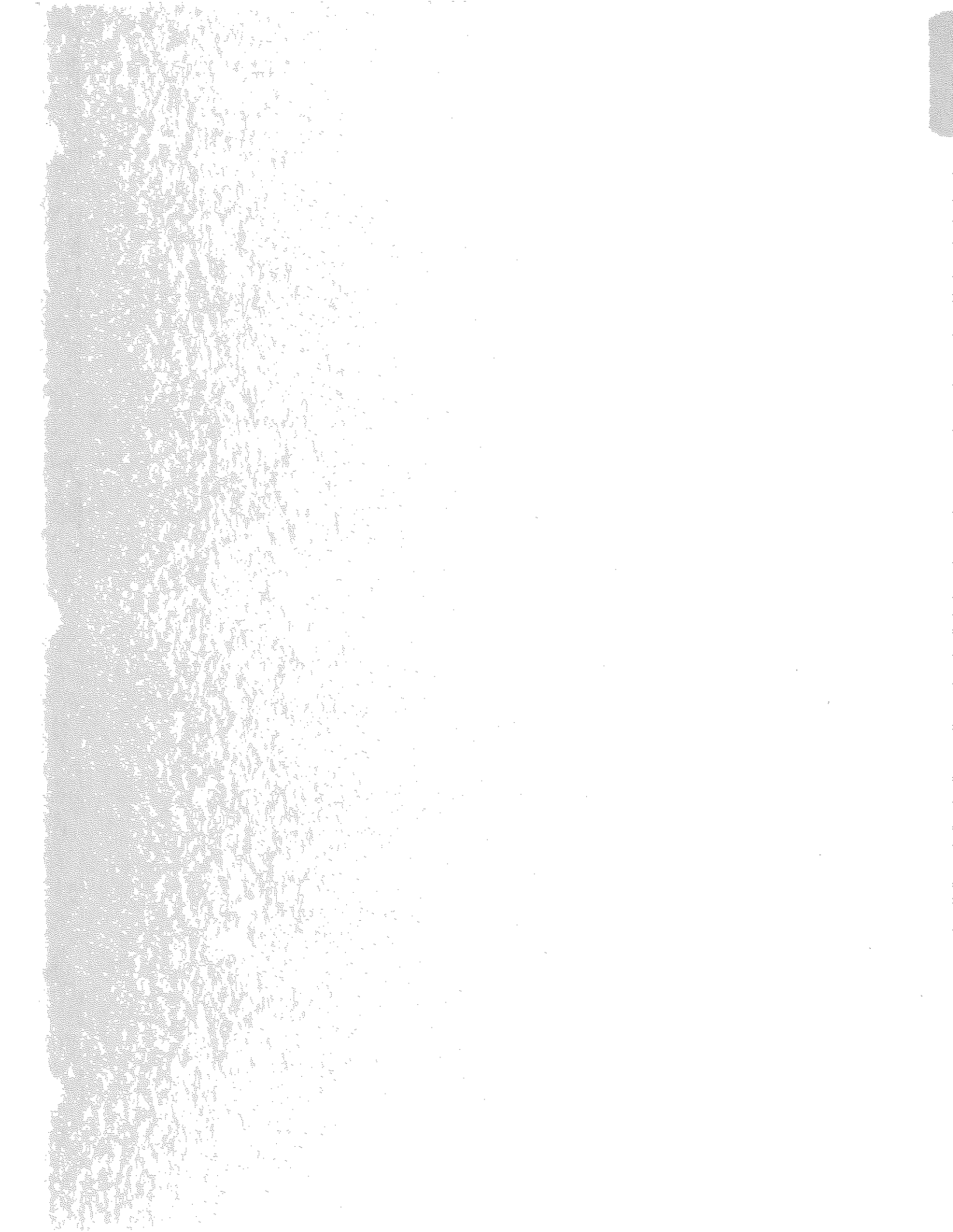


**Documents in Support of
Senator Lowell Murray's testimony**

Tab	Documents
1	Memo to file by W.J. Beckley, dated July 20, 1987 <u>AGC00008</u>
2	Message slip to Lowell Murray, dated October 7, 1987 (Draft letter attached) <u>AGC00979</u>
3	Message slip to Lowell Murray, dated October 22, 1987 (Draft letter & notes from an October 20 th meeting attached)
4	Letter from Jurgen Massmann to Lowell Murray, dated October 30, 1987 <u>3rd party document</u>
5	Fax from Gerry Doucet to Jaffray Wilkins for Lowell Murray, dated November 13, 1987 <u>AGC00982</u>
6	Letter from Karlheinz Schreiber to Lowell Murray, dated December 7, 1987 <u>AGC00803</u>
7	Memorandum from D.S. McPhail to Lowell Murray, dated June 1, 1988 <u>AGC00983</u>
8	Letter from Lowell Murray to Brian Mulroney, dated June 14, 1988 <u>AGC00466</u>
9	Summary of Record: Committee of Atlantic Ministers, dated June 14, 1988 <u>AGC00401</u>
10	Letter from J. Massmann and W. Haastert, dated February 1, 1988; Draft letter from Lowell Murray to Jurgen Massmann <u>AGC00096; AGC00392</u>
11	Memorandum from W. Potter to D.S. McPhail, dated July 6, 1988 <u>AGC00010</u>
12	Memorandum from Don McPhail to Lowell Murray, dated July 11, 1988; Memorandum from D.S. McPhail to Lowell Murray, dated July 12, 1988; Letter from Lowell Murray to Brian Mulroney, dated July 12, 1988 <u>AGC00192; AGC00098; AGC00468</u>
13	Memorandum from D.S. McPhail to Lowell Murray, dated July 15, 1988 <u>AGC00288</u>
13(a)	Understanding in Principle (Draft), dated July 15, 1988 <u>AGC01186</u>
14	"The Thyssen Proposal", dated July 18, 1988 <u>AGC00404</u>
14(a)	Memorandum from W.P.D. Elcock to D. Burney, dated July 19, 1988 <u>AGC00900</u>
15	"Conclusions of July 19 P & P meeting", dated July 20, 1988 <u>AGC00901</u>
16	Message slip from McDowell to McPhail, dated July 20, 1988 <u>AGC00099</u>
