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# WITHDRAWAL SHEET

## Ronald Reagan Library

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

**Withdrawer**

DLB 3/30/2005

**File Folder** CANADA 1986 (11/14/1986-11/21/1986)

**FOIA**

F00-093

**Box Number** 92134

DONALD MUNTON

25

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
6682	LETTER	DUPLICATE OF #6455, MULRONEY TO REAGAN	2	11/12/1986	B1
6683	MEMO	DUPLICATE OF #6456; COBB TO JAN MARES, TED HARRIS, RE: PM MULRONEY'S LETTER TO THE PRESIDENT <i>R 2/23/2012 F2000-093/1</i>	1	11/18/1986	B1
6684	LETTER	DUPLICATE OF #6455, 6682; MULRONEY TO REAGAN	2	11/12/1986	B1
6685	CABLE	#212109Z NOV 86 <i>D 2/23/2012 F2000-093/1</i>	1	11/21/1986	B1
6686	LIST	ITEMS FOR RESTRICTED WORKING LUNCH/SECRETARY SHULTZ, 11/21/1986 <i>R 2/23/2012 F2000-093/1</i>	12	ND	B1
6687	MEMO	RALPH BLEDSOE TO ENERGY NATURAL RESOURCES AND ENVIRONMENT WORKING GROUP, PAGE 1 ONLY	1	11/21/1986	B1

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

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MSG FROM: NSTC --CPUA TO: NSSGB --CPUA  
11/14/86 13:14:36 To: NSSGB --CPUA NSFL  
--CPUA NOTE FROM: Tyrus Cobb Subject: Comments on Your Scheduling  
Memo to JMP Hey, Turkey, see. I did send that Canadian schedule  
to you!!! \*\*\* Forwarding note from NSTC --CPUA 11/04/86  
11:12 \*\*\* To: NSFL --CPUA

NOTE FROM: Tyrus Cobb

SUBJECT: Comments on Your Scheduling Memo to JMP

1. Believe Aristov is not photo op, but 20-30 minute meeting.

2. The State Visit to Italy is listed as June 6-7. Not sure we need it to be before Summit, although State would prefer.

3. On the Italy State visit, we need to get an answer to Cossiga soonest. Will your memo get us permission to inform GOI of RR's acceptance? If not, need to make sure that approval is granted as soon as possible. Also, on Chirac, as Rodgers says, February is fine, but need to make an announcement quickly. Thanks.

4. On visit to Canada. GOC has formally come in with proposed dates as follows:

-- Dates: March 22-23, or 29-30; April 5-6 (That is latest they will agree to because of Parliament in session).

-- Activities: RR arrives afternoon of first day. Has gala social dinner that evening. Next day--Meeting, RR address to Parliament, working luncheon, departure.

GOC would like to get our response to this proposal soonest, of course. Do you want to factor this into your memo?

cc: NSJFM --CPUA  
NSSID --CPUA

NSPRS --CPUA  
NSAHP --CPUA

Canada

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

8164

DECLASSIFIED

White House Guidelines, August 28, 1997

By JWB NARA, Date 2/21/05

CONFIDENTIAL

ACTION

November 14, 1986

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: TYRUS W. COBB *TC*

SUBJECT: Request for Special Air Missions Aircraft  
for Secretary Shultz, November 21, 1986

At Tab I is a memorandum from you to Don Regan endorsing State's request (Tab A) for a Special Air Missions aircraft for a Presidential Mission on a non-reimbursable basis.

John Nettles of the Military Office informed me that they have allocated a Special Air Missions aircraft for Secretary Shultz' trip to Ottawa, Canada, November 21st for consultations with the Government of Canada. Given that this is a foreign trip we believe it should be allocated on a non-reimbursable basis.

RECOMMENDATION

That you sign the memorandum to Don Regan at Tab I.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

Attachments

Tab I Memorandum to Regan

Tab A Incoming Request from State

CONFIDENTIAL

Declassify on: OADR

THE WHITE HOUSE

WASHINGTON

8164

DECLASSIFIED

White House Collection, August 23, 1987

By dlh - E.O. 11652, Date 6/29/05

CONFIDENTIAL

MEMORANDUM FOR DONALD T. REGAN

FROM: JOHN M. POINDEXTER

SUBJECT: Request for Special Air Missions Aircraft  
for Secretary Shultz, November 21, 1986 (U)

Secretary Shultz will be travelling to Ottawa, Canada, November 21st for consultations with the Government of Canada. The State Department has requested aircraft support on a non-reimbursable basis. We understand informally from the White House Military Office that an aircraft is available. (C)

I recommend that you approve State's request for an aircraft on a non-reimbursable basis. (C)

Attachment

Tab A State's Request

CONFIDENTIAL

Declassify on: OADR



United States Department of State

Washington, D.C. 20520 8634867

November 10, 1986

DECLASSIFIED

Department of State Guidelines, July 21, 1997

By dh NARA, Date 3/29/05CONFIDENTIALMEMORANDUM FOR VADM JOHN M. POINDEXTER  
THE WHITE HOUSE

Subject: Request for Special Air Missions Aircraft

In support of the President's foreign policy, Secretary Shultz will travel to Ottawa, Canada, on November 21st for consultations with the Government of Canada.

