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MEMORANDUM

NATIONAL SECURITY COUNCIL

ACTION

November 26, 1974

CONFIDENTIAL/SENSITIVE

*IA
NO ACTION
NECESSARY*

*Per Gen.
Scowcroft/
D Clift
11-29-74*

MEMORANDUM FOR GENERAL SCOWCROFT

FROM: A. Denis Clift *[Signature]*

SUBJECT: Your Meeting with Ambassador Cadieux,
Wednesday, November 27, 1974, 4 p. m.

The Canadian Ambassador will, in all probability, wish to review with you the planning for Prime Minister Trudeau's visit to Washington on December 4, 1974. There are several points he may raise: current Canadian concern over the brevity of the visit, the question mark relating to Trudeau's December 4 nighttime residence in Washington, the agenda for Trudeau's talks with the President, participants in the head-to-head talks, and plans for the December 4 dinner. Additionally, he may note in passing that he has been unable, despite his repeated efforts, to receive an appointment with Don Rumsfeld.

Brevity of Visit

You have my memorandum of November 20 (copy at Tab A) which forwarded an agency report from Ottawa covering Trudeau's complaint over the brevity of his visit to Washington. A December 4, one-day-only schedule was worked out initially with full agreement on the part of the Canadians (as you know, Prime Minister's wife has been under great nervous stress because of the pressures of her official responsibilities; it was, in part, for this reason that the Canadian side liked the idea of a one day working visit with the Prime Minister returning to Ottawa on the night of December 4. Two factors have changed this situation:

(1) Trudeau has decided he wants to talk to the press in Washington on the morning of December 5 before returning to Canada that afternoon, and Senator Mathias is arranging a Congressional breakfast for him (we believe at 9 a. m.) on the morning of December 5.

(2) The Prime Minister is distressed over the fact that Helmut Schmidt arrives in town on December 4 and moves into Blair House that night on the eve of his December 5-6 official visit.

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DECLASSIFIED
E.O. 12958, SEC. 3.5
NSC MEMO, 11/24/00, STATE DEPT. GUIDELINES
BY 6761, NARA, DATE 10/15/01



In my memorandum of November 20 I recommended that either you or Secretary Kissinger call Ivan Head to defuse the grumblings in Ottawa by underlining that the President is looking forward with great pleasure to his meeting with the Prime Minister and, as indicated by its inclusion in the crowded 1974 schedule, he attaches great importance to the visit. I think you should make this point to Ambassador Cadieux.

Trudeau's Overnight Washington Residence

As the Prime Minister has decided to overnight in Washington, and as the Blair House bed will be occupied by Schmidt, we are faced with the problem of where Trudeau will stay. The Canadian Embassy presently has reservations at the Madison Hotel. However, this might be a growing item of distress for the Canadians -- again, bearing in mind that the German Chancellor will be in Blair House -- and Cadieux may ask you if there is not another suitable official residence.

State's Office of Protocol is unable to identify a suitable alternative. With this the case, Art Hartman and I believe that the President may wish to offer the Prime Minister a room in the White House for the night. There are several arguments for doing this:

--It will be wholly pleasing to the Prime Minister, and will be a gesture of US-Canadian friendship that will be well reported in the press on both sides of the border.

--The Canadian press, in particular, is likely to develop an adverse story if Trudeau ends up having to book into a hotel while Schmidt is in Blair House.

--Logistically, it should not be too complicated since Trudeau will not be accompanied by his wife.

--As Trudeau has an official breakfast with Members of Congress on December 5 he will be up and out early, and the President's gesture should be well received by Members of Congress.

The arguments against offering the White House room, as I see them, are:

--It may be seen as precedent setting (I think this need not be the case, especially since Schmidt is occupying the official residence and, the Press Secretary can note if asked, that the President is consulting with a large number of Western leaders and that with the closeness of these two visits he invited the Canadian Prime Minister to be his guest for the evening at the White House.).



If you agree that the pros outweigh the cons, I recommend that you seek a Presidential decision on inviting Trudeau to spend the night of December 4 in the White House.

Meeting Participants

State has been informed that Trudeau wishes to be accompanied by a minimum of three officials during his meeting with the President on the afternoon of December 4 (presumably Minister for External Affairs MacEachen, Special Assistant Ivan Head and Ambassador Cadieux). Cadieux may raise this with you. It would seem to me that President Ford and Secretary Kissinger might wish to keep the numbers down to a maximum of three on a side. (If Cadieux participates, U.S. Ambassador Porter will expect to participate.)

Agenda

Cadieux will probably ask if the President has a preferred set of agenda items for the meeting. Secretary Kissinger has approved the memorandum at Tab C as basic guidance for the meeting. I believe the key points to be made are:

--the meeting will permit the opportunity for a general review, in keeping with the President's desire for consultations.

--the review will include the present status of our bilateral relationship, the Atlantic Alliance, international economic and energy matters.

--any other international issues of common interest -- e. g. , East-West relations, the Middle East.

Dinner Participants

It is my understanding that invitations for the December 4 dinner have been sent based on the guest list at Tab B. State informs me that Trudeau may have four Assistant Deputy Ministers (from the Departments of Agriculture; Finance; Mines, Energy and Resources; and Trade, Industry and Commerce) with him on the trip for briefing purposes. Cadieux may inform you of this and note that while they will not expect to participate in the head-to-head talks, they would like to attend the dinner.