17	Memorandum from John McDowell to Don McPhail, dated July 20, 1988 <u>AGC00289</u>

18	Fax from McDowell to Wynne Potter, dated July 22, 1988 (Draft letter attached) <u>AGC00015</u>
19	Memorandum from Paul Bernier to Don McPhail, dated August 10, 1988
20	Memorandum from Wynne Potter to Don McPhail, dated August 31, 1988 <u>AGC00195</u>
21	Memorandum from D.S. McPhail to Lowell Murray, dated September 1, 1988 <u>AGC00291</u>
22	Aide Memoire, dated September 19, 1988 <u>AGC00014</u>
23	Letter from Perrin Beatty to Lowell Murray, dated September 19, 1988 <u>AGC00254</u>
24	Memorandum from John McDowell to D.S. McPhail, dated September 6, 1988 <u>AGC00196</u>
25	Memorandum from D.S. McPhail to Lowell Murray, dated September 23, 1988 <u>AGC00805</u>
26	Letter from Lowell Murray to Karlheinz Schreiber, dated September 23, 1988 <u>AGC00101</u>
27	Memorandum from John McDowell to Don McPhail, dated September 26, 1988 <u>AGC00101 004</u>
28	Understanding in Principle, dated September 27, 1988 <u>AGC00102</u>
29	Letter to G.A. Peapples from Perrin Beatty, dated October 20, 1988; Letter from Gerald Merrithew to Perrin Beatty <u>AGC00199; AGC01209</u>
30	News Article "How one file set off Schreiber's string of mystery payment, dated March 14, 2008
31	Selected entries from Lowell Murray's agenda (1987)
32	Selected entries from Lowell Murray's phone log (1987)
33	Selected entries from Lowell Murray's agenda (1988)
34	Selected entries from Lowell Murray's phone log (1988)
35	Selected entries from Fred Doucet's agenda (1988)
36	Statement Lowell Murray <u>AGC00872 (removed)</u>
37	Notes taken by Lowell Murray, dated June 15, 1987
38	Notes taken by Lowell Murray, dated September 12, 1987
39	Notes taken by Lowell Murray, dated September 29, 1987
40	Notes taken by Lowell Murray, dated October 2, 1987
41	Notes taken by Lowell Murray, dated October 5, 1987
42	Notes taken by Lowell Murray, dated November 9, 1987

