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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** COBB, TYRUS (NSC): FILES

**Withdrawer**

DLB 3/30/2005

**File Folder** CANADA 1986 (03/27/1986-05/29/1986)

**FOIA**

F00-093

**Box Number** 92134

DONALD MUNTON

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
6612	MEMO	ABRAHAM SOFAER, AM. RIDGWAY, AMB. NEGOPONTE TO THE SECRETARY, RE: CANADIAN ARCTIC <i>R 2/23/2012 F2000-093/1</i>	3	3/19/1986	B1
6614	LETTER	DRAFT LETTER SHULTZ TO JOE CLARK <i>R 2/23/2012 F2000-093/1</i>	2	ND	B1
6615	PAPER	DUPLICATE OF #6547, DRAFT AGREEMENT <i>R 2/23/2012 F2000-093/1</i>	5	ND	B1
6618	CABLE	#042250Z APR 86	2	4/4/1986	B1
6619	CABLE	DUPLICATE OF #6618	2	4/4/1986	B1
6620	REPORT	RE: CANADA	6	5/12/1986	B1
6622	LETTER	MULRONEY TO REAGAN	3	5/19/1986	B1
6624	CABLE	#270327Z MAY 86 <i>D 2/23/2012 F2000-093/1</i>	4	5/27/1986	B1

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**RICHARD J. SMITH**  
PRINCIPAL DEPUTY ASSISTANT SECRETARY  
OCEANS AND INTERNATIONAL  
ENVIRONMENTAL AND SCIENTIFIC AFFAIRS

U.S. DEPARTMENT OF STATE  
ROOM 7831

(202) 632-6940

647

3/27 |

Ty Cobb,

This is the memo I discussed with you a couple of days ago. I have also attached a copy of our draft agreement, which has wide inter-agency agreement. (It has not yet been given to the Canadians.) In addition to the key "jurisdiction" point, the Canadian draft agreement has a number of other problems that would have to be dealt with - basically to bring it closer to our draft, e.g., DOD has a number of particular concerns. — Dick Smith



The Legal Adviser

Washington, D.C. 20520

~~CONFIDENTIAL~~

file  
NWP

MEMORANDUM

TO : The Secretary

FROM : L - Abraham D. Sofaer  
EUR - Ambassador Ridgway  
OES - Ambassador Negroponte

SUBJECT: Canadian Arctic

ISSUE

Whether to sign the attached letter which transmits to Canada a draft agreement designed to handle U.S.-Canada differences over jurisdiction in the Arctic.

BACKGROUND

At the Summit the President and Prime Minister Mulroney agreed that officials should continue to meet to seek resolution of U.S.-Canada differences over Canadian claims to sovereignty over Arctic waters. The President reaffirmed our position that any agreement will have to be without prejudice to the legal position of each country.

Subsequently, we have agreed to meet with the Canadians in Ottawa the week of ~~April 7~~ with the U.S. side being led by OES, principal Deputy Assistant Secretary Richard Smith. We believe that it would be useful to table with Canada a U.S. proposed agreement before that meeting, and we believe it would be most advantageous if you are personally associated with that initiative.

The attached letter transmitting the draft agreement emphasizes our interest in a cooperative agreement while noting the bottom-line need that it be without prejudice to our legal position.

The draft agreement is based upon reciprocity. It contains a clear non-prejudice provision. Salient points include.

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NLRRF00-093 #6612  
BY RW NARA DATE 2/28/10

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~~CONFIDENTIAL~~

- 2 -

Article 1 indicates that the agreement applies to all the waters under national jurisdiction off the Arctic coasts of both countries.

Article 3 implicitly indicates that commercial navigation will be subject to coastal State rules.

Article 4 states that vessels entitled to sovereign immunity may navigate freely throughout the area except as may be constrained by other agreements.

Article 5 contains agreement to treat ice breakers differently from other U.S. vessels entitled to sovereign immunity, i.e. to consult prior to such operations.

Article 6 addresses the issue of State responsibility for environmental damage for sovereign immune vessels.

Article 2 and 7 establish that residual issues, such as fishing, continental shelf, marine mammals, etc., will be covered under coastal State laws.

Article 8 states the agreement is without prejudice to either side's international law position.

Article 9 provides that the agreement is without prejudice to the parties' position concerning the location of the maritime boundary in the Arctic.

We believe this agreement is fair and realistic.

RECOMMENDATION

That you sign the attached letter to External Affairs Minister Joe Clark transmitting the U.S. proposed agreement.