CONFIDENTIAL/SENSITIVE

- 4 -

RECOMMENDATION

Prior to your meeting with Cadieux, that you explore the possibility of having the Canadian Prime Minister stay at the White House on the night of December 4, 1974.

APPROVE _____

DISAPPROVE _____

CONFIDENTIAL/SENSITIVE



1B



CONFIDENTIAL/SENSITIVEACTION

November 20, 1974

MEMORANDUM FOR SECRETARY KISSINGER

FROM: A. Denis Clift
SUBJECT: Trudeau Visit

There are indications from Ottawa (see message at Tab A) that at least some members of the Canadian Government are unhappy over the brevity of the Trudeau visit to Washington. I see no need to trouble the President with this now; however, I will include appropriate background and talking points when preparing the talker for the visit.

As you will recall, the December 4, one-day-visit arrangements are the result of the lengthy back and forth between Washington and Ottawa when we were searching for a mutually acceptable date. More than one US-proposed date was turned down by the Canadians because it did not fit in with the Prime Minister's schedule. At the same time, both sides agreed on the desirability of a US-Canadian meeting before the end of the year, and December 4 eventually was chosen.

I believe that one of the reasons for the reported Canadian grouching is that Trudeau will not be able to stay in Blair House on the night of December 4, as Chancellor Helmut Schmidt will be arriving for his visit beginning December 5. As I recall, the Canadians initially indicated that Trudeau planned to return to Ottawa the night of December 4 following his dinner with the President. Since then the Prime Minister has decided he wants to meet with the Press Corps here on the morning of December 5 before returning to Ottawa. These developments, to my mind raise two considerations:

1. You may wish to give Ivan Head a call to note your concern over these apparent expressions of dissatisfaction emanating from Ottawa to review the scheduling difficulties which eventually resulted in the December 4 date and to underline that the President is looking forward with great pleasure to his meeting with the Prime Minister and attaches importance to that meeting. Alternatively General Scowcroft could place this call.

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(GDS)

GDS 10/15/01



2. We may risk an unnecessary protocol slight to Trudeau if on December 4 the flag crews bedeck the streets of Washington with FRG flags. Despite the extra effort required I think correct protocol would have the Canadian flags out on December 4, to be replaced by the FRG flags on the night of December 4. I recommend that Jeanne Davis pursue this with State Protocol.

RECOMMENDATION

1. That either you or General Scowcroft call Ivan Head to discuss the Trudeau visit, as outlined above.
2. That Jeanne Davis review the Canadian and FRG flag problem with State Protocol.

APPROVE _____ DISAPPROVE _____

ADClift:gw:11/20/74



10

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
Presidential Libraries Withdrawal Sheet

WITHDRAWAL ID 014128

REASON FOR WITHDRAWAL National security restriction

TYPE OF MATERIAL Telegram

RECEIVER'S NAME Mr. Fazio

RECEIVER'S TITLE White House Siutation Room

TITLE Canadians Express Unhappiness Over
Shortness of Trudeau's Washington Visit

CREATION DATE 11/20/1974

VOLUME 1 page

COLLECTION/SERIES/FOLDER ID . 032500032

COLLECTION TITLE NATIONAL SECURITY ADVISER. PRESIDENTIAL
COUNTRY FILES FOR EUROPE AND CANADA

BOX NUMBER 2

FOLDER TITLE Canada (3)

DATE WITHDRAWN 10/16/2001

WITHDRAWING ARCHIVIST GG

Sanzed 4/11/05

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~~*****CONFIDENTIAL*****~~ COPY

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[Redacted]

TO WHITE HOUSE//SITUATION ROOM FOR MR FAZIO

~~CONFIDENTIAL~~ [Redacted]

25X1

WARNING NOTICE SENSITIVE INTELLIGENCE SOURCES AND METHODS INVOLVED

ITEM NO: WH-2 DATE: 20 NOVEMBER 1974
SUBJECT: CANADIANS EXPRESS UNHAPPINESS OVER SHORTNESS OF TRUDEAU'S WASHINGTON VISIT
REF : OTTAWA 3752, 192116Z NOV 74, CONF

CANADIAN PRIME MINISTER TRUDEAU IS REPORTED TO HAVE COMPLAINED OPENLY TO A GROUP OF VISITING US EDITORS AND CORRESPONDENTS ABOUT THE SHORTNESS OF HIS FORTHCOMING ONE-DAY VISIT WITH PRESIDENT FORD. THE PRIME MINISTER WAS SAID TO HAVE COMMENTED THAT NOT MUCH COULD BE ACCOMPLISHED IN A "COUPLE OF HOURS." CANADIAN OFFICIALS ALSO DID NOT HIDE THE FACT THAT THEY WERE "UNHAPPY" BECAUSE TRUDEAU'S VISIT COINCIDED WITH THE ARRIVAL OF WEST GERMAN CHANCELLOR SCHMIDT IN WASHINGTON.

