

Ronald Reagan Presidential Library Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Cobb, Tyrus: Files
**Folder Title: Canada 1985 (11/01/1985 -
12/05/1985)**
Box: RAC Box 2

To see more digitized collections
visit: <https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:
<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name COBB, TYRUS (NSC): FILES

Withdrawer

LOJ 1/29/2007

File Folder CANADA 1985 (11/01/1985-12/05/1985)

FOIA

F1559

Box Number ~~90901~~ RAC Box 1

ENGLISH

17

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
33303	CABLE	082119Z NOV 85 R 3/1/2013 F1559/1	4	11/8/1985	B1
33304	PAPER	ELEMENTS OF AN AGREEMENT... D 3/1/2013 F1559/1	7	ND	B1
33306	MEMO	COBB TO ROBERT C MCFARLANE R 2/22/2016 F1559/1	1	11/29/1985	B1
33311	LIST	SAME AS 33213 R 2/22/2016 F1559/1	2	ND	B1
33313	CABLE	052126Z DEC 85 R 3/1/2013 F1559/1	2	12/5/1985	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

November 5, 1985

8568

MEMORANDUM FOR THOMAS F. GIBSON, III

FROM: WILLIAM F. MARTIN *WFM*
SUBJECT: Comments on the Reagan Record

Attached at Tab A are NSC comments on the proposed text, and two suggested additions: a page on POWs/MIAs, and a page on U.S. Arms Control Initiatives.

We have not yet seen pages 1 and 43 ("A Formula for Sustained Progress" and "Strategic Defense Initiatives"), which were omitted from the package. We will provide comments as soon as the texts are received.

Attachment

Tab A Comments

cc: David Chew

PS
Gibson
File
- Condo

U.S. Arms Control Initiatives

Strategic Weapons

U.S. proposed to the Soviets deep reductions in strategic nuclear arsenals including: over one-third reduction in ballistic missile nuclear warheads; 50% reductions in ballistic missiles; reductions in bombers and their weapons and other measures of nuclear capabilities; and flexibility to explore tradeoffs between areas of U.S. and Soviet advantage.

Intermediate Range Nuclear Forces (INF)

U.S. proposed to the Soviets the complete elimination of all land-based intermediate range nuclear missiles, or, as interim step, reduction of their warheads to the lowest possible equal U.S.-Soviet number on a global basis.

Defense and Space Issues

U.S. offered to discuss defenses (whether based on earth or in space), including existing Soviet defense and offense-defense relationship. U.S. seeks discussions on cooperative transition to a more defense reliant world.

Chemical Weapons

The U.S. proposed a draft treaty to completely ban chemical weapons coupled with requirements for effective inspection to ensure no cheating.

Confidence Building Measures (CBMs)

U.S. proposed to the Soviets measures to improve communications, and reduce the risk of war by accident or misunderstanding, including hotline improvements (already agreed), direct military-to-military communications, crisis management steps, proposals for CBM's on strategic exercises and notification of missile launches.

Conference on Confidence - and Security-Building Measures and Disarmament in Europe (CDE)

U.S. and Allies proposed measures to reduce the risk of war by misunderstanding or surprise attack in Europe at the CDE, which is in itself a Western initiative.

Mutual and Balanced Force Reductions (MBFR)

U.S. and Allies proposed reductions to equal levels of conventional forces in central Europe, and associated measures.

Nuclear Testing

U.S. made unilateral and unconditional offer to Soviets to visit a U.S. nuclear test site and bring equipment to measure a nuclear test so that we can increase confidence necessary for effective nuclear testing limitations.

POW/MIA ISSUE

- o The President has designated the issue of our men still missing in action a matter of highest national priority.
- o Under this priority, the Administration has raised intelligence priorities, opened direct negotiations with both the Governments of Laos and Vietnam, endorsed a national public awareness program and sought bipartisan support for the priority from the Congress.
- o As a result of the Administration's programs, the first joint crash site excavations since the end of the Vietnam conflict have been conducted in Indochina, remains returned is at a level higher than since the end of the war, the Vietnamese have agreed to attempt to resolve the issue within two years and intelligence collection on the issue is at its highest in ten years.
- o Although we have yet been unable to confirm that prisoners are being held, information in our possession precludes ruling out this possibility and we operate under the assumption that at least some Americans are being held captive.

ACID RAIN

- o By nearly any measure, America's air is cleaner today than at any time in recent history.
- o Emission of three major pollutants associated with acid rain were increasing rapidly before the 1970s; those increases have been halted and levels of these pollutants are currently declining.
- o Sulphur dioxide emissions are down nearly 30 percent in the past 10 years. Since President Reagan took office, these emissions have declined 10 percent -- 2.5 percent in 1983.
- o The question is not whether we should "do something" about acid rain; we are. Rather, the current issue is what additional measures may need to be done -- and at what additional costs?
- o We cannot answer that question with confidence at the present time. There is no consensus -- scientific or political -- on the factors which contribute to the problem and what should be done about it.
- o That is why the Administration is moving forward with an aggressive program to improve our understanding of acid rain:
 - Research. By the end of fiscal year 1986, this Administration will have spent well over \$200 million on an accelerated acid rain research program.
 - Federal-State Planning. We are streamlining the planning grants process to cut state implementation schedules from five years to two.
 - International Cooperation. At the "Shamrock Summit," President Reagan and Canadian Prime Minister Brian Mulroney initiated a joint U.S.-Canada effort to ~~control acid rain on both sides of the border.~~ The President's ~~blue-ribbon Task Force on Acid Rain~~ ^{appointed} is scheduled to report on ~~how laws as per Special Envoy to work with the Canadians on this problem,~~ ^{how laws as per Special Envoy to work with the Canadians on this problem,}
- o In the meantime, Clean Air enforcement activity continues. In the fourth quarter of FY 1985, 89.6 percent of major industrial sources were in compliance with state and Federal clean air plans.
- o The United States has spent \$150 billion to enforce the Clean Air Act. In addition, the Environmental Protection Agency estimates that from 1970-84 the Nation spent \$319 billion on environmental protection; \$404 billion dollars of this was spent on air pollution control.

study the transitional aspects of

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

ACTION

November 5, 1985

MEMORANDUM FOR WILLIAM F. MARTIN

FROM: JUDYT MANDEL *JM*

SUBJECT: Comments on the Reagan Record

Attached at Tab I is a memorandum from you to Tom Gibson with comments on the draft of "The Reagan Record." We are also providing two additional suggested point papers: "The POW/MIA Issue," which Dick Childress drafted, and "U.S. Arms Control Initiatives," which I drafted and which has been cleared with Steve Steiner, Sven Kraemer, and Bob Linhard. Elise Neil coordinated the contributions.

I have tried to obtain pages 1 and 43 (omitted from original package) but was told they are not yet ready. Since these deal with issues that are important to us, the memorandum to Gibson indicates that we will provide comments as soon as the texts are received.

RECOMMENDATION

That you sign the memorandum to Tom Gibson at Tab I.

Approve

WMP

Disapprove _____

Danzansky, Cobb, North, Steiner, Raymond, Childress, and Douglass concur.

Attachments

Tab I Memo to Gibson
Tab A Comments
Tab II Reagan Record

NSC/S PROFILE

UNCLASSIFIED

ID 8509010

RECEIVED 07 NOV 85 10

TO PRESIDENT

FROM ELLIS, J R

DOCDATE 23 OCT 85

KEYWORDS: CANADA

Jul

SUBJECT: ELLIS 23 OCT LTR TO PRES / ADMINISTRATION POLICY

ACTION: FOR RECORD PURPOSES

DUE:

STATUS C

FILES WH

FOR ACTION

FOR CONCURRENCE

FOR INFO

~~COBB~~

~~LINHARD~~

SOMMER

COMMENTS

REF# 351032

LOG

NSCIFID

(HW HW)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
--------------------	----------	-----------------	-----	-----------

DISPATCH

W/ATTCH FILE

(C)



HOUSE OF COMMONS
CANADA

NSC
CONSTITUENCY OFFICE
CENTURY PLACE - 2nd LEVEL
199 FRONT STREET
BELLEVILLE, ONTARIO
K8N 5H5
(613) 966-5300

35103
2010
ROOM 650
CONFEDERATION BUILDING
HOUSE OF COMMONS
OTTAWA, ONTARIO
K1A 0A6
(613) 996-9726

Ottawa, Ontario
October 23, 1985

Ronald Reagan
President of the United States and
Commander in Chief of the Armed Forces
The White House Office
1600 Pennsylvania Ave., N.W.
Washington D.C.
U.S.A. 20500

My Dear Mr. President:

I am a conservative by nature and background and a Conservative Member of the Canadian Parliament for the past 12 years. I have admired most of your policies, enthusiastically applauded others such as the firing of the air traffic controllers, and now take the liberty of commenting as a neighbor on your position vis a vis the arms race with the USSR.