APPROVE \_\_\_\_\_

DISAPPROVE \_\_\_\_\_

~~CONFIDENTIAL~~

Drafted:L/OES:DAColson:mw  
3/19/86 x71370

Clearance: OES - Mr. Smith  
L - Ms. Verville  
EUR - Mr. Medas  
DOT -  
USCG -  
DOD -

#10790

LETTER TO CANADIAN EXTERNAL AFFAIRS MINISTER, JOE CLARK

Dear Joe:

I am writing with regard to the commitment made by the President and Prime Minister to continue discussions to seek a practical resolution of our differences in the Arctic.

I am pleased to note that our officials have agreed to meet again on this issue the week of April 7. In that connection, I am enclosing a U.S. proposed agreement which we would like to discuss at that time. This proposal states specifically that the agreement is without prejudice to the legal positions of the two countries, while setting forth specific provisions on commercial navigation, navigation and overflight of ships and aircraft entitled to sovereign immunity, coordination of ice breaker operations, and liability for environmental damage.

We believe this proposal should meet your concerns and that it provides a framework for cooperation in the future. You will note that we are proposing that this agreement should be reciprocally applied,, so that Canadian activities off the U.S. coast in the Arctic will be covered by the same general principles that will govern U.S. activities off the Canadian coast.

DECLASSIFIED  
NLRR P00-093# 6614  
BY RW NARA DATE 2/29/12

I commend this draft to your consideration. I hope it will allow us to make progress on this matter.

Sincerely,

George P. Shultz



1/6 6615  
8

Agreement Between the United States  
and Canada Concerning Arctic Waters

The United States and Canada,

Recognizing a common and everlasting interest in, and,  
commitment to, the security of the North American continent  
from attack or aggression,

Sharing an abiding desire that the unique environment of  
the Arctic region be maintained,

Considering their interest in the orderly development of  
the natural resources of the Arctic, with appropriate  
environmental safeguards, and,

Accepting that there are special legal issues associated  
with ice-covered maritime areas in international law,

Have agreed as follows:

Article 1

This agreement applies to the marine waters subject to the  
national jurisdiction of the United States or Canada between  
the Bering Strait at (lat-long) and the Davis Strait at  
(lat-long).

**DECLASSIFIED**

NLRR F00-093 #6615  
BY QW NARA DATE 2/28/12

## Article 2

The United States and Canada agree that all their activities and those of their nationals conducted in marine waters within the agreement area subject to the jurisdiction of the other Party fall within the purview of this agreement.

## Article 3

The United States and Canada agree that activities in the agreement area, especially its ice-covered areas, pose special environmental problems and that to afford appropriate safeguards commercial vessels flying their flags shall observe existing national laws concerning the preservation and protection of the marine environment when such vessels are in waters within the agreement area subject to the jurisdiction of the other Party. The Parties agree to seek harmonization of their national laws concerning the preservation and protection of the marine environment within the agreement area. The Parties further agree to consult when changes in such existing laws are envisioned and to give special consideration to requests by the other Party for adjustments in regulatory or administrative practice.

Article 4

The United States and Canada agree that naval and air mobility for their vessels and aircraft entitled to sovereign immunity is essential to the national security of both countries, and that the freedom of navigation and overflight by such vessels and aircraft may be carried out throughout the agreement area, except as may be controlled by mutual agreement.

Article 5

The United States and Canada agree that it is in their common interest to promote coordinated and efficient icebreaker operations in the agreement area. The Parties agree to consult prior to all icebreaker operations by vessels entitled to sovereign immunity in marine areas subject to the jurisdiction of the other Party within the agreement area.

Article 6

The United States and Canada recognize and affirm their respective responsibility for environmental damage caused by sovereign vessels within the agreement area in areas subject to the jurisdiction of the other Party. Each Party recognizes its responsibility to deal with reasonable claims for damage in accordance with customary procedures for settling international claims.

Article 7

The United States and Canada agree to consult annually concerning the operation of this agreement. The Parties agree to supplement this agreement from time to time as may be required to address any matters in more specific terms. The Parties agree that matters not specifically dealt with in this agreement or supplemental agreements are to be dealt with in accordance with respective relevant national laws.

Article 8

The United States and Canada agree that this agreement is without prejudice to positions of international law maintained by either Party.

Article 9

The United States and Canada agree that this agreement is without prejudice to the position of either Party concerning the location of the maritime boundary in the agreement area.

Article 10

This agreement shall enter into force upon signature.

Drafter: L/OES:DAColson:pds  
12/30/85 647-1700  
#08170

## US-Canada Relations

March 1985

Background: The relationship between Canada and the US is both productive and complex--more so than our ties to any other country. We share the world's longest land border, as well as its longest water boundary. We each play a distinct but compatible role in world affairs and our security interests are inextricable. We are each other's most important economic partner. With two countries as interdependent as ours, occasional differences naturally arise, but both Prime Minister Mulroney and President Reagan have placed a high priority on maintaining the good relations that now exist. In September 1984 the two agreed to meet annually (this year, March 17-18 in Quebec City), and other Cabinet officers were encouraged to talk frequently with their counterparts. Secretary Shultz expects to meet at least four times a year with Canadian Secretary of State for External Affairs Joseph Clark.