In order to meet tight scheduling constraints and for security and communications purposes, it is requested that this be designated a Presidential Mission and that a Special Missions aircraft be made available on a non-reimbursable basis.

Thank you for your continued cooperation and support.

*Nicholas Platt*  
for Nicholas Platt  
Executive Secretary

CONFIDENTIAL

Declassify on: 11/30/86

ACTION

November 14, 1986

MEMORANDUM FOR ALTON G. KEEL

FROM: TYRUS W. COBB *[Signature]*

Deputy Natl Sec Advisor  
has seen

SUBJECT: Request for an Appointment

Canadian Ambassador Allan Gotlieb called to indicate that he has a letter from Prime Minister Mulroney to the President that he wants to deliver to the Admiral. Given JMP's schedule and the fact that you have not met with Gotlieb in your new position, I recommend that you receive Allan Tuesday afternoon (the Ambassador would be very pleased with this arrangement).

The PM's letter will propose dates for the President's Canadian Summit, tentatively scheduled for March or April 1987. Mulroney will also lay out what he believes should be the substantive agenda for that meeting. Your session with Gotlieb would enable you to lay down markers on our agenda for the Summit (and give you the opportunity to reengage on your favorite issue, Acid Rain!)

*Teenie?*

RECOMMENDATION

That you agree to meet with Ambassador Gotlieb Tuesday afternoon, November 18.

Approve \_\_\_\_\_

*(A)*

Disapprove \_\_\_\_\_

*Mon, 24, 11, 1100*  
*time: ~~Thurs 20 Nov 1400~~*  
*place: Keels ofc*

MSG FROM: NSTC --CPUA TO: NSSGB --CPUA  
11/17/86 15:53:04 To: NSSGB --CPUA

NOTE FROM: Tyrus Cobb  
Subject: Meeting with Gotlieb- FTA Points  
\*\*\* Forwarding note from NSAHP --CPUA 11/17/86 11:48 \*\*\*  
To: NSTC --CPUA

NOTE FROM: Alexander Platt  
SUBJECT: Meeting with Gotlieb- FTA Points

- The US would like to conclude the Free Trade Area with Canada. I understand, however, that your negotiators continue to press for changes in US unfair trade practice laws {Antidumping, CVD, 201, 301}. Experience with the Congress shows that obtaining changes in those laws will be enormously difficult. (In the US-Israel FTA negotiations the Congress stated that unfair trade practice laws could not be affected by the terms of the FTA. There is no evidence that Congress would view the US-Canada arrangement differently).
- IF there is any possibility of examining changes in US unfair trade laws, substantial progress must first be made on subsidies and investment. Perhaps then the case can be made with Congress that the unfair trade laws should be addressed in the agreement.
- Overall, if the US-Canada FTA is to be concluded, I think that both sides should be realistic about what is possible.

cc: NSSID --CPUA



Canadian Embassy



Ambassade du Canada

1746 Massachusetts Ave. N.W.  
Washington, D.C. 20036

November 17, 1986

Ambassador Michael H. Armacost  
Under Secretary for Political  
Affairs  
Department of State  
Room 7240  
2201 "C" Street N.W.  
Washington, D.C. 20420

Dear Ambassador Armacost,

I am pleased to provide you with a copy of a letter dated November 12 from Prime Minister Mulroney to President Reagan concerning arrangements for the next annual bilateral Summit. You may wish to bring this letter to the attention of Secretary Shultz. The original letter will be delivered to the National Security Council.

Sincerely,

Allan Gotlieb  
Ambassador

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NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

WIS  
file Canada  
6663  
5

November 18, 1986

MEMORANDUM FOR JAN MARES  
TED HARRIS

FROM: TY COBB

SUBJECT: PM Mulroney's Letter to the President

Canadian Prime Minister Brian Mulroney has written to the President suggesting dates for their next annual summit meeting (attached). The PM also lays out his substantive agenda for that summit. Please note that as before the centerpiece of the discussions will likely fall on acid rain, specifically the extent to which we have undertaken steps to comply with the President's full endorsement of the Lewis-Davis Report.

We have not sent this letter to the President, nor drafted a suggested reply. I would appreciate it if you were to provide suggested language for the President's response with respect to acid rain. Further, it is not too early for us to initiate interagency discussions in developing our position on this delicate subject. Mulroney, one of the President's leading supporters on the international scene, has described acid rain as the "litmus test" of his pro-American global stance and his policy of "giving America the benefit of the doubt."