I put it to you that you have a sound pragmatic military basis for allowing the USSR to get 20% ahead of the US in arms and still rest confident that both countries are on a par. The reasoning behind this statement is first that the US and Allied soldiers are at least 20% more dedicated, more enterprising and hence more effective than USSR and East-Bloc soldiers, and second that US weaponry must be a good deal more than 20% better than theirs if the respective automotive industries are any guide.

If you were to use the resources implied by that 20% to renovate your urban infra-structure and launch a housing program for low income groups (to name only two labour-intensive priorities) I am convinced you would make a large dent in unemployment and establish your place in history as "...first in the hearts of his countrymen."

Yours sincerely,

Jack Ellis
J.R. Ellis, M.P.
Prince Edward - Hastings.

JRE:vjf

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

INCOMING

DATE RECEIVED: NOVEMBER 06, 1985

NAME OF CORRESPONDENT: THE HONORABLE J. R. ELLIS M.P.

SUBJECT: COMMENTS REGARDING THE U.S. POSITION OF THE
ARMS RACE WITH THE U.S.S.R.

		ACTION		DISPOSITION	
ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
ROBERT C. MCFARLANE		ORG	85/11/06		
REFERRAL NOTE:					
REFERRAL NOTE:					
REFERRAL NOTE:					
REFERRAL NOTE:					
REFERRAL NOTE:					

COMMENTS:

ADDITIONAL CORRESPONDENTS: MEDIA: L INDIVIDUAL CODES: _____

MI MAIL USER CODES: (A) _____ (B) _____ (C) _____

*ACTION CODES:	*DISPOSITION	*OUTGOING	*
*	*	*CORRESPONDENCE:	*
*A-APPROPRIATE ACTION	*A-ANSWPPFD	*TYPE RESP=INITIALS	*
*C-COMMENT/RECOM	*B-NON-SPEC-REFERRAL	*OF SIGNER	*
*D-DRAFT RESPONSE	*C-COMPLETED	*CODE = A	*
*F-FURNISH FACT SHEET	*S-SUSPENDED	*COMPLETED = DATE OF	*
*I-INFO COPY/NO ACT NEC		*OUTGOING	*
*R-DIRECT REPLY W/COPY			*
*S-FOR-SIGNATURE			*
*X-INTERIM REPLY			*

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75, OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

C. Shultz

9026
VIA LDX

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

November 8, 1985

- Canada

MEMORANDUM FOR NICHOLAS PLATT
Executive Secretary
Department of State

SUBJECT: Official Visit of Prime Minister Mulroney
of Canada -- March 18, 1986

Prime Minister Mulroney has been invited to make an Official Visit to Washington and meet with the President on March 18, 1986. The scenario is:

9:30 a.m. -- Briefing
10:00 a.m. -- Arrival Ceremony
10:30 a.m. -- Meeting
7:15 p.m. -- State Dinner

In preparation for the visit, the following is requested:

- Coordination of simultaneous press release with Edward Djerejian as soon as possible (456-2947)
- Recommended State Dinner guest list by December 16, 1985
- Recommended US and Canadian participants by February 28, 1986
- Draft welcoming remarks and draft dinner toast by February 28, 1986
- Background papers and bios by March 3, 1986
- Secretary Shultz' memo for the President and recommended talking points by March 12, 1986

Thank you.

William F. Martin

William F. Martin
Executive Secretary

MEMORANDUM

NATIONAL SECURITY COUNCIL

9026

SIGNED

November 7, 1985

ACTION

MEMORANDUM FOR WILLIAM F. MARTIN

THROUGH: JOHNATHAN S. MILLER *myd*

FROM: MARY M. WENGRZYNEK *Mary*

SUBJECT: Official Visit of Prime Minister Mulroney
of Canada -- March 18, 1986

Attached at Tab I is a memorandum for Nick Platt tasking State Department for relevant papers in preparation for the Official Visit of Prime Minister Mulroney.

Ty Cobb
Ty Cobb concurs.

RECOMMENDATION

That you sign the memorandum at Tab I.

Approve *WAP*

Disapprove _____

Attachment

Tab I State Tasker

33303

~~CONFIDENTIAL~~

Canada

NATIONAL SECURITY COUNCIL
SECRETARIAT

PAGE 01 OTTAWA 8575 DTG: 082119Z NOV 85 PSN: 003504
EOB111 AN003652 TOR: 312/2145Z CSN: HCE785

DISTRIBUTION: CANN-01 COBB-01 DANZ-01 MALY-01 STEI-01 WIGG-01
SOMM-01 MAT-01 /008 A2

WHTS ASSIGNED DISTRIBUTION:

SIT:

EOB:

OP IMMED

STU1344

DE RUEHOT #8575/01 3122126

O 082119Z NOV 85

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 5506

TREASURY DEPT WASHDC IMMEDIATE

USDOC WASHDC IMMEDIATE

INFO AMEMBASSY BONN 6425

AMEMBASSY LONDON 8032

AMEMBASSY PARIS 8865

AMEMBASSY ROME 5362

AMEMBASSY TOKYO 5481

~~CONFIDENTIAL~~ SECTION 01 OF 04 OTTAWA 08575

PARIS ALSO FOR USOECD

E.O. 12356: DECL: OADR

TAGS: ETRD, EINV, CA

SUBJECT: CANADIAN CULTURAL SOVEREIGNTY--PRESS

-- LEAKS RAISE DECIBEL LEVEL IN TRADE DEBATE

REF: OTTAWA 5243

SUMMARY

1. (LOU) LEAKS TO THE PRESS OF THREE CONFIDENTIAL DOCUMENTS CONCERNING CANADA'S BOOK PUBLISHING POLICY AND STRATEGY TO PROTECT CULTURAL SOVEREIGNTY HAVE PUT THE MULRONEY GOVERNMENT ON THE POLITICAL DEFENSIVE. THESE DISCLOSURES COULD SEVERELY IMPAIR THE GOVERNMENT'S FLEXIBILITY IN DEALING WITH THE GULF AND WESTERN TAKEOVER OF PRENTICE HALL CANADA (AND GINN CANADA). THE LEAKED DOCUMENTS INCLUDE:

(A) A LETTER FROM CANADIAN AMBASSADOR TO THE U.S. ALLAN GOTLIEB TO INDUSTRY MINISTER STEVENS, AUGUST 6, CALLING, INTER ALIA, FOR APPROVAL OF THE PRENTICE HALL APPLICATION AND RECONSIDERATION OF CANADA'S BOOK PUBLISHING POLICY;

(B) A LETTER TO STEVENS FROM ACTING COMMUNICATIONS MINISTER BENOIT BOUCHARD, OCTOBER 10, DEFENDING THE BOOK PUBLISHING POLICY; AND

(C) A 29-PAGE SECRET EXTERNAL AFFAIRS POLICY MEMORANDUM, OCTOBER 10, OUTLINING A COMPREHENSIVE STRATEGY TO SELL THE CANADIAN PUBLIC ON U.S./CANADA TRADE NEGOTIATIONS AND TO EASE FEARS ABOUT POTENTIAL ENCROACHMENTS ON CANADA'S CULTURAL SOVEREIGNTY THAT A BILATERAL ARRANGEMENT MIGHT ENTAIL.