43	Notes taken by Lowell Murray, dated November 12, 1987
44	Notes taken by Lowell Murray, dated August 28, 1988
45	Notes taken by Lowell Murray, dated September 6, 1988
46	Notes taken by Lowell Murray, dated September 12, 1988
47	Letter from Fred to Lowell Murray, undated



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RECEIVED DRIE 441 JUL 27 1987	RFCU L.I.R. A H. L. ...
CONFIDENTIAL	File No. Decision no 4622712
MEMO TO FILE	JUL 27 1987
	D.R.I.M. Honour Centre d. Refer to For reply For comment

July 20, 1987

JUL 20 1987

Re: Meeting with Don McPhail, Ambassador to West Germany and President Designate of ACOA, July 16, 1987

DECLASSIFIED	DECLASSIFIED
TO: A	J.C. ...
DATE	
SIGNATURE	

On July 16, Bill Pettipas and I met with Don McPhail, the Canadian Ambassador to West Germany and President-designate of the new Atlantic Canada Opportunities Agency (ACOA). ACOA became operational as of June 8, 1987. Sen. Lowell Murray is the Minister responsible for ACOA, a new board responsible for the coordination of all Federal regional economic development activities in Atlantic Canada. Most of DRIE's responsibilities for programs in Atlantic Canada have been transferred to ACOA.

The purpose of the meeting was to discuss the proposed Thyssen Henschel joint venture and the MAN-GM truck programs. Don McPhail, as Canadian Ambassador to West Germany, has had discussions directly with both MAN and Thyssen at various times on these topics. I wanted to find out the subject of the recent discussions in Ottawa between Perrin Beatty, Don Mazankowski and Sen. Murray concerning Thyssen. McPhail was briefed by Sen. Murray prior to our visit, and either directly, or indirectly through Murray, was aware of these recent discussions between Thyssen and the Canadian Government.

McPhail has on several occasions met with two of the top people at Thyssen (Dr. Spethmann and Mr. Bartels) to specifically talk about Canada and the proposed joint venture with GM. McPhail has had previous discussions with MAN concerning the HLVW Program, and indicated that MAN had been trying to meet with him when he was in Bonn last week.

McPhail indicated that the Members of Parliament from the Atlantic region are apparently going to formally establish an "Atlantic caucus" similar to the "Quebec caucus". Although he did not say so, the clear impression was given that any program approved by ACOA could count on the full political backing of this caucus through Sen. Murray.

McPhail was told by Sen. Murray in briefings prior to our meeting that the Government is concerned about the future of GM's plant in

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London in light of the Government's initiatives to use defense procurement as a tool for Atlantic development. However, he also indicated that Government figures show that Atlantic Canada has not received a proportionate share of Canadian defence spending and the Government is determined to remedy the situation. The impression given was that Sen. Murray and McPhail are going to be key players in Canadian defence procurement, at least as long as the Conservative government remains in power.

McPhail indicated, as mentioned above, that the Government is trying to grapple with the problem of maintaining the GM facility in London. He made it clear that if GM presented a package proposal which included a new facility in Atlantic Canada (for example, a facility in Cape Breton for trucks for the HLVW Program?) subject to an "immediate" contract for the production of armoured vehicles in London, that ACOA and Sen. Murray would provide the required "support" for the total package. I personally feel that they have the clout to do this, and I base my opinion on discussions concerning Thyssen Henschel which are covered later in this memo. In other words, if GM is prepared to do something in Atlantic Canada, he gave the clear impression that something could be done to make sure the London plant gets some "early" armoured vehicle business. McPhail also gave the impression that the Government would probably prefer that GM, as opposed to Thyssen, go into Atlantic Canada, and that wheeled trucks, as opposed to tracked vehicles, be built there.

In so far as Thyssen is concerned, when I indicated that the major focus of our discussions with Thyssen had been the export market, McPhail made a point of making sure that we knew that his previous discussions with Bartels and the meeting in July between Beatty, Mazankowski and Sen. Murray had dealt with a Thyssen proposal to build 300 armoured personnel carriers in Cape Breton for DND. McPhail was surprised that this had not been discussed by GM and Thyssen, and he wanted to know what we had in fact talked about. When I indicated that the imminent market potentials that we had been discussing with Thyssen had focused on the export market, and the Middle East in particular, McPhail was surprised. In fact, he went so far as to say that the export of vehicles from Canada was not being considered by Thyssen based on his discussions and information. McPhail also gave the impression that notwithstanding the recent DND White Paper, that the Government is prepared to "adjust" the expressed procurement plans to make funds available for a purchase of armoured vehicles from Thyssen if those vehicles are manufactured in Atlantic Canada.