THE CANADIANS ARE UNLIKELY TO TRY TO CONCEAL THEIR IRE OVER REAL OR IMAGINED SLIGHTS IN VIEW OF OTTAWA'S VERY NEGATIVE REACTION TO THE US IMPOSITION OF RESTRICTIVE IMPORT QUOTAS ON CANADIAN BEEF AND PORK. TRUDEAU, HOWEVER, HAS FREQUENTLY SAID HE REALIZES THAT GOOD RELATIONS WITH THE US ARE OF PRIME IMPORTANCE TO CANADA. THE RECENT IRRITANTS IN US-CANADIAN RELATIONS ARE NOT LIKELY TO ALTER THIS VIEW. E-2 IMPDET.

Residential Library Review of NSC Equities is Required

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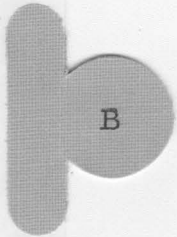
AUTHORITY *Declassified 4/11/05 - NSC guidelines*
BY *lmm* NLF, DATE *7/3/07*

PSN:012727 RECALLED PAGE 01 OF 01 TOR:324/18:00Z DTG:201754Z NOV 74

~~*****CONFIDENTIAL*****~~ COPY



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B



11

SUGGESTED GUEST LIST

Working Dinner at White House - December 4, 1974

Pierre Elliott Trudeau
Prime Minister of Canada

Allan MacEachen
Secretary of State for External Affairs

Marcel Cadieux
Ambassador of Canada to the United States

John G. H. Halstead
Under Secretary for External Affairs

Ivan Head
Special Assistant to the Prime Minister

J. Russell McKinney
Minister of Canada to the United States

J. S. Nutt
Director General, Western Hemisphere Affairs, Department of
External Affairs

Henry A. Kissinger
Secretary of State

Lt. Gen. Brent Scowcroft
Deputy Assistant to the President for National Security Affairs

William J. Porter
Ambassador of the United States to Canada

Helmut Sonnenfeldt
Counselor, Department of State

Arthur A. Hartman
Assistant Secretary of State

A. Denis Clift
Senior Staff Member, National Security Council

Richard D. Vine
Deputy Assistant Secretary of State

Senator Gale W. McGee
or Senator Frank Church

Senator George D. Aiken
or Senator Ted Stevens

Representative Thomas E. Morgan
or Representative Lloyd Meeds

Representative Robert C. McEwen
or Representative Pierre S. DuPont



Rogers C. B Morton
Secretary of the Interior
William E. Simon
Secretary of the Treasury
Earl L. Butz
Secretary of Agriculture
Frederick B. Dent
Secretary of Commerce
James R. Schlesinger
Secretary of Defense

William D. Eberle
Special Trade Representative and Executive Director, CIEP

William L. Seidman
Assistant to the President for Economic Affairs

General George Brown, USAF
Chairman, Joint Chiefs of Staff

Robert Ellsworth
Assistant Secretary of Defense, International Security Affairs

Donald Rumsfeld
Assistant to the President.



1E



GERALD R. FORU LIBRARY



DEPARTMENT OF STATE
ACTION MEMORANDUM

7422934

NOV 20 1974

S/S

CONFIDENTIAL

To : The Secretary

From: EUR - Arthur A. Hartman

Objectives for Visit of Canadian
Prime Minister Trudeau

Summary

Trudeau's visit to Washington December 4 provides an opportunity for the President to lay the foundation of the close personal relationship called for between the leaders of nations whose inter-involvement at every level has long been friendly and mutually beneficial. Trudeau will wish to gain our understanding of Canada's efforts to lessen dependence on the United States. For us the visit will offer the opportunity to underscore the importance we attach to our bilateral relations with Canada while indicating the concern with which we would necessarily view Canadian policies that discriminate against us. We would also suggest proposing that we undertake close bilateral consultations during the period of economic uncertainty that lies ahead.

Discussion

The meeting of President Ford and Prime Minister Trudeau that is to take place December 4 is a working visit and will be primarily a general review and opportunity for the President and Prime Minister to establish a personal relationship.

We understand that Prime Minister Trudeau will wish to explain the reasons underlying his government's pursuit of the so-called "third option", -- the diversification of Canada's foreign relations and its efforts to lessen dependence on the United States. The Prime Minister may also explain and seek US understanding for

CONFIDENTIAL

GDS

676 10/15/01



~~CONFIDENTIAL~~

-2-

Ottawa's problems in dealing with the province governments which enjoy greater constitutional power than do US state governments.

For us, the meeting provides an opportunity not only to stress the importance to both countries of our economic relationship (\$40 billion annual trade in both directions, \$28 billion US direct investment in Canada, \$4 billion Canadian in the US) but also to elicit Canadian support for US initiatives in dealing with world economic problems.

Thus, our main purposes will be:

- to sustain a congenial environment for US investment in Canada by assuring Trudeau that we understand Canada's desire to diversify its relations and to reduce dependence on the US and that we have no objection to this policy so long as its implementation does not involve discrimination against us;
- to propose consultations early in 1975 at the level of senior officials to coordinate our economic policies perhaps by constituting a sub-group under the aegis of the existing Joint Cabinet Committee on Trade and Economic Affairs.
- to propose that the personal relationship between President Ford and Prime Minister Trudeau be cemented by an official invitation to Trudeau and his wife to visit Washington, if possible, next year.