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NLRRF00-093#6683

BY RW NARA DATE 2/28/10

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FM AMEMBASSY OTTAWA

TO RUEHC/SECSTATE WASHDC IMMEDIATE 2520  
INFO RUEBPA/USDOE WASHDC IMMEDIATE

UNCLAS OTTAWA 09450  
OES/ENR FOR JOHN ROUSE  
DOE FOR DONALD BAUERS  
E.O. 12356: N/A  
TAGS: SENV, KSCA, CA

SUBJECT: ACID RAIN: PARLIAMENTARY DEBATE ON CLEAN COAL  
TECHNOLOGY PROGRAM

REF: A) STATE 357299, B) OTTAWA 9356

1. DURING THE PARLIAMENTARY DEBATE ON NOVEMBER 18, LIBERAL PARTY ENVIRONMENT CRITIC CHARLES GACCIA CHARGED THAT THE CLEAN COAL TECHNOLOGY PROGRAM WAS A SEPARATE INITIATIVE ADOPTED IN DECEMBER 1985, WHICH HAD NOTHING TO DO WITH AN ABATEMENT PROGRAM IN THE U.S. FLOWING FROM THE SPECIAL ENVOYS' REPORT. HE ASKED WHAT HAS BEEN ACHIEVED SINCE THE REPORT WAS ACCEPTED LAST MARCH IN TERMS OF REDUCTION OF SO2 EMISSIONS AND IN TERMS OF U.S. SPENDING ON ABATEMENT OF ACID RAIN.

2. PAULINE BROWES, THE PARLIAMENTARY SECRETARY TO ENVIRONMENT MINISTER MCMILLAN, RESPONDED AS FOLLOWS: QUOTE: "THE ENDORSEMENT OF THE REPORT OF THE SPECIAL ENVOYS ON ACID RAIN BY THE PRIME MINISTER (MR. MULRONEY) AND PRESIDENT REAGAN IN MARCH, 1986 WAS NOT THE FINAL WORD ON A JOINT SOLUTION TO OUR COMMON ACID RAIN PROBLEM. IT ESTABLISHED A FOUNDATION AND A PROCESS WHICH THE TWO COUNTRIES CAN USE TO MOVE TOWARD OUR ULTIMATE OBJECTIVE OF SOLVING OUR TRANSBOUNDARY AIR POLLUTION PROBLEM ONCE AND FOR ALL.

"ONE OF THE KEY RECOMMENDATIONS OF THE SPECIAL ENVOYS WAS THE NEED FOR THE UNITED STATES TO ESTABLISH A FIVE-YEAR, \$5 BILLION CONTROL TECHNOLOGY COMMERCIAL DEMONSTRATION PROGRAM. THIS RECOMMENDATION WAS DESIGNED TO EXPAND THE MENU OF CONTROL OPTIONS AND MAKE IT EASIER TO FORMULATE A U.S. ACID RAIN CONTROL PLAN. IT WAS ALSO DESIGNED TO PROVIDE SOME NEAR-TERM RELIEF FROM ACID RAIN. "FROM THE CANADIAN PERSPECTIVE, TWO OF THE SPECIAL ENVOYS' CRITERIA ARE OF PARTICULAR IMPORTANCE. IT IS PRIMARILY AGAINST THESE THAT CANADA WILL JUDGE EXISTING AND NEW INITIATIVES IN THE UNITED STATES. THESE CRITERIA ARE, AND I QUOTE FROM THE ENVOYS' REPORT: 'MORE CONSIDERATION SHOULD BE GIVEN TO PROJECTS THAT DEMONSTRATE RETROFIT TECHNOLOGIES APPLICABLE TO THE LARGEST NUMBER OF EXISTING SOURCES THAT, BECAUSE OF THEIR SIZE AND LOCATION, CONTRIBUTE TO TRANSBOUNDARY AIR POLLUTION'; AND, 'IT SHOULD ALSO RESULT IN SOME NEAR-TERM REDUCTIONS IN U.S. AIR EMISSIONS THAT AFFECT CANADIAN ECOSYSTEMS'.

"WE HAVE ESTABLISHED CLEAR OBJECTIVES ON THE ACID RAIN ISSUE. ACID DEPOSITION MUST BE REDUCED TO LESS THAN 20 KILOGRAMS PER HECTARE PER YEAR. TO DO THIS, SULPHUR

DIOXIDE EMISSIONS IN EASTERN CANADA MUST BE REDUCED BY 50 PER CENT AND THE TRANSBOUNDARY FLOW OF POLLUTION FROM THE UNITED STATES INTO CANADA MUST BE REDUCED BY 50 PER CENT, FROM FOUR MILLION TONNES DOWN TO TWO MILLION TONNES.