THE GOTLIEB AND BOUCHARD LETTERS WERE INITIALLY

REPORTED IN THE "GLOBE AND MAIL," NOVEMBER 4, WHILE THE EXTAFF MEMO WAS THE SUBJECT OF AN ARTICLE IN THE CANADIAN WEEKLY NEWS MAGAZINE "MACLEAN'S" (NOVEMBER 11 EDITION).

2. (LOU) THE GOVERNMENT HAS COME IN FOR PREDICTABLY SEVERE CRITICISM IN THE HOUSE OF COMMONS THIS WEEK. THE OPPOSITION HAS QUESTIONED THE TORY COMMITMENT TO PROTECTING CULTURAL SOVEREIGNTY AND HAS ACCUSED THE GOVERNMENT OF CONTEMPLATING THE ABANDONMENT OF CANADIAN INTERESTS, IN THE FACE OF U.S. POLITICAL PRESSURE. DESPITE A STRONG DEFENSE OF THE GOVERNMENT'S RECORD ON CULTURAL SOVEREIGNTY BY EXTERNAL AFFAIRS MINISTER JOE CLARK, IT NONETHELESS APPEARS THAT POTENTIALLY SERIOUS DAMAGE MAY HAVE BEEN CAUSED BY THESE UNTIMELY REVELATIONS. THEY HAVE PUT A PUBLIC SPOTLIGHT ON THE PERENNIAL SENSITIVE SOVEREIGNTY QUESTION WHICH (A) COULD REDUCE THE MULRONEY GOVERNMENT'S FLEXIBILITY IN DEALING WITH THE GULF AND WESTERN APPLICATION AND (B) COULD COMPLICATE THE EARLY STAGES OF THE BILATERAL FREEER TRADE DISCUSSIONS.

3. (U) SEE PARAGRAPHS 13-19 FOR EMBASSY COMMENTS. COPIES OF KEY PRESS ITEMS HAVE BEEN FAXED TO WASHINGTON. SEPTELS REPORT MEETING OF AMBASSADOR NILES WITH REPRESENTATIVES OF GULF AND WESTERN AND STATUS OF GOC POLICIES ON FOREIGN INVESTMENT IN CULTURAL INDUSTRIES. END SUMMARY.

4. (U) THE DECIBEL LEVEL OF THE CURRENT DEBATE OVER CANADA'S POLICIES TO PROTECT CULTURAL SOVEREIGNTY HAS INCREASED CONSIDERABLY, DUE TO PUBLIC REVELATIONS OF

INTERNAL GOC DISCUSSIONS. THE MOST DRAMATIC REVELATION CAME IN A FRONT PAGE "GLOBE AND MAIL" STORY, NOVEMBER 4, REPORTING THE SUBSTANCE OF A CONFIDENTIAL LETTER FROM ALLAN GOTLIEB, CANADIAN AMBASSADOR TO THE U.S., TO INDUSTRY MINISTER SINCLAIR STEVENS ON THE GOC'S POLICY TOWARD FOREIGN INVESTMENT IN "CULTURALLY SENSITIVE" INDUSTRIES. THE GOTLIEB LETTER (DATED AUGUST 6) REPORTEDLY CRITICIZED THE THEN NEWLY-ANNOUNCED BOOK PUBLISHING POLICY AS POORLY TIMED, UNCLEAR AND LIKELY TO DETRACT FROM THE CONSIDERABLE PROGRESS TO DATE BY THE MULRONEY GOVERNMENT IN IMPROVING CANADA'S IMAGE AMONG POTENTIAL FOREIGN INVESTORS, PARTICULARLY IN THE U.S.

BT

DECLASSIFIED

NLRR F1559 # 33303

BY *RW* NARA DATE *3/1/13*

~~CONFIDENTIAL~~

7

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
SECRETARIAT

PAGE 01 OTTAWA 8575 DTG: 082119Z NOV 85 PSN: 003509
EOB112 AN003651 TOR: 312/2147Z CSN: HCE786

DISTRIBUTION: CANN-01 COBB-01 DANZ-01 MALY-01 STEI-01 WIGG-01
SOHM-01 MAT-01 /008 A2

WHTS ASSIGNED DISTRIBUTION:

SIT:

EOB:

OP IMMED

STU1347

DE RUEHOT #8575/02 3122126

O 082119Z NOV 85

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 5507

TREASURY DEPT WASHDC IMMEDIATE

USDOC WASHDC IMMEDIATE

INFO AMEMBASSY BONN 6426

AMEMBASSY LONDON 8033

AMEMBASSY PARIS 8866

AMEMBASSY ROME 5363

AMEMBASSY TOKYO 5482

~~CONFIDENTIAL~~ SECTION 02 OF 04 OTTAWA 08575

PARIS ALSO FOR USOECD

E.O. 12356: DECL: OADR

TAGS: ETRD, EINV, CA

SUBJECT: CANADIAN CULTURAL SOVEREIGNTY--PRESS

5. (S) THE "GLOBE AND MAIL" ARTICLE INDICATES THAT AMBASSADOR GOTLIEB ARGUED SPECIFICALLY FOR A FAVORABLE DECISION ON GULF AND WESTERN'S ACQUISITION OF PRENTICE HALL CANADA. HE WARNED THAT, TO ACT OTHERWISE, WOULD SMACK OF RETROACTIVITY, SINCE THE TRANSACTION OCCURRED AT LEAST SIX MONTHS BEFORE THE ENTRY INTO FORCE OF THE INVESTMENT CANADA ACT (JUNE 30, 1985) AND THE SUBSEQUENT ANNOUNCEMENT OF THE GOC'S BOOK PUBLISHING POLICY JUST SIX DAYS LATER (JULY 6). AMBASSADOR GOTLIEB IS QUOTED AS ATTRIBUTING TO FORMER USTR ROBERT STRAUSS, ONE OF GULF AND WESTERN'S WASHINGTON REPS, THE OBSERVATION THAT THE COMPANY HAS THREATENED TO ADOPT A HARD LINE ("SCORCHED EARTH") RESPONSE IN THE EVENT OF A NEGATIVE GOC DECISION ON PRENTICE HALL CANADA.

6. (6) THE SAME "GLOBE AND MAIL" ARTICLE OF NOVEMBER 4 ALSO REVEALS THE CONTENTS OF A LETTER FROM ACTING COMMUNICATIONS MINISTER BENOIT BOUCHARD TO STEVENS REGARDING CULTURAL POLICY AND THE GULF AND WESTERN/PRENTICE HALL CASE. IN DIRECT OPPOSITION TO THE GOTLIEB VIEW NOTED ABOVE, BOUCHARD REPORTEDLY STRESSED THE IMPORTANCE OF MAINTAINING CONTROL OVER DECISIONS IN CULTURALLY SENSITIVE SECTORS AND MADE IT CLEAR THAT HE IS FULLY BEHIND EXISTING POLICY AS ARTICULATED BY MARCEL MASSE. BOUCHARD REPORTEDLY WARNED IN PARTICULAR AGAINST OUTRIGHT APPROVAL OF GULF AND WESTERN'S INDIRECT TAKEOVER OF PRENTICE HALL CANADA.

7. (U) PREDICTABLY, THE MULRONEY GOVERNMENT HAS COME IN FOR SEVERE CRITICISM IN THE HOUSE OF COMMONS, AS THE OPPOSITION PARTIES HAVE BEGUN TO QUESTION THE TORY COMMITMENT TO PROTECTING CULTURAL SOVEREIGNTY IN ITS DEALINGS WITH THE UNITED STATES. IN THE WAKE OF THE GOTLIEB LETTER, THE OPPOSITION IS ACCUSING THE GOVERNMENT OF BEING PREPARED TO ABANDON CANADIAN INTERESTS IN THE FACE OF U.S. POLITICAL PRESSURE. IN SUPPORT OF THIS VIEW, NEW DEMOCRATIC (NDP) LEADER ED BROADBENT HAS POINTED TO RECENT STATEMENTS BY SECRETARY OF STATE SHULTZ AND U.S. AMBASSADOR NILES TO THE EFFECT THAT CULTURAL SECTORS, INCLUDING BOOK PUBLISHING, SHOULD BE ON THE TABLE IN ANY BILATERAL TRADE NEGOTIATIONS.