Global interests: Canada and the US are founding members of both the UN and NATO. Both countries are active in international affairs and consult extensively on development assistance, arms control efforts, and peacekeeping issues.

Security relations: In addition to being NATO allies, the US and Canada maintain the joint North American Aerospace Defense Command (NORAD). A special arrangement for the development and procurement of defense goods also exists. Our security relationship is coordinated by the Permanent Joint Board on Defense.

Economic relations: The volume of US-Canadian trade is the largest in the world. Two-way exchanges have tripled from \$39 billion in 1974 to more than \$110 billion in 1984, accounting for more than 19% of US trade and more than 75% of Canada's foreign trade. More than one-fifth of our exports go to Canada, one-and-one-half times the total exported to Japan, our next largest customer.

In 1965 we concluded an automotive agreement providing for duty-free bilateral trade in vehicles and parts. Both countries have realized substantial advantages in investment and employment and in economies of scale (i.e., the fall in unit costs as the number of units produced increases). The total exchange for automotive products in 1984 was about \$40 billion.

Canada and the US held preliminary discussions in 1984 on a Canadian proposal to negotiate additional free trade arrangements for selected industrial sectors. Although the Mulroney government has not yet decided whether to continue these talks or pursue other approaches, both governments agree on the benefits of further trade liberalization.

In 1983, US investment in Canada totaled \$47.5 billion, 20% of US investment abroad. Canada's private direct investment in the US amounted to more than \$11 billion.

Energy: Canada is our principal foreign source of natural gas and electricity and our second largest supplier of crude oil and petroleum products. In 1984, the value of our energy trade in Canada came to about \$10 billion, a figure larger than total US trade with most countries. Even at these levels, however, Canada supplies a relatively modest share of the US energy market: 4% for natural gas, 1.5% for oil, and 1.5% for electricity. Canada in turn is an important market for US coal, with net imports worth \$673 million in 1983. Overall, Canada is by far our largest energy trading partner.

Since 1981, Canada's National Energy Program (NEP) has been the cornerstone of Canadian energy policy. Passed during a period of tight world energy supplies and rapidly increasing energy prices, the NEP has as its primary goals increasing Canadian self-sufficiency in energy and raising the share of Canadian ownership of its energy industry to more than 50% by 1990. We do not disagree with these objectives, and Canada has made substantial progress toward achieving them. However, certain features of the NEP discriminate unfairly against US and other foreign investors. The Mulroney government recently announced its intention to eliminate a number of these features.

Environment: Canada and the US share a common interest in protecting the North American environment. Environmental cooperation has a long history; the joint cleanup of the Great Lakes following a US-Canada agreement in 1972 is a recent success story. Canadian controls on air pollution and toxic chemicals generally are less stringent than US regulations, although the Government of Canada has moved to tighten some standards. An important bilateral issue is acid rain, a form of transboundary air pollution. Canadians fear that acid rain threatens their forests and freshwater streams and have proposed that both countries begin soon to reduce the emissions believed responsible. US emissions are substantially smaller than Canada's, on a per capita basis, and the US is continuing to reduce emissions under current laws while devoting large sums (\$85 million in the proposed fiscal year 1986 budget) to intensive research into all aspects of the problem.

Maritime boundary and fisheries: In October 1984, the International Court of Justice, at the request of the US and Canada, ruled on the disputed boundary in the Gulf of Maine. The court's ruling settled the boundary, which gave Canada jurisdiction over about one-sixth of the rich Georges Bank fishing grounds. The impact on both countries' east coast fisheries is significant, and we will eventually need to work out a cooperative arrangement for managing the fish stocks that cross the boundary and are caught by both countries' fishermen.

On the west coast, we have nearly concluded a Pacific salmon fishing treaty after 15 years of negotiations. The treaty will benefit both Canadian and US fishermen by regulating interceptions of salmon spawned in the fresh water of one country and caught by the other's fishermen.

# Canada



502462 1-76 (541886)  
 Lambert Conformal Projection  
 Standard parallels 52° and 74°  
 Scale 1:30,000,000

— Railroad  
 — Road



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UNITED STATES  
INFORMATION AGENCY  
WASHINGTON, D.C.  
20547

VANCO. CALIF. OREGON WASH. BRIT. COLUMBIA



**EXPO 86**  
The 1986 World Exposition on  
Transportation and Communication

**DATE:** May 2 to October 13, 1986 (165 days)

**THEME:** World in Motion -- World in Touch

The exposition coincides with the celebrations of the city's centennial and the 100th anniversary of the transcontinental railroad's arrival at Canada's west coast terminus. The theme of the exposition focuses on mankind's achievements in transportation and communication and what the future holds.