"CANADA ASSESSES ANY U.S. CLEAN COAL TECHNOLOGY

DEMONSTRATION INITIATIVE PRIMARILY BY THE EXTENT TO WHICH THE TECHNOLOGIES CAN BE APPLIED TO THE PRINCIPAL SOURCES OF EMISSIONS AFFECTING CANADA AND BY THE EXTENT TO WHICH THE DEMONSTRATION PROJECTS PROVIDE IMMEDIATE RELIEF IN THE TRANSBOUNDARY POLLUTION FLOWS. IT IS THESE CRITERIA WE ARE USING TO ASSESS THE NINE PROJECTS UNDER THE U.S. DEPARTMENT OF ENERGY'S CLEAN COAL TECHNOLOGY PROGRAM." END QUOTE.

NILES

BT

#9450

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*P.4*  
*- Canada*

TRIP OF SECRETARY SHULTZ  
TO OTTAWA, CANADA  
NOVEMBER 21, 1986

SCHEDULE

10:30 AM Depart Andrews AFB for Ottawa (Flight Time 1 hour  
15 minutes; no time change)

11:45 AM Arrive Ottawa - No Arrival Statement

11:55 AM Depart Airport

12:15 PM Arrive External Affairs Guest House, 7 Rideau Gate

12:20 PM Restricted Working Lunch -- Multilateral  
Political and Global Economic Issues

1:55 PM Depart for External Affairs

2:05 PM Arrive External Affairs; begin Plenary Session --  
Bilateral Issues

4:00 PM Staff Time

4:15 PM Signing Ceremony: Bilateral Aviation Security  
Agreement

4:20 PM Press Conference with Public Statement

5:00 PM Depart for Embassy

5:15 PM Meet with Embassy Staff

5:45 PM Depart for Airport

6:05 PM Arrive Airport

6:15 PM Depart Ottawa (Flight time to Andrews 1 hour 15  
minutes; no time change)

7:30 PM Arrive Andrews AFB

TRIP OF SECRETARY SHULTZ  
TO OTTAWA, CANADA  
NOVEMBER 21, 1986

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- II. SECURITY ISSUES
- III. ARMS CONTROL PROSPECTS
- IV. EAST-WEST ISSUES
- V. GLOBAL ECONOMIC ISSUES
- VI. REGIONAL ISSUES
- VII.. MISCELLANEOUS

AGENDA FOR AFTERNOON PLENARY

- I. ACID RAIN
- II. ARCTIC SOVEREIGNTY
- III. MANAGEMENT OF TRADE DISPUTES
- IV. FREE TRADE NEGOTIATIONS
- V. OTHER TRADE ISSUES
- VI. ENERGY
- VII. ENVIRONMENT
- VIII. BOUNDARY AND FISHERIES ISSUES
- IX. LEGAL/ADMINISTRATIVE ISSUES

SIGNING OF BILATERAL AVIATION SECURITY AGREEMENT

BIOGRAPHIES



Trip of Secretary Shultz  
to Ottawa, Canada  
November 21, 1986

Agenda For Restricted Working Lunch  
(Multilateral Political and Economic Issues)

- I. Planning Next Reagan-Mulroney Summit
- II. Security Issues
  1. Cruise Missile Testing
  2. Defense White Paper
- III. Arms Control Prospects
- IV. East-West Issues
  1. Reykjavik
  2. US-Soviet Relations
- V. Global Economic Issues
  3. MTN
  4. Agriculture
  5. LDC Debt
  6. G-5/G-7
- VI. Regional Issues
  7. South Africa
  8. Central America
  9. Haiti
  10. Middle East
- VII. Miscellaneous
  11. Terrorism
  12. Peacekeeping
  13. UN Reform/Financing

Trip of Secretary Shultz  
to Ottawa, Canada  
November 21, 1986

Agenda for Afternoon Plenary  
(Bilateral Issues)

- I. Acid Rain
  1. Acid Rain
  
- II. Arctic Sovereignty
  2. Arctic Sovereignty
  
- III. Management of Trade Disputes
  3. Management of Trade Disputes
  
- IV. Free Trade Negotiations
  4. Free Trade Negotiations
  
- V. Other Trade Issues
  5. Lumber
  6. Shakes and Shingles
  7. Corn CVD
  8. Pharmaceuticals
  9. Investment Policy
  10. Versatile-Deere
  11. Steel
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  13. Wheat
  14. Border Broadcasting
  15. Cultural Sector
  16. Customs Import User Fees
  17. Mobile Satellite System
  
- VI. Energy
  18. Georges Bank
  19. Oil Import Tax
  20. Pan Alberta
  21. Uranium Trade

VII. Environment

- 22. Detroit Incinerator
- 23. Great Lakes Water Levels
- 24. Toxic Wastes
- 25. Porcupine Caribou Herd

VIII. Boundary and Fisheries Issues

- 26. Dixon Entrance
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- 28. Cross-border Movement for Business
- 29. Tax Reciprocity
- 30. Export Controls
- 31. Extradition Treaty
- 32. Percy Eastham
- 33. Orlikow Case
- 34. Bilateral Aviation Security Agreement

~~SECRET~~

6084

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Trip of Secretary Shultz  
to Ottawa, Canada  
November 21, 1986

RESTRICTED WORKING LUNCH

Planning Next Reagan-  
Mulroney Summit

-- GOC seeks March in Ottawa;  
we prefer May in large city.  
Preparations should begin now on  
security/arms control, trade  
disputes and FTA talks, Arctic  
sovereignty and acid rain. Your  
next meeting with Clark logical  
place to review bidding.