Recommendation:

That you approve the proposed objectives and approaches for the Trudeau visit as outlined above.

Approve _____ Disapprove _____

CONFIDENTIAL



MEMORANDUM

NATIONAL SECURITY COUNCIL

418

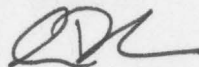
ADMINISTRATIVELY CONFIDENTIAL

INFORMATION
January 21, 1975

MEMORANDUM FOR GENERAL SCOWCROFT

FROM:

A. Denis Clift



SUBJECT:

Ivan Head's Call on Time and Reader's Digest

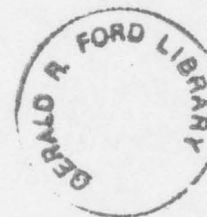
Ivan Head called you recently -- in keeping with the understanding reached between Prime Minister Trudeau and the President -- to advise that the Canadian Cabinet will be considering the Time and Reader's Digest tax status issue this Thursday.

Both Time and Reader's Digest currently enjoy a special tax status in Canada placing them in a very favorable, competitive position with Canadian publications. Both to improve the health of the Canadian publishing industry and "to purify the Canadian cultural strain" it has been recommended that this special tax status be eliminated. It is probable that the Canadian Cabinet will take this decision on Thursday. Ivan Head has invited any comments you might care to make.

Prior to Trudeau's visit last month, Time specifically requested that the U.S. Government steer clear of any involvement. As of this moment neither Time nor Reader's Digest has approached the State Department for assistance. I believe it is best to allow this issue to proceed on its merits, and I see no need for you to follow up with a telephone call to Ivan Head.

OK. B

ADMINISTRATIVELY CONFIDENTIAL



NSC CORRESPONDENCE PROFILE

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SOURCE/CLASS/DESCRIPTION

REFERENCE: CIRCLE AS APPROPRIATE

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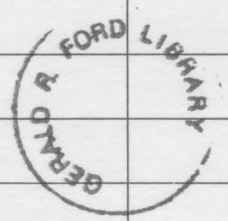
SUBJECT: *Status Report on Ivan Head possible talks with Times 2 Reader Digest re Special Tax Status in Canada*

DISTRIBUTION/INITIAL ACTION ASGMT

INTERNAL ROUTING AND DISTRIBUTION			REC CY FOR	ACTION REQUIRED
	ACTION	INFO		
ADVANCE CYS TO HAK/SCOWCROFT				MEMO FOR HAK (_____)
STAFF SECRETARY				MEMO FOR PRES (_____)
FAR EAST				REPLY FOR _____ (_____)
SUB-SAHARAN AFRICA				APPROPRIATE ACTION (_____)
MID EAST / NO. AFRICA / SO. ASIA				MEMO _____ TO _____ (_____)
EUROPE / CANADA			X	RECOMMENDATIONS (_____)
LATIN AMERICA				JOINT MEMO (_____)
UNITED NATIONS				REFER TO _____ FOR: _____ (_____)
ECONOMIC				ANY ACTION NECESSARY? (_____)
SCIENTIFIC				CONCURRENCE (_____)
PROGRAM ANALYSIS				DUE DATE:
NSC PLANNING				COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)
CONGRESSIONAL				
OCEANS POLICY				
INTELLIGENCE				

SUBSEQUENT ROUTING/ACTIONS

DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	CY TO
1/21		Scowcroft	Six	Info	
1/23		NACIS	C	Noted by Scowcroft	



NSC/S DISP INSTR

DISPATCH _____

CY RQMTS: SEE ABOVE PLUS: _____

NOTIFY _____ & DATE _____ BY _____

SPECIAL DISPOSITION: _____

CROSS REF W/ _____

SUSPENSE CY ATTACHED: FOLDER: _____

MICROFILM & FILE RQMTS:
M/F/D JAN 25 1975 BY TH

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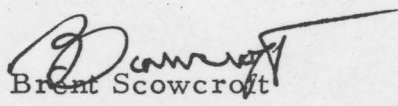
THE WHITE HOUSE
WASHINGTON

February 1, 1975

MEMORANDUM FOR

THE SECRETARY OF STATE

The President has reviewed and concurs in the recommendation of the Deputy Secretary of State that the appointment of Mr. Jack Hamilton Warren as Ambassador Extraordinary and Plenipotentiary of Canada to the United States would be agreeable to the Government of the United States. You are requested to so inform the Government of Canada.



Brent Scowcroft
Lieutenant General, USAF
Deputy Assistant to the President
for National Security Affairs



Dispatched MKK 2/1/75

MEMORANDUM

NATIONAL SECURITY COUNCIL

541

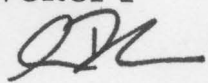
~~CONFIDENTIAL~~

ACTION

January 29, 1975

MEMORANDUM FOR GENERAL SCOWCROFT

FROM:

A. Denis Clift 

SUBJECT:

Agreement for New Canadian Ambassador

With the memorandum at Tab B, Deputy Secretary of State Ingersoll recommends that the President agree to the appointment of Mr. Jack Hamilton Warren as the new ambassador of Canada to the United States.