What this seems to indicate is that if GM was to put a facility in Atlantic Canada for the HLVW (and HET) programs, that the Government would probably be very receptive to giving an "immediate" order for 300 LAV's from London.

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When I again indicated that Thyssen had never discussed an immediate order for 300 vehicles from Canada, (these vehicles are probably TH 400 6x6 wheeled vehicles), McPhail gave the impression, although he certainly did not say it directly, that Bartels may not be receiving totally accurate information about the meetings between GM and Thyssen Henschel. At our meeting with Thyssen Henschel in August, we will obviously have to get this cleared up. Either GM or the Canadian Government, or both, are being misled by Thyssen or Frank Moores' GCI. The message being conveyed to the Canadian Government by Thyssen (or GCI?) is clearly different from our discussions.

McPhail said that when he talked to Bartels, after Bartels visit to Diesel Division in June, Bartels had indicated the following:

- . that Bartels was optimistic that a joint venture could be "worked-out" with GM.
- . that Thyssen was interested in providing vehicles for the Canadian Government, and McPhail had the clear impression that Thyssen was no longer proposing to build vehicles in Canada for the export market.

As far as the first point is concerned, McPhail expressed the view that the debacle surrounding Thyssen's first attempt to establish a facility in Atlantic Canada, "should have taught them" that they must cooperate with GM. In view of the "public relations" problems concerning Thyssen's initial attempts, Thyssen may now be trying (or perhaps more appropriately, Frank Moores and GCI may now be trying) to get a manufacturing facility in Canada on the basis of politically acceptable wheeled vehicles built solely for DND. Then Thyssen would start to manufacture tracked vehicles for export. At that point the plant would already be committed for and future jobs and the plant's continued operation could be used as a lever to get the necessary political support. According to McPhail, Thyssen has indicated that they are anxious to move very quickly to establish in Canada. This urgency ties in with my previous conjecture that Thyssen may already have a substantial commitment to deliver vehicles to some politically unacceptable foreign country for which the German Government has revoked Thyssen's export licenses. I am suspicious that certain elements in Thyssen may feel that by having a Canadian plant, Thyssen will be able to get out of that bind by running the production through Canada.

RECOMMENDATIONS

Based on these discussions with McPhail, the following is apparent:

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- . The objective of the Canadian Government to "regionalize" defence procurement in Atlantic Canada poses a threat to GM's armoured vehicle business in London.
- . Thyssen Henschel, or for that matter any other armoured vehicle manufacturer, which is willing to establish in Atlantic Canada could be awarded a contract for light armoured vehicles by DND.
- . Although the Canadian Government is in a quandary about what to do about GM's armoured vehicle plant in London, this concern may be secondary to the Government's primary objective of getting something going in Atlantic Canada.
- . The Canadian Government would probably be very receptive to a proposal which would accomplish both objectives of maintaining production in London and of establishing a facility in Atlantic Canada, whether that be a second GM plant in Atlantic Canada or a GM joint venture plant in Atlantic Canada with Thyssen.

The ideal solution for us may be the establishment of a GM plant in Atlantic Canada, financed with federal and provincial government incentives, for the manufacture of trucks for the HLVW and HET programs. This would have several benefits:

- . for the Canadian Government, this would be the best "political" solution because the product is wheeled, and is not an armoured vehicle.
- . for DND and GM the HLVW Program would likely be expanded.
- . for GM, the Government would probably be receptive to awarding an "immediate" contract for LAV 8x8's to Diesel Division to keep the London plant operating.
- . for GM, in addition to "immediate" armoured vehicle production, GM would preserve the London plant for the longer term, and could turn away the threat posed by the initiatives of Thyssen.
- . It places GM in the position of obtaining "strategic source" designation which could be a very important lever in any cooperation with Thyssen.

This strategy is dependent upon the HLVW and HET Programs. If GM is unable to proceed with those programs, then we may be "forced" to work something out in cooperation with Thyssen in Atlantic Canada.