Security Issues

Cruise Missile Testing

-- GOC fears public outcry when 131st  
ALCM-carrying bomber deployed; they  
have drawn linkage between  
deployment decision and cruise  
missile testing program over Canada,  
calling for strict adherence to ABM  
Treaty and SALT II. GOC seeks  
advance notification of deployment  
decision and asks that decision not  
be announced on a day on which an  
ALCM is being tested over Canada.  
Special sensitivity exists on adding  
ACM to test program.

Defense White Paper

-- Long overdue White Paper promised by  
Defense Minister Beatty for early  
spring. Beatty has already begun PR  
program to prepare public. Paper,  
which due out after GOC budget,  
could cause us and NATO problems if  
it does not call for increased  
funding and restatement of GOC  
commitment to Central Front.

Arms Control Prospects

-- GOC concerned about USG arms control  
policy. GOC also pushing CTB in  
UNGA. We have held extensive arms  
control consultations with GOC.

~~SECRET~~

DECL: OADR

DECLASSIFIED

NLRR FDD-093# 6086

BY RW NARA DATE 2/28/12

East-West Issues

Reykjavik and Vienna

-- You will have covered much of this issue in the discussion of arms control prospects.

US-Soviet Relations

-- Post-Reykjavik dialogue continuing in all areas; Vienna produced common ground on some bilateral issues but disappointing results in arms control. No date for next ministerial or summit but bilateral relationship broad and expanding. We will continue to explore possible areas of cooperation.

Global Economic Issues

MTN

-- Clark led GOC delegation to Punta del Este. US, GOC positions very close on most issues. GOC helpful in building consensus and wants discipline on agricultural subsidies. Key issues (agriculture, services, investment, intellectual property) on agenda. We want to agree on sub-groups, negotiating plan by mid-December, begin actual talks early 1987. Some chairmen should be from capitals to give talks political impetus.

Agriculture

-- Canada, US compete in world grain markets. Agriculture is important part of FTA negotiations. Handling subsidies that affect exports to third countries likely most contentious issue, need EC discipline. GOC has complained of depressing effect of our Farm Bill on world prices, but its farm exports have risen. We obtain assurances that recipients of our export subsidy (EEP) sales will maintain purchases from Canada, other non-subsidizers. GOC very interested in our ideas for next steps in encouraging OECD, other work to expedite multilateral agreement on agricultural subsidies. GOC has just decided to drop its idea for an Eminent Persons Group.

LDC Debt

- GOC, Canadian banks, have been supportive of Baker Proposal. Clark would appreciate status report on progress with debtor countries, attitude of US banks. Most major debtors negotiating arrangement with IMF. Recent Mexico/commercial bank agreement very positive. Need to continue to support LDC economic reform.

G-5/G-7

- Want to reaffirm commitment to G-7 as appropriate forum for discussing economic performance, policy coordination, per Tokyo Summit, but avoid implicit burying of G-5. Canada/Italy sensitive to exclusion from G-5, but GOC has informally recognized unique role for G-5 (whose currencies exclusively in SDR basket). We no longer refer publicly to G-5, but side meetings still held. GOC supportive of our aim for agreement on econ indicators, meeting of deputy ministers in early 1987.

Regional Issues

South Africa

- Canadians united behind sanctions stronger than ours. GOC, however, has worked within Commonwealth context to avoid isolation of Thatcher.

Central America

- GOC has publicly stated its differences with us on this issue, supporting Contadora process and opposing assistance to Contras. Canada (along with eight other NATO Allies) voted for November 3 UNGA resolution calling for compliance with ICJ ruling; in its explanation of vote, however, it criticized Sandinistas' human rights record. Visit of GON Vice President Ramirez cancelled last week.

Haiti

- Canada, which has large Haitian community, has doubled aid to Haiti to \$11 million. We want to encourage continued Canadian involvement.

**Middle East**

- GOC supportive of US position on Arab-Israeli and terrorism issues but keeps lines open to PLO. GOC contributes aid to Egypt, Jordan and West Bank, participates in MFO and supports concept of international conference.

Miscellaneous

**Terrorism**

- GOC extremely cooperative and constructive; very quick to support actions against Libya and Syria. Recent USG-GOC consultations include Vernon Walters September 5 and Jerry Bremer November 1. Clark may raise Iran here.

**Peacekeeping**

- Canada contributes troops to UNFICYP and funding for UNIFIL, both of which in trouble. You should applaud Canadian participation in these operations and assure Clark that we will seek to restore shortfalls in US funding through an FY-86 supplemental.

**UN Reform and Financing**

- Canada among most supportive for UN reform.