**LOCATION:**

Vancouver, British Columbia, Canada

**ATTENDANCE:**

An estimated 8.3 million visitors are expected to attend EXPO 86. An estimated 15 million visits will be made to the EXPO site. Sixty percent of the visitors will be from Canada; thirty percent of the visitors will be from the U.S. and the remainder from the major overseas markets of the Pacific rim and western Europe. Visitors will spend an average of 3.5 days at the Exposition, according to EXPO market researchers.

The 1986 World Exposition has already attracted numerous conferences and conventions to Vancouver and the rest of British Columbia. For example, Vancouver Island is organizing the Conference of Islands of the World where delegates will discuss common goals and concerns.

**U.S. PARTICIPATION:**

The United States National Pavilion will be built around the theme of a permanent manned space station that is expected to orbit the globe within a decade. Next to the U.S. National Pavilion, in an area of the fair called the USA Plaza, will be pavilions sponsored by California, Oregon and Washington. The Federal and State pavilions on the USA Plaza will have a total covered area of 53,890 square feet on the 5.5 acre site, representing the largest non-Canadian presence at EXPO 86.

In addition to exhibitions for the term of the fair, U.S. companies and institutions have an opportunity to participate in the Exposition's "Specialized Periods." They are short 5-day to two-week periods during the fair in which various aspects of transportation and communications will be highlighted.

HOST:

Planned and produced by the Government of British Columbia, EXPO 86 is officially sanctioned by the Government of Canada and registered by the International Bureau of Expositions, an international treaty organization headquartered in Paris. The EXPO organization is a Crown corporation of the British Columbia provincial government. The British Columbia government has pledged about Cdn \$800 million to finance the operation of EXPO 86.

SITE:

173 acres of waterfront on two downtown Vancouver sites, False Creek and Burrard Inlet. On the north and east shores of False Creek will be a lively mix of international pavilions and plazas, special events, rides, restaurants and cabarets. On Burrard Inlet, at the foot of Burrard Street, will be Canada Place, the Canadian National Pavilion. It will be joined to the False Creek main site by the regional rapid transit system. In addition to the Canadian Pavilion, an Imax Theatre, a cruise ship terminal, a hotel, and the World Trade Centre office complex will operate at the Burrard Inlet site during EXPO 86.

ENTERTAINMENT AND EVENTS:

The World Festival will feature world-class performances in drama, dance, music and opera. Attractions will be held in the Queen Elizabeth Theatre, the Playhouse, the Orpheum and B.C. Place Stadium.

On site some 14,000 performances from every continent are scheduled. These will include music, dance, name entertainers, minstrels, mimes, jugglers, clowns and even robots.

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WASHINGTON POST 29 MAY 1986

## *Trade Panic at the White House*

**T**HE DEMOCRATS' trade bill has sent the Reagan administration into a panic, and the panic—as usual—is producing mistakes. The trade bill is something of an atrocity, fueled by congressmen's accusations that the White House doesn't take their constituents' trade complaints sufficiently seriously. The administration's response has been to rush around wildly, seizing good and bad cases indifferently and plunging ahead with them to demonstrate its responsiveness and, it hopes, to deflect the bill.

For example, the administration suddenly announced it was slapping a very stiff tariff on cedar shingles from Canada, the importation of which causes great grief and suffering in the domestic shingle industry. The Canadians have responded with a degree of real fury that is difficult to understand unless you happen to know three things. At their meeting a year ago, President Reagan and Prime Minister Brian Mulroney agreed in the strongest terms to resist the temptations of protectionism in the commerce between their countries. The United States imposed this new tariff without a word of warning. And the tariff announcement came one day after the first meeting of the two negotiators whom the U.S. and Canadian governments had

directed to work toward a free trade agreement.

Why did the United States announce this tariff in a fashion that looked like a gratuitous blow at Mr. Mulroney—as well as a deliberate violation of all Mr. Reagan's trade pledges? There's no good answer. It was simply driven by panic.

In the current burst of American trade activity, some of the cases are well justified. In that category you can put the latest round in the endless struggle over the European Community's wasteful and disruptive agriculture policy. But many of these cases are conspicuously shaky. Last week the administration said that it was going to require several countries to impose "voluntary"—meaning involuntary—quotas on the machine tools they sell here. The argument is that national security requires a substantial machine tool industry in this country. But you have to ask whether American national security is well served by dependence on machine tools that are not competitive with those produced in West Germany, Switzerland, Japan and Taiwan.

Mr. Reagan always gives a ringing endorsement to open markets and free trade, in principle. In practice, his administration is rapidly lengthening the list of exceptions to the rule: automobiles, steel, textiles—and now cedar shingles.