8. (U) EXTERNAL AFFAIRS MINISTER CLARK HAS STRONGLY DEFENDED GOTLIEB AGAINST HIS DETRACTORS, NOTING THAT IT IS HIS JOB, AS CANADIAN AMBASSADOR TO THE U.S., TO ADVISE THE GOVERNMENT AND REPORT ON U.S. VIEWS THAT BEAR ON IMPORTANT CANADIAN INTERESTS. CLARK REITERATED THE MULRONEY GOVERNMENT'S DETERMINATION TO MAINTAIN AND STRENGTHEN CANADA'S CULTURAL INDUSTRIES AND CULTURAL EXPRESSION, WHETHER IN NEGOTIATIONS WITH THE U.S. OR ELSEWHERE. CLARK NOTED FURTHER THAT IT WOULD BE "THE HEIGHT OF FOLLY," FOR THE GOVERNMENT, PRIOR TO TRADE TALKS WITH THE U.S., TO TAKE STEPS THAT WOULD DENY CANADIAN PUBLISHERS THE OPPORTUNITY FOR ENHANCED ACCESS TO THE LARGER U.S. MARKET.

9. (U) REGARDING THE GOVERNMENT'S DECISION ON THE PRENTICE HALL CANADA TAKEOVER, CLARK ADROITLY SIDESTEPED THE ISSUE, REITERATING THAT THE CASE IS CURRENTLY UNDER CONSIDERATION BY INVESTMENT CANADA AND

WILL BE DECIDED BY THE END OF DECEMBER. ON THE BROADER QUESTION OF CANADA'S CULTURAL INTEGRITY AND INDEPENDENCE, CLARK EMPHASIZED THE GOVERNMENT'S AWARENESS OF, AND SENSITIVITY TO, THE DIVERSE INTERESTS THAT WOULD BE AFFECTED BY PROPOSED TRADE NEGOTIATIONS WITH THE U.S. HE SAID THE GOVERNMENT HAS TAKEN THIS INTO ACCOUNT AND INTENDS TO CONSULT WITH THE CANADIAN BOOK PUBLISHING INDUSTRY AS WELL AS REPRESENTATIVES FROM OTHER CULTURAL SECTORS (E.G., THE FILM INDUSTRY) BEFORE PROCEEDING. HE ADDED THAT THE GOVERNMENT WILL PROVIDE PROTECTION WHERE NECESSARY BUT ALSO WILL SEEK NEW MARKETS FOR THOSE PARTS OF THE INDUSTRY WISHING EXPANDED MARKET ACCESS.

BT

~~CONFIDENTIAL~~

5

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
SECRETARIAT

PAGE 01 OTTAWA 8575 DTG: 082119Z NOV 85 PSN: 003514
EOB113 AN003650 TOR: 312/2149Z CSN: HCE787

EXCLUDED FROM ANY TRADE NEGOTIATIONS WITH THE U.S.

DISTRIBUTION: CANN-01 COBB-01 DANZ-01 MALY-01 STEI-01 WIGG-01
SOMM-01 MAT-01 /008 A2

WHTS ASSIGNED DISTRIBUTION:

SIT:

EOB:

OP IMMED
UTS3681
DE RUEHOT #8575/03 3122127
O 082119Z NOV 85
FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 5508
TREASURY DEPT WASHDC IMMEDIATE
USDOC WASHDC IMMEDIATE

INFO AMEMBASSY BONN 6427
AMEMBASSY LONDON 8034
AMEMBASSY PARIS 8867
AMEMBASSY ROME 5364
AMEMBASSY TOKYO 5483

~~CONFIDENTIAL~~ SECTION 03 OF 04 OTTAWA 08575

PARIS ALSO FOR USOECD

E.O. 12356: DECL: OADR
TAGS: ETRD, EINV, CA
SUBJECT: CANADIAN CULTURAL SOVEREIGNTY--PRESS

10. (U) PERHAPS THE MOST SIGNIFICANT DOCUMENT ON CULTURAL POLICY LEAKED TO THE PRESS THIS WEEK IS THE 29-PAGE POLICY MEMORANDUM (ENTITLED "CANADIAN SOVEREIGNTY") PREPARED BY EXTERNAL AFFAIRS FOR CABINET CONSIDERATION. ALTHOUGH DETAILS OF THE DOCUMENT (DATED OCTOBER 10) INITIALLY APPEARED IN THE NOVEMBER 11 EDITION OF THE CANADIAN WEEKLY MAGAZINE "MACLEAN'S," THE STORY WAS QUICKLY PICKED UP BY THE REST OF THE PRESS. THE DOCUMENT REPORTEDLY OUTLINES A COMPREHENSIVE STRATEGY AIMED AT SELLING THE CANADIAN PUBLIC ON THE DESIRABILITY OF A U.S./CANADA TRADE ARRANGEMENT AND ALLAYING FEARS ABOUT PERCEIVED THREATS TO CANADA'S CULTURAL SOVEREIGNTY AND INDEPENDENCE FROM SUCH AN ARRANGEMENT. ACCORDING TO "MACLEAN'S," THE DOCUMENT ALSO APPARENTLY INDICATES THAT CULTURAL PROGRAMS COULD BE USED AS A TRADE-OFF IN NEGOTIATIONS WITH THE U.S., PROVIDED THE GOVERNMENT CAN CONVINCE THE PUBLIC THAT CANADIAN IDENTITY WILL FLOURISH IN AN ECONOMY MUCH STRENGTHENED BY FREER TRADE.

11. (U) PRESS REPORTS INDICATE THAT THE CANADIAN STRATEGY DOCUMENT FOR A SOVEREIGNTY CAMPAIGN HAS BEEN APPROVED IN PRINCIPLE, ALTHOUGH APPARENTLY IT IS STILL UNCLEAR WHICH ELEMENTS OF THE STRATEGY WILL BE ADOPTED ULTIMATELY BY THE MULRONEY GOVERNMENT. THE DOCUMENT REPORTEDLY MET WITH STIFF OPPOSITION FROM A NUMBER OF CABINET MEMBERS (EMPLOYMENT MINISTER MACDONALD, TRANSPORT MINISTER MAZANKOWSKI, ENVIRONMENT MINISTER MACMILLAN, AND ACTING COMMUNICATIONS MINISTER BOUCHARD), WHO BELIEVE THAT CULTURAL POLICIES SHOULD BE

12. (U) NOT SURPRISINGLY, CANADA'S SO-CALLED CULTURAL NATIONALISTS ARE UP IN ARMS OVER THE GOTLIEB LETTER AND THE EXTAFF STRATEGY DOCUMENT, WHICH THEY SEE AS PART OF AN AGENDA TO BARGAIN AWAY THE COUNTRY'S CULTURAL SOVEREIGNTY. MEL HURTIG, PRESIDENT OF THE ARCH-NATIONALIST COUNCIL OF CANADIANS (AND ALSO OWNER OF HURTIG PUBLISHING LIMITED OF EDMONTON) ASKED RHETORICALLY IF AMBASSADOR GOTLIEB REMEMBERS WHAT COUNTRY HE IS SUPPOSED TO BE WORKING FOR. SIMILARLY, MALCOMB LESTER, HEAD OF THE 140-MEMBER ASSOCIATION OF CANADIAN PUBLISHERS, EXPRESSED DISMAY OVER THE GOTLIEB LETTER AND POOH-POOHEO THE SUGGESTION BY EXTERNAL AFFAIRS MINISTER CLARK THAT THE INCLUSION OF CULTURAL INDUSTRIES IN TRADE NEGOTIATIONS WITH THE U.S. WOULD PROVIDE GREATER ACCESS TO CANADIAN COMPANIES. ACCORDING TO LESTER, COMPLETE ACCESS ALREADY EXISTS ON BOTH SIDES OF THE BORDER SINCE THERE ARE NO TARIFFS OR TAXES ON BOOK FLOWS EITHER WAY.