Mr. Warren is a distinguished career civil servant who is presently serving as the Canadian High Commissioner to London. I concur with State's recommendation.

If you agree, the memorandum at Tab A for your signature to the Secretary of State would give the President's concurrence.

RECOMMENDATION

That you sign the memorandum at Tab A.

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12958, SEC. 3.5
NSC MEMO, 11/24/88, STATE DEPT. GUIDELINES
BY 66, NARA, DATE 10/15/01





THE DEPUTY SECRETARY OF STATE
WASHINGTON

January 27, 1975

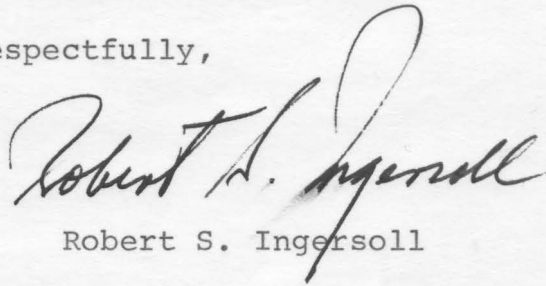
~~CONFIDENTIAL~~

Dear Mr. President:

The Government of Canada has inquired whether our Government agrees to the appointment of Jack Hamilton Warren as Ambassador Extraordinary and Plenipotentiary of Canada to the United States. A biography of Mr. Warren is enclosed. A thorough review of United States Government records reveals no grounds for objection.

I believe this appointment would be satisfactory. If you concur, I shall be pleased to inform the Government of Canada.

Respectfully,



Robert S. Ingersoll

Enclosure:

Biography.

The President,
The White House.



~~CONFIDENTIAL~~ - GDS

66 10/15/01

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
Presidential Libraries Withdrawal Sheet

WITHDRAWAL ID 014129

REASON FOR WITHDRAWAL National security restriction

TYPE OF MATERIAL Biography

TITLE Jack Hamilton Warren

DESCRIPTION Ambassador to the United States

CREATION DATE 02/1975?

VOLUME 1 page

COLLECTION/SERIES/FOLDER ID . 032500032

COLLECTION TITLE NATIONAL SECURITY ADVISER. PRESIDENTIAL
COUNTRY FILES FOR EUROPE AND CANADA

BOX NUMBER 2

FOLDER TITLE Canada (3)

DATE WITHDRAWN 10/16/2001

WITHDRAWING ARCHIVIST GG

DECLASSIFIED, with portions exempted
E.O. 12958, SEC. 3.5
STATE DEPT, GUIDELINES, State visit 7/31/00
BY lkh, NARA, DATE 10/18/01

~~CONFIDENTIAL~~

BIOGRAPHY - Jack Hamilton Warren

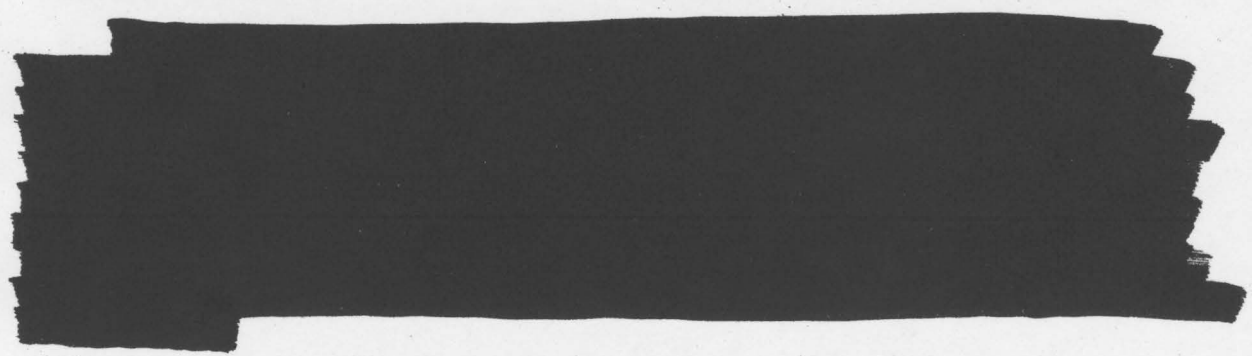
Canada

J. H. "Jake" Warren is one of the elite group of Canadian civil servants who attain sub-cabinet rank before the age of forty. He would come to Washington from London where he served as High Commissioner (1971-1974). Previous appointments have been as Deputy Minister of the Department of Industry, Trade and Commerce (and a predecessor agency) 1964-1971, and service in Washington, 1954-1957, as Financial Counselor.

Born in Ontario in 1921, Mr. Warren received a B.A. degree from Queen's University at Kingston in 1941. He served in the Navy Reserve, 1941-45, and joined the Department of External Affairs in 1945 as a foreign service officer.

Mr. Warren's functional specialty is trade policy. He has represented Canada at UNESCO meetings, and was Chairman of the Contracting Parties of the General Agreement on Tariffs and Trade from 1962-65. He has participated in numerous bilateral meetings and negotiations with the United States.