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I told McPhail that we will be meeting with Thyssen. If we are not successful in reaching an agreement in principle at that time, we should get back to McPhail and explain exactly what the problem is so that he can have an opportunity to interact directly with Bartels. If Thyssen and GM cannot reach agreement, the HLWV and HET Programs in an Atlantic plant may be critical to eliminating the threat posed by Thyssen.

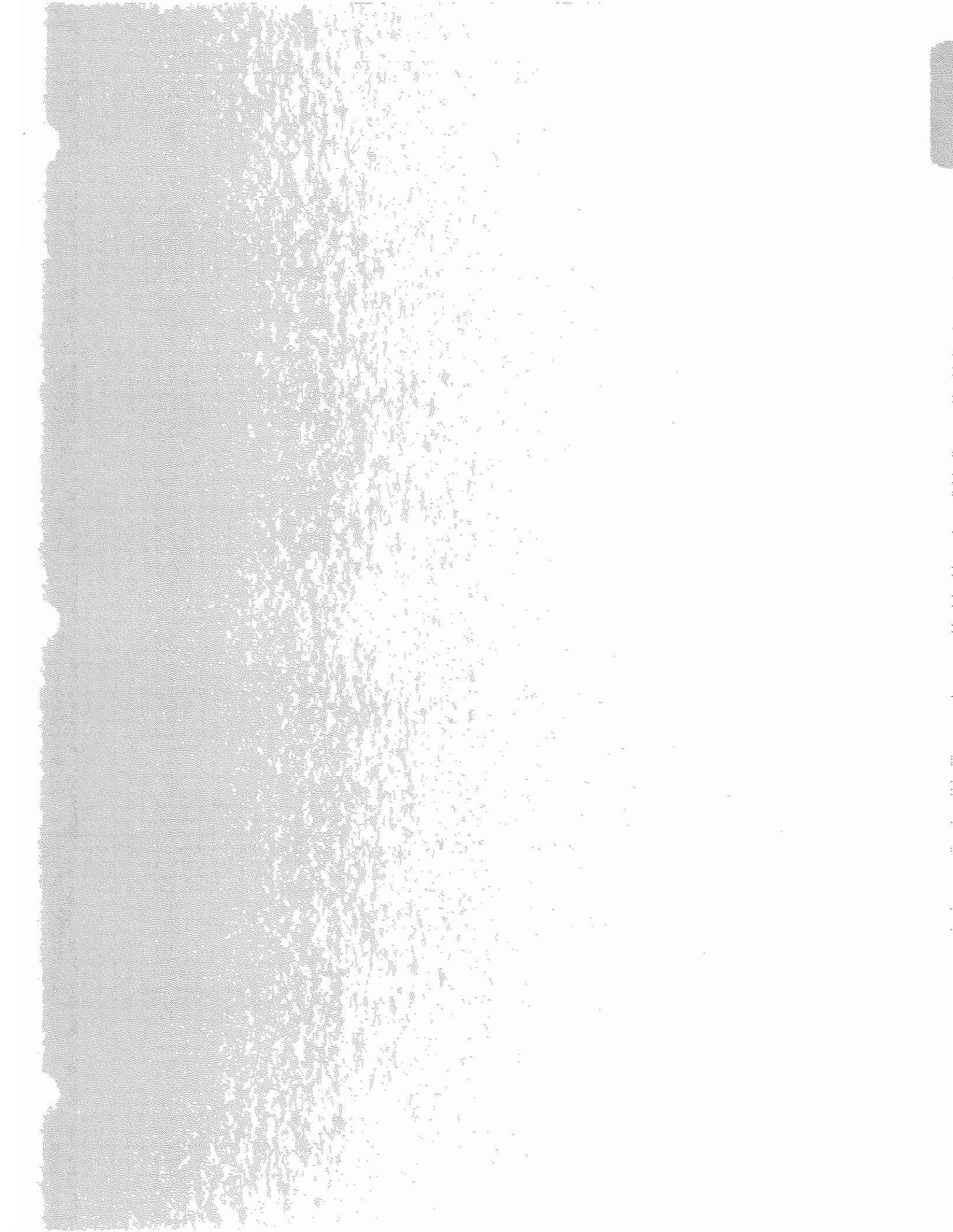
W. J. Beckley

/jp

cc: J. C. Larmond ✓
W. J. Kienapple
W. L. Claggett
H. E. Mitchell
W. J. Pettipas

OTT/SDC/CCS

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SUPERText



RCMP "A" DIVISION COMMERCIAL CRIME

File: A102
95A-517

EXHIBIT INFORMATION

DATE OBTAINED: 97-02-28
Obtained By: Cp. Paul Dobbins
Exhibit No.: 96-24
Item No.: 16
Location: 60 Queen St. Ottawa
ACOA's office

DOCUMENT CATEGORIZATION

Document Type: _____

Original: Yes No

COMMENTS Sancton Pile - ACOA - Defense Thyssen
2635-T1. June 1987 to May 88
p. 1 to 120.