BEGIN COMMENT

13. (C) THE CURRENT UPROAR OVER CANADA'S CULTURAL POLICIES (NOTABLY IN THE BOOK PUBLISHING SECTOR) PROVIDES FRESH EVIDENCE THAT CULTURAL SOVEREIGNTY CONTINUES TO BE AMONG THOSE ISSUES THAT COMPRISE THE "SOFT UNDERBELLY" OF US/CANADIAN NEGOTIATIONS ON FREER TRADE. THE REVELATIONS IN THE GOTLIEB LETTER AND IN THE EXTAFF STRATEGY DOCUMENT HAVE COME AT A BAD TIME, NOT ONLY IN TERMS OF THE FREER TRADE DEBATE, BUT ALSO FROM THE STANDPOINT OF THE GOC'S DECISION ON GULF AND WESTERN'S BOOK PUBLISHING ACQUISITIONS (DUE BY THE END OF THE YEAR).

14. (C) THESE LATEST LEAKS HAVE MADE AN ALREADY BAD SITUATION WORSE. CANADA'S ECONOMIC AND CULTURAL NATIONALISTS WERE ALREADY POISED TO POUNCE ON THE SOVEREIGNTY ISSUE, WHETHER IN THWARTING GULF AND WESTERN'S PURCHASE OF PRENTICE HALL CANADA OR UNDERCUTTING U.S.-CANADIAN TRADE TALKS. THE LEAKS THUS HAVE PLAYED INTO THEIR HANDS, GIVING THE SKITTISH MULRONEY GOVERNMENT LESS POLITICAL ROOM TO MANEUVER. ON THE TRADE SIDE, PUBLIC DISCLOSURE OF THE DOCUMENTS HAS UNDERSCORED THE ACUTE PUBLIC SENSITIVITY--AND THE MULRONEY GOVERNMENT'S POTENTIAL VULNERABILITY--TO ANY PERCEIVED LACK OF RESOLVE TO DEFEND CANADA'S SOVEREIGNTY (CULTURAL OR

BT

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL SECRETARIAT

PAGE 01 OTTAWA 8575 DTG: 082119Z NOV 85 PSN: 003518
EOB114 AND03649 TOR: 312/2151Z CSH: HCE788

DISTRIBUTION: CANN-01 COBB-01 DANZ-01 MALY-01 STEI-01 WIGG-01
SOMM-01 MAT-01 /008 A2

WHTS ASSIGNED DISTRIBUTION:

SIT:

EOB:

OP IMMED
UTS3682
DE RUEHOT #8575/04 3122128
O 082119Z NOV 85
FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 5509
TREASURY DEPT WASHDC IMMEDIATE
USDOC WASHDC IMMEDIATE

INFO AMEMBASSY BONN 6428
AMEMBASSY LONDON 8035
AMEMBASSY PARIS 8868
AMEMBASSY ROME 5365
AMEMBASSY TOKYO 5484

~~CONFIDENTIAL~~ SECTION 04 OF 04 OTTAWA 08575

PARIS ALSO FOR USOECD

E.O. 12356: DEGL: OADR
TAGS: ETRD, EINV, CA
SUBJECT: CANADIAN CULTURAL SOVEREIGNTY--PRESS

OTHERWISE) AND INDEPENDENCE IN ITS DEALINGS WITH THE UNITED STATES. WITH RESPECT TO GULF AND WESTERN, RECENT EVENTS HAVE PLACED UNDUE ATTENTION ON THE PRENTICE HALL CASE IN A WAY THAT RAISES THE POLITICAL STAKES INHERENT IN THE ULTIMATE DECISION. THIS TURN OF EVENTS COULD BODE ILL FOR THE OUTCOME OF GOC/GULF AND WESTERN NEGOTIATIONS AND HENCE FOR U.S./CANADIAN INVESTMENT RELATIONS.

15. (C) COMMENTS FROM GOC OFFICIALS TO EMBOFFS REVEAL CONSIDERABLE CONSTERNATION. FINANCE MINISTER WILSON INDICATED TO AMBASSADOR NILES, NOVEMBER 7, THAT THE LEAKS HAD THE UNFORTUNATE EFFECT OF PROMPTING CRITICISM OF THE GOVERNMENT IN THE HOUSE QUESTION PERIOD, THUS COMPLICATING THE DECISION-MAKING PROCESS FOR THE MULRONEY GOVERNMENT.

16. (C) DON CAMPBELL, ASSISTANT DEPUTY MINISTER FOR EXTAFF'S U.S. BRANCH, TOLD ECON MINISTER-COUNSELOR, NOVEMBER 7, THAT THE GOC FEELS "PAINTED INTO A CORNER" BY THE GULF AND WESTERN CASE. HE FEARS THAT THE EXTRA-ORDINARY FOCUS ON THIS CASE HAS CREATED A NEEDLESS COMPLICATION FOR THE FLEDGLING BILATERAL TRADE TALKS, FROM WHICH HE SEES NO EASY WAY OUT--PARTICULARLY GIVEN THE SHARP DIVISIONS WITHIN THE MULRONEY CABINET ON THE SOVEREIGNTY ISSUE, THE GROWING CANADIAN PUBLIC SENSITIVITY ABOUT THREATS TO THEIR "IDENTITY," AND THE STRONG EMOTIONAL REACTIONS OF MINISTERS (INCLUDING CLARK) TO SUCH THREATS. THE U.S. BRANCH IS UNDERTAKING A MAJOR REVIEW OF THE CASE (INCLUDING EVALUATION OF THE LIST GIVEN TO SECRETARY OF STATE CLARK IN CALGARY, U.S. RESTRICTIONS AGAINST FOREIGN OPERATIONS IN THE CULTURAL

AREA, GULF AND WESTERN'S PROPOSED UNDERTAKINGS FOR PRENTICE HALL, THE RECORD OF U.S. PUBLISHING FIRMS IN CANADA, ETC.) IN PREPARATION FOR CABINET-LEVEL DELIBERATIONS. HE MADE CLEAR THAT GOC OFFICIALS WOULD WELCOME USG SUGGESTIONS AS TO HOW TO CONTAIN DAMAGE IN THIS SOVEREIGNTY/INVESTMENT/TRADE QUESTION.

17. (C) WITHOUT ACKNOWLEDGING THE AUTHENTICITY OF THE DOCUMENTS, OTHER EXTAFF OFFICIALS HAVE NOTED TO EMBOFFS THAT PLACING SUCH "ALLEGED" DOCUMENTS IN THE PUBLIC DOMAIN INTRODUCES SHORT-TERM POLITICAL PRESSURES THAT DISTORT THE BIDDING AMONG COMPETING POLICY OPTIONS. REGARDING THE GOTLIEB LETTER, THEY NOTE THE UNCANNY TIMING OF ITS PUBLIC DISCLOSURE. THEY ALSO POINT OUT THAT IT WAS PREPARED IN THE CONTEXT OF INTERNAL GOC DEBATE ON FOREIGN INVESTMENT POLICY THREE MONTHS AGO AND THAT IT IS TOTALLY MISLEADING TO HAVE IT BROUGHT UP NOW IN THE CONTEXT OF BROADER DISCUSSIONS ON TRADE WITH THE U.S. AND ON CULTURAL SOVEREIGNTY.

18. (C) GOC OFFICIALS ALSO INDICATE THAT SUCH LEAKS ARE MAKING POLICY FORMULATION INCREASINGLY DIFFICULT WHILE THE MULRONEY GOVERNMENT IS AWAITING A SUBSTANTIVE U.S. RESPONSE TO THE PROPOSAL FOR BILATERAL TRADE NEGOTIATIONS. TRADE NEGOTIATIONS TASK FORCE DIRECTOR BILL DYMOND (EXTAFF) LAMENTED TO EMBOFF THAT IT HAS BEEN SIX WEEKS SINCE THE PRIME MINISTER PUT FORWARD HIS INITIATIVE, AND THAT THE LONGER THAT INITIATIVE REMAINS IN LIMBO THE MORE DIFFICULTY THE GOC HAS IN RESISTING OPPOSITION CRITICISM AND/OR SPECIAL PLEADING FROM THOSE CAMPS THAT DO NOT WANT THEIR INTERESTS PLACED ON THE NEGOTIATING TABLE.