Fit and well-groomed, Warren skis, fishes and plays golf. He is married to the former Hilary Joan Titterington, an intelligent and attractive Irishwoman. They have two sons and two daughters.



A thorough search of United States Government sources reveals no grounds for objection.

~~CONFIDENTIAL~~ - GDS

DECLASSIFIED, with portions exempted
E.O. 12958, SEC. 3.5
STATE DEPT, GUIDELINES, State visit 7/31/00
BY Gib, NARA, DATE 10/19/01



NSC CORRESPONDENCE PROFILE

DOC		RECD			CG NBR	INITIAL ACTION O
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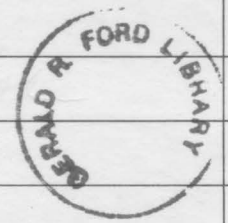
TO: PRES + FROM: *Ingersoll, R* KISSINGER, H
 KISSINGER _____ COLBY, W _____ OTHER _____
 SCOWCROFT _____ SCHLESINGER, J _____
 DAVIS _____ ST EX SEC _____

REFERENCE: 7501656
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SUBJECT: *Agreement for Warren as Cent of Canada to the U.S.*

INTERNAL ROUTING AND DISTRIBUTION			REC CY FOR	ACTION REQUIRED
	ACTION	INFO		
ADVANCE CYS TO HAK/SCOWCROFT				MEMO FOR HAK
STAFF SECRETARY <i>Jarrar</i>		X	X	MEMO FOR PRES
FAR EAST				REPLY FOR
SUB-SAHARAN AFRICA				APPROPRIATE ACTION
MID EAST / NO. AFRICA / SO. ASIA				MEMO <i>Scroft</i> TO <i>HAK</i>
EUROPE / CANADA	X		X	RECOMMENDATIONS
LATIN AMERICA				JOINT MEMO
UNITED NATIONS				REFER TO _____ FOR: _____
ECONOMIC				ANY ACTION NECESSARY?
SCIENTIFIC				CONCURRENCE
PROGRAM ANALYSIS				DUE DATE: <i>6054 2-2</i>
NSC PLANNING				COMMENTS: (INCLUDING SPECIAL INSTRUCTIONS)
CONGRESSIONAL				
OCEANS POLICY				
INTELLIGENCE				

DATE	FROM	TO	S	SUBSEQUENT ACTION REQUIRED (OR TAKEN):	CY TO
1/29	SLIFT	SCROFT	X	SGN AGREEMENT (02/02)	
2/01			C	Scroft sgd agreement to HAK	



DISPATCH done *1/27/75*
 CY RQMTS: SEE ABOVE PLUS: *Catto, H*
 NOTIFY _____ & DATE _____ BY _____
 SPECIAL DISPOSITION: _____
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 SUSPENSE CY ATTACHED: _____ FOLDER: _____

MICROFILM & FILE RQMTS:
 M/FD *FEB 4* 1975 BY _____
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 PA DY

MEMORANDUM

PRESIDENT HAS SEEN... *dey*

THE WHITE HOUSE
WASHINGTON

720

Ha

March 5, 1975

~~SECRET~~

INFORMATION

MCA

MEMORANDUM FOR THE PRESIDENT

FROM: Henry A. Kissinger *HK*

SUBJECT: US-Canadian Relations -- Status and Near-Term Prospects

In early March, Canadian Prime Minister Pierre Elliott Trudeau embarks on another tour of Western European capitals with scheduled visits to Bonn, Rome, the Vatican, the Hague, London and Dublin. On the Canadian side, these visits are seen as a continuation of the Trudeau mission to France and Belgium last December. Trudeau's goal is to lay the foundations for a new and closer relationship with the European Community (EC) states, as part of efforts included in his central policy aimed at bringing about Canada's "economic independence" from the United States and establishing a distinct national identity for Canada. This is borne out by developments in US-Canadian relations since your December 4 meeting with the Prime Minister in Washington. Since that time, the Canadian government -- in both statement and action -- has pointedly restated its intention to lessen Canada's vulnerability and dependence on the United States, particularly in the economic sphere but in political and security areas as well.

-- Political: In a formal speech in 1975, Canada's Minister for External Affairs Allan Mac Eachen, has stated that Canada has reconsidered her relations with the United States and decided to "strengthen the economy and other aspects of national life in order to secure our independence." MacEachen has reaffirmed Canada's intentions to lessen Canada's economic dependence on the United States, to put an end to the so-called "special relationship" with the United States, and -- recognizing the magnitude of the existing bilateral relationship -- to treat the United States as the first among all our partners.

-- Economic: Canada will continue to implement its previously stated policy of restricting oil and gas exports to the United States; control over foreign investments in Canadian firms will be tightened; Canada will more than likely pass legislation preventing foreign-owned subsidiaries in

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Canada from adhering to trade restrictions imposed on parent firms; Canadian import quotas on beef and pork can be expected to remain in effect indefinitely. The Canadian Cabinet has just acted to eliminate the special tax status enjoyed by the Canadian editions of Time and Reader's Digest.

-- Security: Renewal of the NORAD air defense agreement is expected but not without Canadian insistence on changes that would more clearly recognize Canadian sovereignty over airspace and control over national forces. Also of concern is the Canadian defense budget for 1975-76 which forecasts a slight reduction in the overall Canadian defense effort.