Afternoon Plenary

Acid Rain

- Has a high profile in Canada. Mulroney has toned down the public diplomacy and rhetoric on acid rain, for which he has been criticized, but he has created expectations that his close relationship with the President will pay dividends. We need to support Special Envoys' process and persuade Ottawa not to raise expectations so high that the next summit cannot fulfill them. Canada must understand the budget constraints under which we operate.

Arctic Sovereignty

- Dispute over Northwest Passage remains unresolved. Derwinski reviewing draft agreement given him by Derek Burney. Proposal is step

forward but not entirely acceptable. Derwinski will respond to Burney soon.

Management of Disputes

- GOC anxiety over management of trade disputes at new high. Canadians believe we are posing "preconditions" to FTA. GOC believes it has given in to US on disputes, received little in return; we disagree. Congress, others, believe GOC stalling on disputes. Canadians want a "standstill" on disputes, including CVD cases, but we cannot suspend trade laws. GOC underestimates strength of protectionist sentiment in Congress. We do not want a special mechanism to avoid raising GOC expectations of US "standstill".

Free Trade Negotiations

- Last round completed Nov 12-14. All issues remain on table. Ten working groups meeting. Peter Murphy believes we are on track. We do not want to open up a separate channel on the FTA and want to remind Clark that FTA talks must be comprehensive, including all foreign direct investment issues. GOC seeks strong statement of US commitment to talks, concerned that Congressional protectionism, management of trade disputes, threatens FTA. We want to underscore Administration's commitment to FTA without becoming "demandeurs." Congress fears we will produce a weak FTA and try to sell it for foreign policy reasons. We hope to conclude draft agreement by September 1987 to meet requirements for "fast track" procedures.

Other Trade Issues

Lumber

- Commerce has made preliminary finding of subsidy, set rate at 15%. Final determination due Dec. 30, may differ. GOC has



maintained support for FTA, but blasted decision as "political," contrary to US law and GATT rules. You had encouraged Clark to negotiate at Halifax/Manila meetings. GOC refusal to go beyond "non-negotiable" offer of Sept. 30 meant industry would not withdraw petition; Administration could not suspend. Our analysis shows Canadian practices clearly distort market, lead to over-production.

Shakes & Shingles

-- President imposed tariffs in May as recommended by ITC under "safeguards" case. Canada retaliated with tariffs on books, computer parts. We are amenable to negotiate removal of tariffs, under certain conditions, but ball is in Canadian court. We told GOC in August we could drop tariff, negotiate Orderly Marketing Agreement if Canada provided access to its cedar logs and dropped its retaliatory package. Trade Minister Carney told us on Nov. 6 that Canada would not lift ban on log exports. It is not clear whether this is final Canadian position.

Corn CVD Case

-- GOC has made preliminary finding of subsidy against US corn exports. Rate set at US\$1.05 per bushel, about 66% of market price. Final determination on subsidy/injury due March 1987. We have expressed disappointment with finding, particularly doubt validity/objectivity of preliminary injury finding (US exports down, Canadian production up). Congress, others, will perceive GOC position as retaliation for our lumber finding.

Pharmaceuticals

-- GOC finally introduced new pharmaceutical patent bill to Parliament on Nov. 7. Bill highly controversial in Canada; opposition

cites it as a "sellout" to US to launch FTA. Improvements in bill have apparently been made since July in response to industry, USG concerns, but some disappointing elements remain. We are still reviewing text of bill, consulting with industry. We do not want to hurt chances for the bill in Parliament but do not want to endorse the measure.

Investment Policy

-- GOC continues to review many direct and indirect acquisitions under Investment Canada regime. Policies for cultural sectors and energy sectors can entail forced divestiture. Performance requirements continue to be imposed. Remind GOC of large two way flows of investment, and that FTA needs to address foreign direct investment issues.

Versatile-Deere  
Antitrust Case

-- Justice has agreed not to block acquisition of Canadian company (Versatile) by US company (Deere). GOC asked repeatedly for this decision. You should remind Clark of this favorable outcome.

Steel

-- We have exempted Canada from a voluntary restrain agreement (VRA) under President's steel program. GOC committed not to "exploit" this program. We want to emphasize need for Canadian cooperation in getting shipments, market share down. Congress will otherwise impose restrictions.

Alcoholic Beverages

-- Dissatisfied with Provincial actions in living up to 1979 MTN commitment to reduce barriers to our wine. We have held three rounds of wine consultations, must report to Congress in December on status of Canadian barriers. We are

watching closely to see whether Provinces deliver on commitments of recent months. All barriers to trade in alcoholic beverages need to be in FTA.

Wheat

-- US farm bill requires us to sell \$1.5 billion under Export Enhancement Program (EEP) through 1988 to counter EC subsidies. GOC has complained of depressing impact of our Farm Bill on world prices. GOC has not reacted to our Nov. 11 sale of durum wheat to Algeria. Sale was needed to resist EC incursions; Algeria gave assurances it will maintain purchases from Canada. We obtain assurances from EEP recipients that they will maintain purchases from "non-subsidizing" countries at traditional levels. US farm interests want Canada designated a subsidizing country due to two-tier price system. ?

