FAIRLY AND PERMITTED REASONABLE ROOM FOR GROWTH OVER TIME.
3. THAT IT WOULD NOT BE UNREASONABLE FOR U.S. BANKS TO MAINTAIN A MARKET SHARE OF FOUR PERCENT OR HALF OF THE FOREIGN BANK SECTOR, GIVEN THAT THEY ARE NEARLY 60 PERCENT TODAY, GIVEN THE DISTRIBUTION OF CANADIAN BANK ASSETS AROUND THE WORLD, AND GIVEN THE IMPORTANCE OF OUR TWO COUNTRIES ECONOMIC RELATIONS WITH EACH OTHER.
4. THAT WE WOULD LIKE TO SEE THE SIZE LIMITATION DISAPPEAR OVER TIME AS IT IS CLEARLY INCONSISTENT WITH THE OECD ACCORDS ON TREATMENT OF MULTINATIONALS SIGNED BY CANADA AND THE U.S.

PSNI 024626

TOR: 062/22120Z

RTG: 031940Z MAR 81

*****CONFIDENTIAL*****

~~*****CONFIDENTIAL*****~~

DATE 03/06/81

WHITE HOUSE SITUATION ROOM

PAGE 001

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE

DE RUEHOTO #0548/2 0021500

O 031940Z MAR 81

FM AMCONSUL TORONTO

TO SECSTATE WASHDC IMMEDIATE 3039

INFO AMEMBASSY OTTAWA IMMEDIATE 4209

AMCONSUL MONTREAL 418

AMCONSUL QUEBEC 207

AMCONSUL CALGARY POUCH

AMCONSUL HALIFAX POUCH

AMCONSUL VANCOUVER POUCH

AMCONSUL WINNIPEG POUCH

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~~CONFIDENTIAL~~ SECTION 2 OF 2 TORONTO 0548

5. THAT WE SHOULD STOP SHORT OF SUGGESTING POSSIBLE RETALIATION COULD RESULT AGAINST CANADIAN BANKS OR OTHER SECTORS OF CANADIAN INDUSTRY OPERATING IN THE U.S. (I SUSPECT CANADIAN DOUBT OUR ABILITY TO ACT IN CONCERT TO RETALIATE AND THEREFORE EVEN A HINT FROM THE PRESIDENT OR A SENIOR REPRESENTATIVE WOULD HAVE GREAT IMPACT). IT WAS AGREED THAT EACH OF US WOULD GET THE MESSAGE UP HIS CHAIN OF COMMAND TO THE CEO OF OUR PARENT BANKS. FURTHERMORE, I AGREED TO ASK WALTER WRISTON TO CALL DONALD REGAN OR BILL BROCK (SPECIAL TRADE REPRESENTATIVE) TO TRY TO INSERT THIS ITEM ON THE REAGAN AGENDA OR, IF THAT WERE NOT POSSIBLE, IN VIEW OF THE SHORT TIME INVOLVED, TO FIND SOME APPROPRIATE WAY TO DELIVER THE MESSAGE POSSIBLY BY ANOTHER SENIOR MEMBER OF THE PRESIDENT'S PARTY TRAVELLING TO CANADA. WE PLAN TO MEET AGAIN ON MONDAY, MARCH 2 TO REVIEW WHERE WE STAND. I WOULD APPRECIATE YOUR SETTING UP A SHORT MEETING WITH THE CHAIRMAN AND OTHER APPROPRIATE PARTIES IF YOU AGREE THAT OUR PLAN IS REASONABLE AND THAT WALT WOULD BE WILLING TO TAKE THE LEAD IN CONTACTING THE ADMINISTRATION. SIGNED CHARLES B. YOUNG, SENIOR VICE PRESIDENT FEBRUARY 26, 1981."