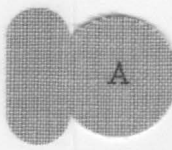
Developments in each of these areas as well as other major aspects of US-Canadian relations are reviewed in greater detail in the background paper at Tab A. While it was anticipated by some that the impact on Canada of U.S. inflation and recession in recent months might cause the Canadians to move to a closer, more accommodating approach to US-Canadian relations, it would appear clear that the Trudeau Government has decided that Canada's best course lies in gaining greater distance from the United States. As Trudeau has a healthy Parliamentary majority, and as he is not required to hold new elections until 1979, we can expect to see a concerted Canadian effort to further these policy objectives.

With this renewing surge of increasing Canadian nationalism, the Trudeau Government can be expected to give close and continuing attention to all aspects of the bilateral relationship -- including issues which may in the past been dealt with solely at the private sector level -- seeking in each instance to maximize the Canadian advantage. It will be important to bear this in mind in our dealings with Canada. I will be taking a close look at ways to improve the flow of information on Canadian planning and activities that have a bearing on U.S. interests.

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BACKGROUND

On January 23, Canadian External Affairs Minister Allan MacEachen made a major foreign policy speech to the Winnipeg branch of the Canadian Institute of International Affairs. While the MacEachen speech borrowed heavily from an overall review of US-Canadian relations published by the Canadian government in 1972, the ideas are expressed more directly by referring for the first time to Canada's "independence." While stressing "economic independence," the objective of the Trudeau government is to assert its separate political and economic identity from the United States. To implement this strategy, the Trudeau government has moved to expand its contacts in Asia and with the European Community, to diversify its trading relations and to increase control over the domestic economy. Concerning MacEachen's reference to the "end of the special relationship between Canada and the United States," the Canadians would like to replace this "special" relationship with what they term a "more mature" association permitting close ties but leaving each country free to pursue national interests. However, recognizing the objective reality of the relationship between the two countries, the Canadians continue to view the United States as their most important partner.

ECONOMIC ISSUES

Canada and the EC. Trudeau is expected to continue to press for a formal economic relationship with the EC in order to reduce Canada's economic dependence on the United States. During his visit to Paris and Brussels last fall, Trudeau presented the Community with a plan for a formal contractual link with the EC that would extend beyond the usual trade agreements covering tariffs and quotas. President Giscard offered no encouragement for the proposal, however, and the EC commission suggested that only informal negotiations should be undertaken. Reports are that Prime Minister Wilson -- on his recent trip to Ottawa -- remained neutral, reserving comment until the Canadian case is further amplified. During his trip to Europe this March, Trudeau will attempt to gain support for his proposal. In the meantime, Canada is developing bilateral trade with France and the United Kingdom and, outside Europe, with Asian and Caribbean countries.

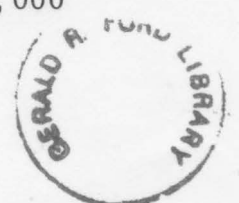
The Oil Situation. During the past month, Canadian energy policies have moved ahead in line with earlier statements. New oil export restrictions became effective on January 1, cutting permissible exports to 800,000

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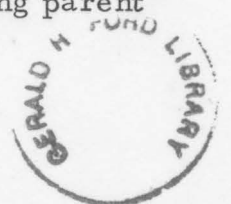


barrels per day from the recent average of 1 million. Ottawa has restated plans to cut shipments to 650,000 barrels per day next July if the leading oil producing provinces agree. Ottawa's policy still anticipates halting all oil exports to the United States by the early 1980's. While the recent oil "shut in" has resulted in a surplus, the Canadians plan no cut in the \$5.20 per barrel tax on most oil exports. In fact, a twenty-eight cents increase in the tax is expected in March.

The Gas Situation. As expected, Ottawa increased gas export prices by 66 percent on January 1. Another price hike is likely following federal-provincial energy talks scheduled for April. Severe weather and mechanical difficulties in British Columbia's gas fields, meanwhile, are sharply reducing exports to the U.S. Pacific Northwest. The shortfall in Washington State alone averaged 200 million cubic feet daily in early January, or one-quarter of the total amount contracted for by northwest consumers. Under similar circumstances, Canada can be expected to serve domestic customers first, before exporting surpluses to the United States.

Foreign Investment. Canada is being quite tough on foreign investment. Within the past month, Ottawa has rejected requests by four foreign firms to buy into existing Canadian owned companies. This is in keeping with Canada's declared intention to gain "economic independence" from foreign control, particularly from the United States. One application, for example, was accepted only after the Province of Quebec was allowed to take a minority interest in a US acquired firm. More recently, the Canadian government has announced its intention to remove the special status which the Canadian editions of Time and Reader's Digest had been given by Canadian legislation in the mid-1960's. We are continuing to wait for the reaction of the two parent companies which, up to the present time, have not requested the United States government to become involved.