19. (C) IT IS CLEAR THAT MISMANAGEMENT OF THE GULF AND WESTERN/PRENTICE HALL ISSUE HAS CONSIDERABLE POTENTIAL TO HARM U.S. INTERESTS. WE THEREFORE NEED TO EXPLORE MEANS TO HELP DEFUSE THE SITUATION--HELPING THE MULRONEY GOVERNMENT TO ASSUAGE THE CANADIAN PUBLIC'S CONCERNS ON THE CULTURAL FRONT, WHILE PROTECTING FUNDAMENTAL U.S. RIGHTS AND INTERNATIONAL PRINCIPLES IN INVESTMENT POLICY AND KEEPING ALL ISSUES ON THE TRADE TABLE. END COMMENT.

NILES

BT

~~CONFIDENTIAL~~

UNCLASSIFIED
NATIONAL SECURITY COUNCIL
SECRETARIAT

Canada

PAGE 01 SECSTATE WASHDC 8664 DTG: 221544Z NOV 85 PSN: 029634
EOB742 AN001144 TOR: 326/1557Z CSN: HCE812

DISTRIBUTION: CANN-01 COBB-01 MALY-01 STEI-01 SOMM-01 MAT-01
/006 A1

WHTS ASSIGNED DISTRIBUTION:
SIT:
EOB:

OP IMMED
DE RUEHC #8664 3261544
O 221544Z NOV 85
FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA IMMEDIATE 5194

UNCLAS STATE 358664

E. O. 12356: N/A
TAGS: MARR, CA
SUBJECT: LETTER FROM THE PRESIDENT TO THE PRIME
MINISTER ANNOUNCING APPOINTMENT OF US CHAIRMAN TO THE PJBD

1. PARAGRAPH TWO CONTAINS THE TEXT OF A LETTER DATED NOVEMBER 21 FROM THE PRESIDENT TO PRIME MINISTER BRIAN MULRONEY ANNOUNCING THE APPOINTMENT OF JOHN H. ROUSSELOT AS THE NEW CHAIRMAN OF THE US SECTION OF THE CANADA-US PERMANENT JOINT BOARD ON DEFENSE. EMBASSY SHOULD DELIVER TEXT TO THE PRIME MINISTER'S OFFICE AND TO EXTERNAL AFFAIRS AS SOON AS POSSIBLE, SINCE WHITE HOUSE PLANS TO ISSUE A PUBLIC ANNOUNCEMENT ON NOVEMBER 22. (TEXT OF ANNOUNCEMENT WILL BE FAXED TO EMBASSY.) THERE WILL BE NO SIGNED ORIGINAL OF PRESIDENTIAL LETTER, AND THE WHITE HOUSE HAS NO OBJECTION TO GOC PUBLIC RELEASE OF TEXT.

2. BEGIN TEXT OF LETTER: DEAR BRIAN: I AM PLEASED TO INFORM YOU OF MY APPOINTMENT OF JOHN H. ROUSSELOT TO BE THE NEW CHAIRMAN OF THE US SECTION OF THE CANADA-US PERMANENT JOINT BOARD ON DEFENSE. MR. ROUSSELOT IS A DISTINGUISHED FORMER CONGRESSMAN FROM THE STATE OF CALIFORNIA. I AM CERTAIN THAT HE WILL MAKE A SIGNIFICANT CONTRIBUTION TO THE WORK OF THE BOARD, WHICH WE AGREED TO

MAKE GREATER USE OF DURING OUR MEETING IN QUEBEC THIS PAST MARCH.

MR. ROUSSELOT IS LOOKING FORWARD TO PARTICIPATING IN THE UPCOMING MEETING OF THE PERMANENT JOINT BOARD IN WASHINGTON, AT WHICH WE WILL BE CELEBRATING ITS 45TH YEAR OF SERVING THE SECURITY INTERESTS OF OUR TWO NATIONS.

WITH WARM REGARDS, RON. END TEXT. SHULTZ
BT

UNCLASSIFIED



United States Department of State

Washington, D.C. 20520

November 22, 1985

K-u
- Canada

UNCLASSIFIED (w/Secret Removable Attachment)

TO: Interagency Group on Law of the Sea

FROM: OES - Richard Smith *RS*
EUR - James Medas

SUBJECT: Meeting to consider Canadian Arctic Claim

There will be a meeting of the Interagency Group on the Law of the Sea on Thursday, December 12 at 10:00am in Room 1207, U.S. Department of State to consider the attached paper.

Attachment:

Canadian Arctic Element Paper

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

COBB, TYRUS (NSC): FILES

Withdrawer

LOJ 1/29/2007

File Folder

CANADA 1985 (11/01/1985-12/05/1985)

FOIA

F1559

ENGLISH

Box Number

90901

17

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
33304	PAPER ELEMENTS OF AN AGREEMENT...	7	ND	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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

33306 Cobb 14
9549
Canada

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~

ACTION

November 29, 1985

MEMORANDUM FOR ROBERT C. McFARLANE

FROM: TYRUS W. COBB *PRS*
SUBJECT: Your Call to Drew Lewis

Drew Lewis tried to call you October 31 on his acid rain report, but I don't believe you two got together. As I noted in my Profs note, Mulroney wants the acid rain issue to become the centerpiece of the March meeting. He is concerned with reports he is receiving that the White House is attempting to deflect or downplay his report -- I don't think that is quite true. You may want, however, to contact Drew and hear him out, and possibly to call Gottlieb to get his views. I will be in Ottawa Monday and should get a better flavor of Canadian views.

Recommendation

That you read the background papers at Tabs A and B and call Drew Lewis.

Approve _____

Disapprove *RM*

Attachments

Tab A Background Points
Tab B Lewis' Interim Report

DECLASSIFIED

NLRR *F1559 #33306*

BY *LOJ* NARA DATE *2/22/16*

Background Points

Drew wishes to submit his final report possibly in conjunction with Bill Davis (Canada's envoy) as soon as possible (you may recall that Drew has divested himself of several properties, is going to join several boards that may cause a conflict of interest).

He has formulated a three-point program that he feels is the minimum response the United States can make:

- Declare that acid rain is a problem. Key -- sulfates must be reduced.
- Make a commitment to clean coal technology (\$1 billion probable cost, he calculates). Cost would be split 50-50 between government and private sector.
- Bring SO₂ trend line down (it has begun to rise again after years of decline. Principal cause is increased electricity demand). This would mean 2-3 million tons of SO₂ would need to be eliminated annually. Could perhaps be done through "coal washing" or "least emissions dispatch" (this would require the use of the cleanest boilers first, dirtier ones only in high demand period. Since cleaner are more expensive, tendency is to use dirty boilers first now.)

Drew has talked with Don Regan and Jack Svahn. They have recommended that his report be submitted through the EPC. He feels this could be the death knell of his efforts. He may ask that you attempt to have it run through the NSC process, where it was before, because of the importance of this issue to Canadian-American relations.

In your response, you should listen attentively but reiterate how strongly the domestic side of the House feels about this issue (they are not so much opposed to this program, but fear the "slippery slope" that may be initiated). If you could persuade him to hold off on the report, that would be helpful (I doubt if he will) -- we will be better positioned to argue for policy flexibility as we get closer to the next Reagan-Mulroney meeting in March, 1986.

- CANADA

MEMORANDUM FOR BUD
FROM TY
SUBJECT Your Telephone Conversation with Drew Lewis

I understand that Drew will call you today via a meeting to discuss acid rain. He will likely tell you:

(1) He wishes to submit his final report, possibly in conjunction with Bill Davis (Canada's envoy) as soon as possible (you may recall that Drew has divested himself of several properties, is going to join several boards that may cause a conflict of interest)

(2) He has formulated a three-point program that he feels is the minimum response the United States can make:

-- Declare that acid rain is a problem. Key--Sulfates must be reduced.

-- Make a commitment to clean coal technology (\$1 billion probable cost he calculates). Cost would be split 50-50 between government and private sector).

-- Bring SO2 trend line down (it has begun to rise again after years of decline. Principal cause is increased electricity demand). This would mean 2-3 million tons of SO2 would need to be eliminated annually. Could perhaps be done through "coal washing" or "least emissions dispatch" (this would require the use of the cleanest boilers first, dirtier ones only in high demand period. Since cleaner are more expensive, tendency is to use dirty boilers first now).