Border Broadcasting/  
Copyright

-- We seek revision of the Canadian Copyright Law to protect copyright owners of U.S. television programs retransmitted in Canada without payment. Despite Mulroney's promise of best efforts, legislation has not been introduced yet.

Cultural Sector

-- Clark may describe Canadian fear that "cultural sovereignty" will be sacrificed in the FTA. We want to avoid heating up this debate but need to make clear that cultural sectors need to remain within scope of FTA negotiations. Foreign investment and other policies seem more protectionist than cultural.

Customs User Fees

-- Budget Reconciliation Act imposes ad valorem user fees. Fee begins at 0.22%, declines to 0.17% in FY 88. Canada cites this as example of US protectionism, has led appeal to GATT. Fees of about \$150 million would be collected against imports from Canada next year. We believe the fees are GATT-consistent since they approximately cover the charges of customs handling services. GOC will point out danger of wide-spread adoption of such charges.

Mobile Satellite Systems (MSAT)

-- Canada wants the FCC to designate specific radio frequencies for new, expensive communications system. Ottawa argues that we are reneging on previous commitments and has implied that this will affect their cooperation in the U.S. space station program.

Energy

George's Bank

-- Several oil companies have indicated interest in exploratory drilling on the Canadian side. USG and New England state governments have raised questions about adequacy of Canadian environmental evaluation of drilling. We prefer no drilling without prior consultation on environmental issues, including bilateral mechanisms for resolving differences. You should encourage Canadians to begin consultations as soon as possible.

Oil Import Tax

-- GOC has expressed concern with the 3.5 cent per barrel differential in the Superfund taxes on imported and domestic

-10-

oil. You should reassure them that the Administration still opposes oil import fees and point out that the Superfund bill ensures continuation of a major environmental protection program.

Pan Alberta/United

-- United has cited a force majeure contract provision in defense of its refusal to purchase Canadian gas from Pan Alberta. Gas would flow through Alaska Natural Gas Transportation System (ANGTS). Canadians have stressed to us importance of protecting their investment in ANGTS. We have viewed this as a commercial dispute.

Uranium Trade

-- Both countries continue to protect domestic uranium industries. Canadians refuse to drop requirement that ore be upgraded before export. Justice has obtained stay of US court decision restricting upgrading of foreign ore. You should express disappointment that Canada has not lifted its restrictions.

Environment

Detroit Incinerator

-- Canada does not want project to go ahead without requirement to use best available control technology. EPA agrees. We must work together.

Great Lakes Water Levels

-- Water levels have reached disasterous levels. Winter storms may cause considerable damage and we need Canadian cooperation to take mitigating measures.

Toxic Waste

-- Cooperating well in dealing with this issue. Canadian perceptions that U.S. sole source of pollution need to be corrected.

**Porcupine Caribou  
Management**

-- We share the Canadian objective of protecting the caribou herd which migrates between Alaska and the Yukon. Negotiations begin next month to see if we can reach an agreement.

**Boundary and Fisheries Issues**

**Maritime Boundaries**

-- Four maritime boundary disputes remain unsettled. Clark turned down your request that he appoint someone to discuss them with Derwinski. You should reiterate our concern and say that Derwinski remains ready.

**Yukon River Salmon**

-- Four rounds of bilateral negotiations have failed to reach agreement on allocation of salmon in the Yukon River. Canadian expectations for immediate benefits to its fishermen remain too high. GOC may propose shifting talks to another forum. You should indicate that we can expect little progress in any forum unless Canada lowers its expectations.

**Legal/Administrative Issues**

**Crossborder Movement  
for Business**

-- Canadians want bilateral immigration agreement which would facilitate movement for temporary business and employment purposes. We have been able to resolve some outstanding problems without a broad agreement. We remain agreeable in principle to negotiating a bilateral treaty or seeking to amend the law.

**Tax Reciprocity**

-- Lengthy bilateral discussions have failed to resolve a dispute over tax exemptions for diplomatic and consular

personnel. We believe Canada's federal excise tax should be treated as a direct tax from which USG and its personnel should be exempt. Canada claims tax is indirect and refuses to provide exemption. We are prepared to work with the GOC to expand tax exemptions for each side.

Export Controls

-- Ottawa's attitude toward and allocation of resources for export controls has improved. We need to continue to stress the importance of cooperation in this field.

Extradition Treaty

-- Our existing extradition treaty with Canada has worked well, but is out dated. We want to negotiate protocol to eliminate the political offense exception and provisions to improve the treaty in other areas such as child abduction.

Percy Eastham

-- Eastham is GOC candidate for Exec Director of International Sugar Organization. Clark may protest lack of US support, set record straight that Eastham is not "anti-American." We have told GOC Eastham acceptable, but we had prior commitment with Australia. ISO Council may vote during Nov. 17-20 meeting, US likely to switch support to Eastham if vote occurs.