LETTER TO SECRETARY HAIG: "IN ANTICIPATION OF THE

~~*****CONFIDENTIAL*****~~

DATE 03/06/81

WHITE HOUSE SITUATION ROOM

PAGE 002

MESSAGE (CONTINUED):

FORTHCOMING VISIT OF PRESIDENT REAGAN TO OTTAWA TO DISCUSS RELATIONSHIPS BETWEEN CANADA AND THE UNITED STATES, I THOUGHT IT MIGHT BE APPROPRIATE IF I EXPRESSED TO YOU SOME OF MY PERSONAL OBSERVATIONS REGARDING RELATIONSHIPS BETWEEN THE BANKING INDUSTRIES OF CANADA AND THE UNITED STATES.

AS YOU KNOW, CANADIAN BANKS HAVE LONG ENJOYED SUBSTANTIAL FREEDOM IN SOLICITING FUNDS FROM, AND EXTENDING CREDIT TO, GOVERNMENTAL BODIES, BUSINESS ENTERPRISES AND INDIVIDUALS IN THE UNITED STATES. ON THE OTHER HAND, CANADA HAS LONG RESTRICTED ACCESS TO THE CANADIAN MARKET BY NON-CANADIAN BANKS (INCLUDING U.S. BANKS) AND RECENTLY THE CANADIAN GOVERNMENT HAS ENACTED NEW LEGISLATION WHICH IS INTENDED TO CAP THE PRESENCE OF NON-CANADIAN BANKS IN THAT MARKET AT EIGHT PERCENT OF BANK ASSETS. THE CAP IN THIS NEW LEGISLATION APPLIES TO ALL NON-CANADIAN BANKS AND AS SUCH IS, IN MY JUDGMENT, CONTRARY TO THE SPIRIT OF GENERAL OECD ACCORDS TO WHICH CANADA IS A PARTY. THESE ACCORDS ARE INTENDED TO PROVIDE GREATER, RATHER THAN LESSER, ACCESS TO NON-LOCAL ENTERPRISES AND THE SIGNATORY NATIONS. HOWEVER I AM GIVEN TO UNDERSTAND THAT THIS RESTRICTIVE LEGISLATION IS INTENDED TO BE A RESPONSE - HOPEFULLY OF A RELATIVELY TEMPORARY NATURE - TO CURRENT POLITICAL FORCES IN CANADA WHICH ARE ESPOUSING ECONOMIC NATIONALISM. YET, I AM INFORMED THAT THE CANADIAN GOVERNMENT, IN ORDER TO ENHANCE THE PRESENCE AND MARKET SHARE OF CANADIAN BANKS IN COUNTRIES OTHER THAN THE UNITED STATES MAY GRANT CONCESSIONS TO SUCH COUNTRIES WHICH WOULD RESULT IN BANKS DOMICILED IN THOSE COUNTRIES INCREASING THEIR SHARE OF CANADIAN BUSINESS AT, IN EFFECT, THE EXPENSE OF UNITED STATES BANKING ENTERPRISES WHO ALREADY HAVE A PRESENCE IN THE CANADIAN MARKET. IT WOULD BE MY HOPE THAT THE PRESIDENT, DURING THE COURSE OF HIS VISIT AND DISCUSSIONS IN CANADA ON MARCH 9 AND 10 COULD EXPRESS TO THE APPROPRIATE CANADIAN AUTHORITIES THE FOLLOWING POINTS OF VIEW:

1. THAT THE UNITED STATES IS AWARE THAT THE NEW CANADIAN BANK ACT PLACES RESTRICTIONS ON THE GROWTH OF UNITED STATES BANKS IN CANADA AT A TIME WHEN NO SUCH RESTRICTIONS ARE PLACED ON THE U.S. BUSINESS OF CANADIAN BANKS.
2. THAT THE UNITED STATE WOULD EXPECT THAT ITS BANKS WOULD BE TREATED FAIRLY AND PERMITTED REASONABLE

*****CONFIDENTIAL*****

DATE 03/06/81

WHITE HOUSE SITUATION ROOM

PAGE 003

MESSAGE (CONTINUED):

ROOM FOR GROWTH OVER TIME AND THAT, AS A MINIMUM THEY WOULD BE PERMITTED TO MAINTAIN THEIR CURRENT MARKET SHARE.