Drew has talked with Don Regan and Jack Svahn. They have recommended that his report be submitted through the EFC. He feels this could be the death knell of his efforts. He may ask that you attempt to have it run through the NSC process, where it was before, because of the importance of this issue on Canadian-American relations.

In your response you should listen attentively but reiterate how strongly the domestic side of the house feels about this issue (they are not so much opposed to this program, but fear the "slippery slope" that may be initiated). If you could persuade him to hold off on the report, that would be helpful (I doubt if he will)--we will be better positioned to argue for policy flexibility as we get closer to the next Reagan-Mulroney meeting (right now we are simply too absorbed in other crises to give this any serious attention).

- Drew Lewis indicated that he wished to accelerate the process; he would like to bring the study to a conclusion by September. Bill Davis thought January was more realistic. This contrast with the 18 month timeframe we originally foresaw.
- Lewis pointed out for Canada this is a serious problem. They know there is no unanimity here, but in Canada across the board it is recognized as a very serious problem.
- Bill Davis indicated that there was a substantial consensus in Canada across the political spectrum. The Prime Minister believes firmly that we must deal with the issue. He is satisfied (a) that there is a real problem; (b) that the problems is not just esthetic but economic; and (c) Canada is part of the problem, but is now becoming part of the solution.
- Davis indicated that there is a greater expectation in Canada that something will emerge from the Envoys. Canadian officials clearly feel that President Reagan gave a commitment to undertake a serious evaluation of this problem.
- Davis noted that acid rain is more important to Canadians than any other issue. It will be the litmus test of U.S.-Canada relations. More importantly, it will greatly impact on Brian Mulroney's political position. He added that Mulroney cannot accept a cosmetic solution. This will impact on his ability to deliver in the future on issues critical to the U.S. -- SDI, Cruise Missile testing.
- Davis summarized that the problem is real, we know the cause, there are solutions.
- Drew Lewis indicated that he had read all the available documentation. He concludes that there is a cause effect relationship between SO_2/NO_2 and acid rain. He added that he realized it could be embarrassing to the Administration if he came to this conclusion.
- When challenged that if the Administration thought that we knew the causes of this problem, why would it spend \$65-\$85M per year on research. Lewis responded that, "you do it so you can prolong the process and avoid implementing more expensive alternatives." He noted that this was exactly what they did in Transportation while he was there.
- Bill Davis noted that Canada, too, faced important political issues that pitted region against region. But this is the test of leadership and the problem simply can't be avoided.

DECLASSIFIED

NLRR F1559#33311

BY LOJ NARA DATE 2/22/16

- The overwhelming scientific evidence is in. It is difficult not to take the obvious conclusion. If the real source of our problems is political, then we must face up to it.
- Tall Stacks: This decision will be announced on June 27. It will not be entirely positive, but whatever silver lining we can draw from it, we are going to stress to the Canadians (EPA will give them an advanced briefing on June 26). We will emphasize to the Canadians that they should attempt to take credit for the positive aspects of the tall stacks decision -- any demeaning of that decision would result in bad feelings in the Administration here.
- Drew's potential conflict.
- OMB feels that their worse fears are being realized -- we have a rogue elephant who is going off the reservation; another Paul Nitze making a "walk in the woods." Real danger that giving in will put us on that precipitous, slippery slope. It's like being a little bit pregnant. Any give on our part simply opens the flood gates to political disaster.

CONFIDENTIAL

CLASSIFICATION

CIRCLE ONE BELOW

IMMEDIATE

PRIORITY

ROUTINE

MODE

SECURE FAX # 94

ADMIN FAX #

RECORD #

PAGES 7

DTG

292152

DFI

RELEASED

FROM/LOCATION

1. THE SITUATION ROOM

TO/LOCATION/TIME OF RECEIPT

1. ROBERT C. MCFARLANE/ SANTA BARBARA/ TOR: 2200Z

INFORMATION ADDRES/LOCATION/TIME OF RECEIPT

SPECIAL INSTRUCTIONS/REMARKS:

ATTACHED: REDTAG SYSTEM I PACKAGE 9549

DELIVER IMMEDIATELY TO MR. MCFARLANE

CONFIDENTIAL

CLASSIFICATION

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

Coble
9409

*File
Lansky*

December 5, 1985

MEMORANDUM FOR RONALD K. PETERSON

FROM: WILLIAM F. MARTIN *WFM*
SUBJECT: Treasury draft Report on S. 1576, Regarding
Establishment of a Joint Commission to Resolve
Trade Disputes Between the U.S. and Canada

The NSC staff has no objection to the draft report by Treasury on S. 1576, regarding establishment of a Joint Commission to resolve trade disputes between the U.S. and Canada.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

ACTION

November 29, 1985

MEMORANDUM FOR WILLIAM F. MARTIN

FROM: ALEXANDER N. PLATT *AL*SUBJECT: Treasury Draft Report on S. 1576, Regarding
Establishment of a Joint Commission to Resolve
Trade Disputes Between the U.S. and Canada

OMB has requested our views on the attached Treasury draft
report by December 13.

RECOMMENDATION

That you sign the attached memo to Ron Peterson at Tab I
indicating that the NSC staff has no objection to the draft
report by Treasury regarding S. 2576, establishment of a Joint
Commission to resolve trade disputes between the U.S. and
Canada.

Approve *WMP*

Disapprove _____

3 Steve Danzansky, Ron *Sable*, Ty Cobb and David Wigg concur.
WMP

Attachment

Tab I Memo to Ron Peterson



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

9409

SPECIAL

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer -

Department of Justice
Office of Personnel Management
National Security Council
Department of Commerce
United States Trade Representative
Department of State
Department of Labor
Department of Agriculture

SUBJECT: Treasury draft report on S. 1576, regarding
establishment of a joint commission to resolve trade
disputes between the U.S. and Canada.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than

FRIDAY, DECEMBER 13, 1985.

Questions should be referred to Sue Thau (395-7300), the legislative analyst in this office or to Jim Jukes (395-3670).

Ronald K. Peterson

RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

Enclosures

cc: L. Li
M. Driggs

SPECIAL



DEPARTMENT OF THE TREASURY
WASHINGTON

T3-3/85.24
Jhan

12 NOV 1985

Director, Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Attention: Assistant Director for Legislative Reference

Dear Sir:

Enclosed are six copies of a proposed report to the Senate Committee on Finance, expressing the views of the Department of the Treasury on S. 1576, "To amend the Trade Act of 1974 to authorize the President to negotiate an agreement establishing a joint commission to resolve trade and other economic disputes between the United State and Canada."

Is there any objection to the submission of the proposed report?

Sincerely yours,

Margy Waxman
Deputy General Counsel

Enclosures



DEPARTMENT OF THE TREASURY
WASHINGTON

GENERAL COUNSEL

Dear Mr. Chairman:

This responds to your request for the views of the Department of the Treasury on S. 1576, "To amend the Trade Act of 1974 to authorize the President to negotiate an agreement establishing a joint commission to resolve trade and other economic disputes between the United States and Canada."

This bill would authorize the President, after negotiation and agreement with Canada, to establish a joint commission to resolve trade and other economic disputes between the two countries. Disputes would be submitted to the commission for arbitration.

In March 1985, President Reagan and the Prime Minister of Canada jointly declared they would attempt to resolve bilateral trade problems by 1986. Partly as a result of that declaration, the Canadian Federal and Provincial Governments are reviewing their trade and economic policies and relations with the United States. Recently the Canadian Government announced its interest in pursuing a comprehensive new trade agreement with the United States.

A bilateral commission, such as proposed in S. 1576, is one of a number of methods for resolving bilateral trade and economic disputes. However, in view of the recent Canadian announcement, such a bilateral commission is inappropriate and premature at this time.

For the reasons stated, the Department of the Treasury is opposed to the enactment of S. 1576.

The Office of Management and Budget has advised that there is no objection from the standpoint of the Administration's program to the submission of this report to your Committee.