10:PM
K. Hynes 140



Atlantic Canada
Opportunities Agency

Agence des perspectives
de l'Atlantique Canada

To
Pour:

Date

9 Oct 77

Subject
Objet:

Senator Murray

From:
De:

J. Hynes Williams

Via

- Your Signature
Votre Signature
- For Comments
Observations

- Information
- Material for the Minister
Documents pour le Ministre

Remarks.
Remarques:

Draft text for letter,
as discussed -

c.c.

Drafting officer:
Rédacteur:

Some time ago you asked me, in my capacity as Minister responsible for ACOA, to address the question of establishment of a vehicle manufacturing plant in Cape Breton, by Thyssen. I believe it is timely that I give you a report on this subject.

My officials and I have met several times with Thyssen officers or their representatives and, as well, with officials of National Defence and Supply & Services. I have in addition corresponded with and/or met relevant colleagues, in some cases jointly in meetings convened by Don Mazankowski. We have concluded that their intentions are serious, to set up a viable and long-term manufacturing facility in Cape Breton. Their first objective is to produce a light armoured vehicle for the Canadian Armed Forces, but they are through this action positioning themselves in North America to compete for U.S. military requirements. Their preferred location is the Strait of Canso area. Their expectation of conventional assistance is related to factory site and related infrastructure and is modest. They also want an assured order for 250 of the 750 vehicles required by Canada. More importantly, they want that order to be advanced in time by several years from the current DND timetable, i.e. to 198- from 199-. This has obvious funding implications. Thyssen's request for earlier production relates to their need to position themselves to bid for US orders.

While there has been recognition of the value to Canada and to Cape Breton of this proposed initiative, I have been unable to achieve consensus on either a firm requirement for a Thyssen-built vehicle (the military requirement has not yet been defined, since the time frame of their need is still several years away); or on the question of earlier funding than contemplated in the Defence White Paper.

Thyssen is not the only manufacturer in play. We have also had discussions with General Motors Canada, who are bidding on a different vehicle (truck/light armoured vehicle) and who are looking for far greater government infrastructure assistance, as well as an offset order for their London, Ontario plant.