3. THAT THE UNITED STATES WOULD HOPE THAT THE SIZE LIMITATION WOULD DISAPPEAR OVER TIME AS IT IS INCONSISTENT WITH THE OECD ACCORDS ON TREATMENT OF MULTINATIONALS SIGNED BY CANADA AND THE UNITED STATES.

NEEDLESS TO SAY, I AND MY ASSOCIATES AMONG THE UNITED STATES BANKS WHO HAVE AN ACTIVE INTEREST IN THE CANADIAN MARKET STAND AVAILABLE TO MEET WITH YOU AT ANY TIME TO PROVIDE YOU WITH SUCH ADDITIONAL INFORMATION AS YOU MAY DESIRE ON THIS SUBJECT. SIGNED SINCERELY."

SMITH

PSNI 024631

TORI 062/22126Z

RTGI 031940Z MAR 81

*****CONFIDENTIAL*****

*****CONFIDENTIAL*****

DATE 03/06/81

WHITE HOUSE SITUATION ROOM

PAGE 001

WHSR COMMENT:

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32592

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MESSAGE:

DECLASSIFIED

NLRR F1554 #32592

BY AL NARA DATE 12/7/07

IMMEDIATE

DE RUEHOT #1277 0622245

O 032242Z MAR 81

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 9542

INFO AMEMBASSY MOSCOW 0856

USMISSION USNATO 1622

AMCONSUL VANCOUVER POUCH

BT

~~C O N F I D E N T I A L~~ OTTAWA 01277

E.O. 12065: RDS-4, 3/32001 (MASON, DWIGHT N.) OR-P

TAGS: EPIS, EEWT, PINR, BPRO, CA

SUBJECT: PROPOSAL FOR REPAIR AND SERVICING OF SOVIET

-- VESSELS IN PUGET SOUND.

REF: A) STATE 83640, B) OTTAWA 2472, (C) OTTAWA 1808

1. RESPONDING TO EMBASSY QUERIES, EXTERNAL AFFAIRS OFFICER (HOWARD BALLOCH) MARCH 2 CONFIRMED THAT THE CANADIAN COMMERCIAL FIRM "BURREARD YARROWS" HAD "SIGNED A PIECE OF PAPER" WITH THE SOVIET FISHING FLEET (SOVRYBFLOT) FOR REPAIR AND MAINTENANCE WORK TO BE DONE ON SOVIET FISHING VESSELS IN VANCOUVER HARBOR AREA. AGREEMENT COVERS WORK ON 5 SHIPS AND COULD COMMENCE AS EARLY AS MARCH 5 WHEN FIRST VESSEL MAY BE RADIOED IN.

2. BALLOCH SAID THAT WHILE EXTERNAL STAFF HAD HEARD RUMORS FROM TIME TO TIME ABOUT SUCH A DEAL IT HAD BEEN CAUGHT OFF BASE BY THE AGREEMENT. EXECUTION OF THE WORK UNDER THE AGREEMENT IS DEPENDENT ON APPROVAL OF DEPT OF EXTERNAL AFFAIRS AND IN EXTAFF'S CONSIDERATION OF THE ISSUE USG VIEWS WOULD BE TAKEN INTO ACCOUNT.

3. EMBOFF REMINDED BALLOCH THAT THE U.S. HAD TURNED DOWN A SOVIET REQUEST FOR REPAIR AND SERVICING OF SOVIET FISHING

*****CONFIDENTIAL*****

DATE 03/06/81

WHITE HOUSE SITUATION ROOM

PAGE 002

MESSAGE (CONTINUED):