Sincerely yours,

Robert M. Kimmitt
General Counsel

The Honorable
Bob Packwood, Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

99TH CONGRESS
1ST SESSION

S. 1576

To amend the Trade Act of 1974 to authorize the President to negotiate an agreement establishing a joint commission to resolve trade and other economic disputes between the United States and Canada.

IN THE SENATE OF THE UNITED STATES

AUGUST 1 (legislative day, JULY 16), 1985

Mr. MITCHELL introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Trade Act of 1974 to authorize the President to negotiate an agreement establishing a joint commission to resolve trade and other economic disputes between the United States and Canada.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. JOINT COMMISSION TO RESOLVE ECONOMIC DIS-
4 PUTES BETWEEN THE UNITED STATES AND
5 CANADA.

6 Section 612 of the Trade Act of 1974 (19 U.S.C. 2486)
7 is amended by adding at the end thereof the following new
8 subsection:

1 “(c) The President is authorized and requested to seek,
2 through an agreement, the establishment of a joint commis-
3 sion to resolve trade and other economic issues between the
4 United States and Canada. All disputes concerning such
5 issues should be referred to the joint commission for factfind-
6 ing and resolution through arbitration in a manner similar to
7 the procedure established by the Convention Concerning the
8 Boundary Waters Between the United States and Canada
9 (36 Stat. 2448). Nothing in this subsection shall be construed
10 as prior approval of any legislation which may be necessary
11 to implement such an agreement.”.

○

33313
file
-Comair

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
SECRETARIAT

PAGE 01 OTTAWA 9278 DTG: 052126Z DEC 85 PSN: 053160
EOB935 AN007379 TOR: 339/2148Z CSN: HCE783

DISTRIBUTION: COBB-01 DANZ-01 MALY-01 STEI-01 WIGG-01 SOMM-01
MAT-01 /007 A2

WHTS ASSIGNED DISTRIBUTION:

SIT:

EOB:

OP IMMED

UTS1264

DE RUEHOT #9278/01 3392129

O 052126Z DEC 85

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 5976
TREASURY DEPT WASHDC IMMEDIATE
USDOC WASHDC

~~CONFIDENTIAL~~ SECTION 01 OF 02 OTTAWA 09278

TREASURY FOR FAUVER, MURDEN

USDOC FOR ITA/IEP/OC

E.O. 12356: DECL: OADR

TAGS: ECON, EFIN, EINV, ENGR, EPT, CA

SUBJECT: CANADA'S FOREIGN INVESTMENT POLICY IN ENERGY
-- AND BOOK PUBLISHING

REFS: (A) STATE 325814; (B) OTTAWA 8280; (C) OTTAWA 9185;
(D) OTTAWA 9099; (EO OTTAWA 8804; (F) OTTAWA 8786;
(G) OTTAWA 8575; (H) OTTAWA 8537; (I) OTTAWA 8527

1. ~~CONFIDENTIAL~~ - ENTIRE TEXT

SUMMARY

2. REF (A) REQUESTED THAT AMBASSADOR AND OTHER SENIOR EMBASSY OFFICIALS, AS APPROPRIATE, MAKE INFORMAL REPRESENTATIONS TO THE CANADIAN GOVERNMENT CONCERNING ITS EMERGING ENERGY POLICY, ITS PENDING DECISION ON GULF AND WESTERN'S PROPOSED BOOK PUBLISHING ACQUISITIONS (PRENTICE HALL AND GINN CANADA), AND ITS GENERAL POLICY REGARDING FOREIGN INVESTMENT IN SO-CALLED CULTURALLY-SENSITIVE SECTORS. PURSUANT TO THESE INSTRUCTIONS, THE AMBASSADOR AND EMBASSY OFFICERS HAVE SEIZED EVERY OPPORTUNITY TO PRESS HOME THE U.S. POSITIONS ON THESE MATTERS. THIS MESSAGE SUMMARIZES RECENT EMBASSY ACTIONS ON BOOK PUBLISHING AND THE GULF AND WESTERN CASE AND LIKELY NEXT STEPS.

IT NOTES, AS WELL, THE POINTS WE HAVE MADE IN THE ENERGY SECTOR, DURING THE MOST RECENT MEETING OF THE ENERGY CONSULTATIVE MECHANISM AND ELSEWHERE. IN PARTICULAR, WE HAVE APPLAUDED THE MORE POSITIVE DIRECTION INDICATED BY THE NEW GOC "FRONTIER" ACCORD (REF B), BUT RESERVED FULL JUDGMENT AS TO ITS EFFECT ON U.S. INTERESTS UNTIL WE SEE CANADIAN IMPLEMENTING LEGISLATION. END SUMMARY.

3. THE GOC ANNOUNCED ITS "NEW FRONTIER" ENERGY POLICY ON OCTOBER 30. IT INTRODUCED FAR-REACHING CHANGES IN ENERGY POLICY, INCLUDING ABOLITION OF THE HIGHLY CONFISCATORY RETROACTIVE "BACK-IN" PROVISION, REPLACEMENT OF THE DISCRIMINATORY PETROLEUM INCENTIVES PROGRAM (PIP), MODIFICATION OF THE CANADIAN OWNERSHIP REQUIREMENT (COR) AND AGREEMENT IN PRINCIPLE TO DEREGULATE NATURAL GAS. THESE CHANGES ADDRESSED MANY OF OUR LONGSTANDING CONCERNS ON CANADIAN ENERGY POLICY. THE EMBASSY--WHILE NOTING TO GOC OFFICIALS THE GENERALLY POSITIVE THRUST OF NEWLY-ANNOUNCED CANADIAN POLICY--HAS ALSO SAID THAT WE RESERVE JUDGMENT UNTIL WE SEE THE ACTUAL IMPLEMENTING LEGISLATION.

4. DURING THE PAST SEVERAL WEEKS, EMBASSY HAS RAISED THE GULF AND WESTERN CASE WITH KEY CABINET MEMBERS, INCLUDING FINANCE MINISTER WILSON, TREASURY BOARD PRESIDENT DE COTRET, AND INTERNATIONAL TRADE MINISTER KELLEHER; WITH DEPUTY MINISTERS AT EXTERNAL AFFAIRS, FINANCE, DEPARTMENT OF COMMUNICATIONS AND DRIE; AND WITH ADMS AND MORE JUNIOR OFFICIALS AT THOSE MINISTRIES. THE ISSUE HAS ALSO BEEN DISCUSSED WITH FRED DOUCET, SENIOR ADVISER TO THE PRIME MINISTER, AND PAUL TELLIER, SECRETARY TO THE CABINET AND CLERK OF THE PRIVY COUNCIL. IN ADDITION, THE QUESTION WAS RAISED PROMINENTLY IN DISCUSSIONS BETWEEN SECRETARY SHULTZ AND EXTERNAL AFFAIRS MINISTER CLARK IN CALGARY IN OCTOBER. FURTHER, SENIOR REPRESENTATIVES OF GULF AND WESTERN MET WITH INVESTMENT CANADA PRESIDENT LABBE ON NOVEMBER 5, IMMEDIATELY AFTER A MEETING WITH AMBASSADOR NILES AND OTHER EMBASSY OFFICIAL. FINALLY, WE UNDERSTAND THAT DAVID ROCKEFELLER HAD PLANNED TO PURSUE THE MATTER WITH THE PRIME MINISTER DURING HIS

RECENT VISIT TO OTTAWA.

5. WE BELIEVE THIS SERIES OF DISCUSSIONS, REPORTED IN REFS (C) THROUGH (I), HAS HAD THE DESIRED EFFECT, LEAVING NO DOUBT AMONG GOC OFFICIALS AS TO THE SERIOUSNESS OF U.S. CONCERNS ABOUT CANADA'S HIGHLY RESTRICTIVE BOOK PUBLISHING POLICY OR THE IMPORTANCE THE U.S. ATTACHES TO ACHIEVING A SATISFACTORY OUTCOME ON THE GULF AND WESTERN ACQUISITIONS.

6. WE ALSO APPROACHED THE BRITISH HIGH COMMISSION IN BT

DECLASSIFIED

NLRR F1559 # 33313

BY RW NARA DATE 3/11/13

~~CONFIDENTIAL~~