Extraterritoriality -- the Litton Case. Ottawa has reacted strongly to the question of U.S. control over American firms operating in Canada. In fact, MacEachen has said that "Canada cannot accept extra-territorial application of the laws of any nation." The issue arose in December when Litton Industries ordered its Canadian subsidiary to cancel a \$500,000 sale of office equipment machinery to Cuba, in line with the U.S. embargo on trade to Cuba. The Litton case virtually assures that the Canadians will pass a proposed legislation aimed at preventing foreign-owned subsidiaries in Canada from adhering to trade restrictions affecting parent firms.



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Beef. Canada has made no move to repeal its quota on foreign beef imports. Since the United States placed limits on Canadian beef and pork imports in response to Canadian action, mid-level talks between the two governments have ceased. It is unlikely that Ottawa's position will change in the near future unless domestic Canadian beef interests strongly press the government to repeal the quota. Informal talks between U.S. and Canadian meat producers are now underway, but these are not expected to produce any concrete results.

SECURITY ISSUES

NORAD. Negotiations for renewal of the US-Canadian North American Air Defense (NORAD) Agreement, which expires in May, are likely to be successfully completed, but not without Canadian insistence on some changes. According to a recent report from Embassy Ottawa, the Agreement is now under active consideration by the Canadian government. A Canadian official told Embassy officers recently that Ottawa will be proposing substantive changes to "update" the Agreement. Such changes will probably be aimed at gaining more effective local control over the use of Canadian military forces during emergencies and enhanced respect on the part of the United States for the sovereignty of Canadian airspace. Emphasis can be expected to shift from defense against a manned bomber attack to peaceful control of airspace. For the benefit of Canadian public opinion, the Canadian government will have to "justify" a new agreement when it is presented to the public and to Parliament. Canada is withholding its decision on NORAD renewal until about mid-February when Parliament's ongoing debate on Canadian defense structure is expected to be completed. Because of our continuing concern over the questionable prospects for Canadian defense spending over the next several years, Assistant Defense Secretary Robert Ellsworth will visit Ottawa on February 10 to review in broad terms the future of US-Canadian defense planning and cooperation.

Canadian Defense Review. In a recent speech on the defense budget, Canadian Defense Minister Richardson outlined in optimistic terms Canada's general defense goals for the 1975-76 fiscal year. While Richardson emphasized that the defense spending program for the next year will strengthen Canadian forces, the 12 percent in defense spending will probably do little more than keep pace with inflation. The announcement on defense threw little light on specific priorities and left in doubt the future of such essential needs as tank replacement and modernization of maritime forces.

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The net effect of the defense review will probably be a slight reduction in the overall Canadian defense effort that will require careful U.S. watching to avoid having to pick up the slack where Canada leaves off. Richardson did reconfirm Canada's commitment to four basic defense missions: defense of Canadian sovereignty, participation in NATO, cooperation with the United States in North American air defense, and support for United Nations peacekeeping operations. Richardson announced that within the next six months Canada will reduce its augmented UN force on Cyprus by nearly one half. Richardson justified the move on economic grounds, but it may be a concession to increased Canadian nationalist criticism of Canada's participation in international military operations.

ENVIRONMENTAL ISSUES

Good progress has been made as the result of two bilateral negotiations with Canada on environmental issues in January. On the Garrison Diversion Project (which could have channeled polluted water into Canada), both sides have agreed to refer the matter for further study to either the International Joint Commission (IJC) or an ad hoc group. Concerning the West Coast tanker problem (where Canada expressed concern over vessel-source pollution), both Canada and the United States are satisfied that progress is being made toward resolution of the various issues involved, including navigational problems, scientific research and the question of off-shore oil ports. Canadian External Affairs Minister MacEachen in his January 23 speech, cited the Garrison consultations as a good example of the proper way to manage a contentious issue between our two countries.

The United States has made a concerted effort to implement the Great Lakes Water Quality Agreement (GLWQA) of 1972 which provided that both nations would have water quality programs completed or in the process of completion by the end of 1975. To this end, EPA Administrator Train recently announced your release to the States \$4 billion for water pollution cleanup. This action will have a strong positive effect on our pollution control program in the Great Lakes Basin and will serve to blunt Canadian criticism of past delays in U.S. programs and the extent of U.S. commitment to the GLWQA.

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OTHER RECENT ISSUES

Law of the Sea. During bilateral negotiations with the Canadians January 13-14, some progress was made on various points of disagreement between the two nations, e. g., unimpeded transit of international straits and marine pollution problems. Most important, Canadian negotiators indicated willingness to support the United States on the straits issue, if exceptions permit Ottawa to establish and regulate vessel-source pollution in the Arctic area. This issue is being studied by the NSC Undersecretaries Committee. Canada seems likely, however, to arrive at the Law of the Sea Conference in March as one of the chief Western dissenters from U.S. proposals.

Fisheries Matters. British Columbia is still pressing to develop the hydroelectric potential of the Frasier River, which would adversely affect U.S. salmon fishing interests in Puget Sound. United States and Canadian officials next meet in early March to address this problem but no solution is in sight. Canada is not likely to agree to reimburse the United States for future losses to the U.S. fishing industry as a result of the Frasier project.

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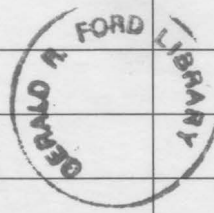
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SUBJECT: *Status Rpt on US & Canadian relations*

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