VESSELS IN SEATTLE AND TACOMA SHIPYARD, AND HAD REQUESTED CANADA NOT TO SUPPLANT U.S. BY ACCEPTING A SIMILAR SOVIET PROPOSAL. BALLOCH TOOK POSITION THAT THE AGREEMENT CONCLUDED BY BURRARD YARROWS WAS DIFFERENT FROM THE DEAL WHICH HAD BEEN THE SUBJECT OF THE EARLIER DEMARCHE. HIS PRINCIPAL ARGUMENT WAS THAT THE NEW CANADIAN ARRANGEMENT WAS NOT A JOINT VENTURE AS WAS THE U.S.-USSR MARINE RESOURCES, INC. UNDER THE CANADIAN ARRANGEMENT SOVIETS WOULD HAVE NO INTEREST OR EQUITY IN THE OPERATION AND THERE WOULD NOT BE A SOVIET COMMERCIAL PRESENCE. THE ARRANGEMENT WOULD FOLLOW ALONG THE LINES OF THE REPAIR WORK DONE IN ST. JOHNS, NEWFOUNDLAND (REFTEL C).

4. PLAN CALLS FOR SOVRYBLOT VESSELS TO BE RADIOED INTO VANCOUVER HARBOR FOR WORK, AT WHICH TIME THE CREW WOULD DEPART AND BE REPLACED BY A "WATCHKEEPING" CREW THAT WOULD STAY ON BOARD UNTIL THE WORK WAS COMPLETED. WATCHKEEPING CREW WOULD THEN BE REPLACED BY NEW REGULAR CREW.

5. BALLOCH SAID EXTERNAL AFFAIRS WOULD LIKE TO HAVE USG VIEWS ON THE ARRANGEMENT, IN PARTICULAR WHETHER WE HAD SECURITY CONCERNS ABOUT IT OR IF WE WOULD BE OPPOSED TO IT AS PART OF AFGHANISTAN INVASION SANCTIONS. ON A PERSONAL BASIS, BALLOCH THOUGHT THAT IF THE U.S. VOICED STRONG OPPOSITION ON SECURITY GROUNDS, E.G., IN CONNECTION WITH NEARBY TRIDENT SUBMARINE BASE, EXTERNAL AFFAIRS WOULD PROBABLY NOT GRANT APPROVAL TO THE DEAL. HE NOTED, DECISION ON REPAIR AND SERVICING OF FIRST VESSEL WAS IMMINENT AND MIGHT BE TAKEN BEFORE USG HAD OPPORTUNITY TO REPLY. IF AGREEMENT WERE GIVEN WITH RESPECT TO THIS ONE VESSEL, CREW CHANGE WOULD NOT BE PERMITTED.

6. PLEASE ADVISE AS SOON AS POSSIBLE RESPONSE EMBASSY SHOULD MAKE TO EXTERNAL AFFAIRS. SMITH

PSN: 025644

TOR: 062/23109Z

RTG: 032242Z MAR 81

*****CONFIDENTIAL*****

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DATE 03/06/81

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WHSR COMMENT:

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32593

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

DECLASSIFIED

NLRR F1554 #32593

BY CN NARA DATE 12/7/07

IMMEDIATE

DE RUEHOT #1278 0622353

O 032350Z MAR 81

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 9543

INFO THE WHITE HOUSE IMMEDIATE

BT

~~CONFIDENTIAL~~ OTTAWA 01278

DEPARTMENT FOR EUR/EAGLEBERGER FROM CHARGE

WHITE HOUSE FOR NSC/ALLEN AND CANZERI AND STUDDERT

E.O. 12065: GDS 3/3/87 (SMITH, RICHARD J.) OR-M

TAGS: MPOL, MILI, CA

SUBJECT: PRESIDENT'S VISIT: NORAD AGREEMENT

REF: STATE 52855

1. ~~CONFIDENTIAL~~ - ENTIRE TEXT

2. IT APPEARS THAT A DRAFTING DIFFERENCE BETWEEN THE U.S. AND CANADA OVER ONE SENTENCE IN THE DRAFT NORAD RENEWAL AGREEMENT MAY RESULT IN THAT AGREEMENT NOT BEING READY FOR SIGNATURE DURING THE PRESIDENT'S VISIT TO OTTAWA. CANADIANS FEEL MODIFICATIONS TO PARA 7 SENTENCE IN NORAD AGREEMENT TEXT PROPOSED REPTEL WOULD VOID ORIGINAL INTENTION OF THAT SENTENCE. THEY HAVE PROPOSED THE FOLLOWING COMPROMISE LANGUAGE WHICH THEY FEEL PROTECTS BASIC INTERESTS OF BOTH GOVERNMENTS ON THIS ISSUE:

"IN VIEW OF THE INCREASING IMPORTANCE OF SPACE TO THE DEFENCE OF NORTH AMERICA, OUR GOVERNMENTS WILL COOPERATE TO THE FULLEST EXTENT POSSIBLE IN THE SURVEILLANCE OF SPACE AND IN ACCORDANCE WITH MUTUALLY AGREED PROCEDURES (OR ARRANGEMENTS) IN THE EXCHANGE OF INFORMATION ON SIGNIFICANT SPACE EVENTS."

3. IN EMBASSY VIEW, CANADIAN COMPROMISE APPEARS REASON-

*****CONFIDENTIAL*****

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*****CONFIDENTIAL*****

DATE 03/06/81

WHITE HOUSE SITUATION ROOM

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MESSAGE (CONTINUED):

ABLE AND WE RECOMMEND USG ACCEPTANCE. IT IS A NICE
BALANCING OF THE ESSENTIALS OF THE TWO EARLIER POSITIONS
AND FULLY PROTECTS THE INTERESTS OF BOTH PARTIES. THE
PHRASE "TO THE FULLEST EXTENT POSSIBLE" CARRIES THE
CLEAR AND UNMISTAKABLE IMPLICATION THAT NOT EVERYTHING
IS POSSIBLE AND THAT THERE ARE THUS LIMITATIONS ON THE
EXTENT OF OUR COOPERATION.

4. THE SIGNING OF THIS AGREEMENT IS AN IMPORTANT POSI-
TIVE ELEMENT IN THE PRESIDENT'S UPCOMING VISIT. WE NEED
TO ADDRESS THIS WORDING QUESTION URGENTLY AND DO ALL WE
CAN TO AVOID HAVING THE SIGNING COME UNSTUCK UNNECESSARILY.
SMITH

PSN: 024761

TOR: 063/00116Z

RTG: 032350Z MAR 81

*****CONFIDENTIAL*****



DEPARTMENT OF STATE

Washington, D.C. 20520

S/S 8106537

93036

March 3, 1981

MEMORANDUM FOR MR. RICHARD V. ALLEN
THE WHITE HOUSE

Subject: Briefing Books for the President's
Visit to Canada

Attached is a copy of the briefing book prepared for the President's visit to Ottawa. An abbreviated version of this book, containing only Secretary Haig's memorandum to the President and background papers on essential issues, will also be provided.

Ten copies of each book will be forwarded to the White House Tuesday, March 3.

John H. Kelly
for L. Paul Bremer, III
Executive Secretary

Mr. & Mrs. Dent

CR: 833



DEPARTMENT OF STATE

Washington, D.C. 20520

March 3, 1981

MEMORANDUM FOR MR. RICHARD V. ALLEN
THE WHITE HOUSE

Enclosed are briefing materials for the President's trip to Ottawa, March 10-11. The material consists of:

-- Ten unbound packets containing Secretary Haig's Memorandum to the President, with essential background papers.

-- Ten bound briefing books, expanded to include additional background papers and biographic sketches.

A handwritten signature in dark ink, appearing to read "L. Paul Bremer, III".

L. Paul Bremer, III
Executive Secretary

Attachments:

As Stated.

NSC/S PROFILE

UNCLASSIFIED

ID 8100930

38

RECEIVED 03 MAR 81 20

TO ALLEN

FROM BREMER

DOCDATE 03 MAR 81

BREMER

03 MAR 81

KEYWORDS: CANADA

FOREIGN TRAVEL

SUBJECT: BRIEFING BOOKS FOR PRES TRIP TO OTTAWA

ACTION: FOR RECORD PURPOSES

DUE:

STATUS C

FILES PA

FOR ACTION

FOR COMMENT

FOR INFO

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ACTION OFFICER (S)

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