Orlikow Case

-- Mrs. Orlikow and other Canadian plaintiffs are suing CIA for alleged damages incurred in mid-1950's when they were treated by Canadian psychiatrist at McGill University. CIA provided small amount of funding to this program, but GOC provided larger amount. Justice is defending CIA in court. We await court's decision.

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The attached press statement mentions several other activities which grew out of recommendations our Working Group made to the DPC.

- o Review opportunities to consider transboundary air pollution in planned legislative and regulatory activities.
- o Review regulatory opportunities within existing law for encouraging innovative and cost-effective approaches leading to near-term acid rain reduction.
- o Propose FERC regulations to stimulate the development and deployment of innovative and cost-effective control technologies.
- o Identify and reduce impediments to the use of low-sulfur western coal.
- o Establish a bilateral consultative and advisory group on transboundary air pollution.
- o Establish a panel to provide advice to the Secretary of Energy on innovative control technology programs.
- o Increase liaison with Canadian acid rain research programs.
- o Establish U.S. representation at Canadian control technology demonstration program reviews.
- o Conduct an interagency review of federal acid rain research in light of the Envoys Report.
- o Acknowledge acid rain as a continuing agenda item for meetings with the Prime Minister of Canada and periodically review progress toward addressing transboundary acid rain concerns.

While most of the above items have been addressed and substantial progress has been made, it appears we should consider the following tasks:

1. Develop a comprehensive picture of accomplishments since the last meeting, that the President can use in his discussions with the Prime Minister.
2. Develop options in response to the Prime Minister's concerns, so that a fully informed decision can be made on further technology funding.

These should be ready for presentation to the DPC early in 1987.

Attachments

ENERGY, NATURAL RESOURCES AND ENVIRONMENT  
WORKING GROUP

Monday, November 24, 1986

10:00 a.m.

Old Executive Office Building  
Room 476

AGENDA

1. Introduction -- Ted Harris, DPC
2. Foreign Policy -- Ty Cobb, NSC
3. Agency Updates -- Mary Walker, DOE  
Milton Russell, EPA  
Larry Kulp, NAPAP  
Dick Smith, State
4. General Discussion

THE WHITE HOUSE

Office of the Press Secretary

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For Immediate Release

March 19, 1986

STATEMENT BY THE PRINCIPAL DEPUTY PRESS SECRETARY

The President and Prime Minister Mulroney commissioned Drew Lewis and William Davis last year in Quebec City to conduct a thorough study of the acid rain problem and to submit their findings and recommendations within one year. This report was presented to the President and the Prime Minister on January 8, 1986.

After careful review, the President endorses fully the Joint Report of the Special Envoys. As stated in the Report, acid rain is a serious environmental problem in both the United States and Canada with transboundary implications for both countries.

The United States pioneered air pollution controls, and as a nation has spent approximately \$75 billion since the 1970 passage of the Clean Air Act to limit emissions of pollutants identified as precursors of acid rain. By 1990, approximately \$100 billion will have been spent for this purpose. As a result of these actions, from 1973 to 1983 emissions of major precursors have declined significantly.

However, as the Joint Report notes, more needs to be done. This Administration has already provided substantial support for clean coal technologies. For fiscal year 1981 through FY 1985, a total of almost \$2.2 billion in total research funds has been allocated in the United States to develop technologies for cleaner utilization of coal.

In order to expand the control options available to industry, as recommended in the Joint Report, the Administration will pursue a program to develop and demonstrate innovative control technologies. In this year's budget, \$700 million has been earmarked for clean coal research between FY 1986 and FY 1991. In addition, an \$800 million joint industry/government program designed to develop and demonstrate clean ways to burn coal will be implemented. Although it does not now have all of the funds, the Administration will seek to provide in the future the funding recommended in the Joint Report. We will also encourage States to undertake similar efforts, as several have already done.

The President will also direct Federal departments and agencies to take the following steps in order to implement the cooperative activities and research recommendations of the Special Envoys:

- Identify and assess cost-effective and innovative approaches leading to reduced emissions of pollutants linked to acid rain.

MORE

- Strengthen bilateral consultation and information exchanges with Canada. To this end, the Secretary of State shall establish an interagency advisory and consultative group on transboundary air pollution comprised of both foreign affairs and environmental management officials to provide advice to the President and to serve as a forum for discussion with a similarly constituted Canadian group.
  
- Conduct a coordinated interagency review of relevant research in light of the Joint Envoys' Report. In this regard, the Administration has requested \$85 million for FY 1987 to assess the causes, effects and possible methods of mitigating the results of acid rain. (Since 1982, the Administration has spent \$225 million for this purpose. Under current plans, an additional \$255 million will be spent between now and 1989).

The issue of acid rain will be a continuing item on the agenda of future summit meetings.

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