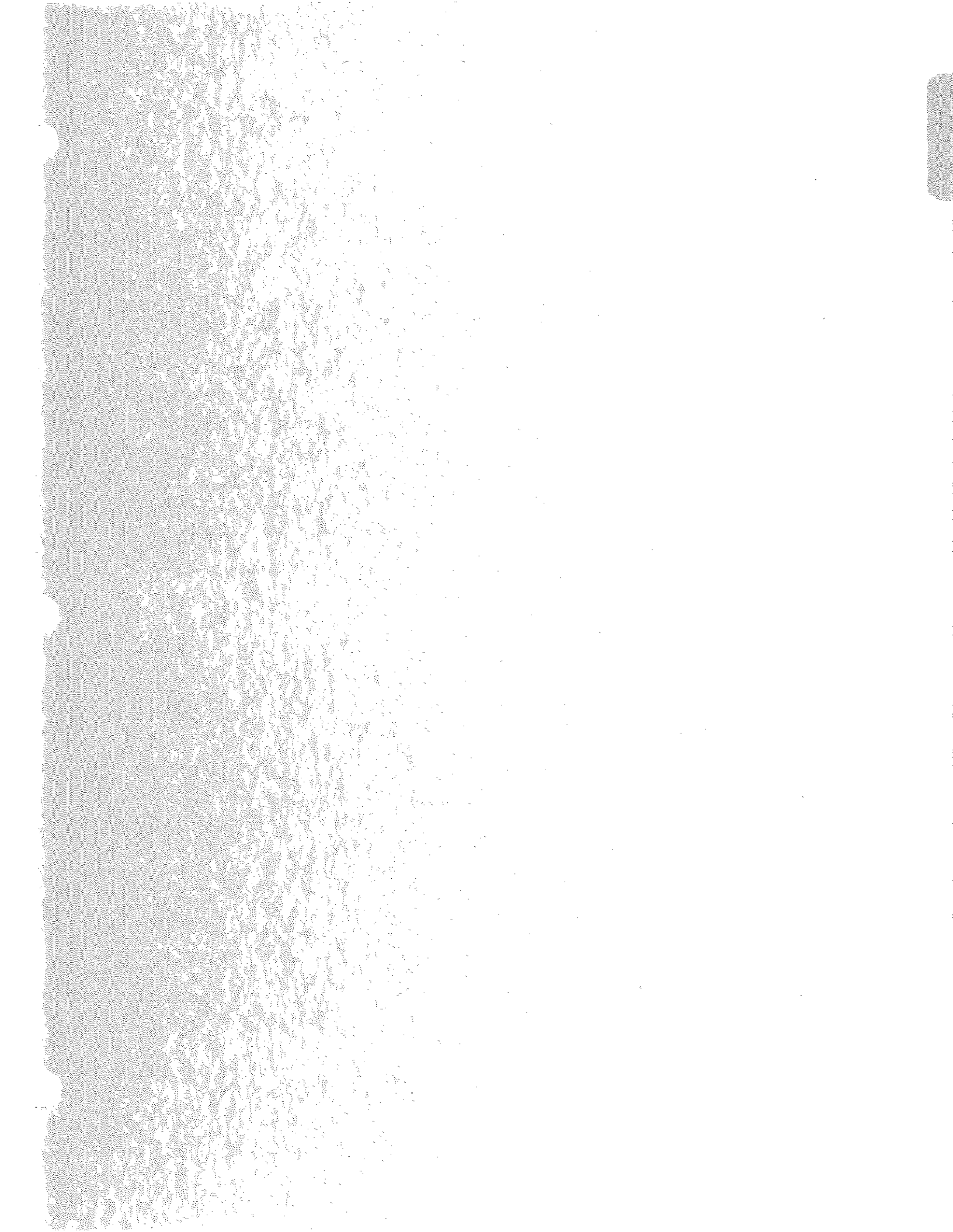
- 2 -

More recently our colleague Paul Dick has brought to my attention other German manufacturers who are interested in constructing a plant in Atlantic Canada to build one or another of the Armed Forces' vehicle requirements and who might be prepared to combine with Thyssen, although to my knowledge this has not been explored in any detail.

To sum up, the Thyssen proposal is the most mature one yet received and relates to the Light Armoured Vehicle. The design qualifications for the LAV have not yet been firmed up by the military, although a project officer exists and I am given to understand that the specifications could be developed quickly if the time frame for production and funding were to be advanced. The sole sourcing of a part of the Armed Forces requirement of itself does not appear to be a problem. Advancing the funding time frame, however, is for DND not possible except with specific assistance from our colleague the Minister of Finance.

The suggestions offered by Paul Dick may well warrant further exploration, especially if a consortium enhances the size and scope of the eventual manufacturing facility.

In the final analysis, however, neither possibility can proceed without a political decision on sole sourcing and earlier funding. It is on these points specifically that I am writing to seek your direction to me and our colleagues.



Thyssen
149



Atlantic Canada
Département Agence

Agence des perspectives
de l'Atlantique Canada

To / Pour: The Honourable Lowell Murray 22/10/87

Subject / Objet

Thyssen

From / De: Paul Bernier

Via

- Your Signature / Votre Signature
- Information
- For Comments / Observations
- Material for the Minister / Documents pour le Ministre

Remarks / Remarques

As discussed, attached is a draft letter to the Prime Minister. Mr. Wilkins has seen it. Also attached are notes on your October Meeting on this subject. 2a

I have taken the liberty of providing a copy to Messrs. McPhail and Wilkins.

cc

Originating officer / Rédacteur

- copies to:
- P. Bernier Chron
 - A.A.
 - McPhail (just the notes)
 - Wilkins (chron)

up

SECRET

Further to my letter of October on the establishment by Thyssen of a military vehicle manufacturing plant in Cape Breton, I wish to apprise you of new developments just brought to my attention by Frank Moores and Elmer MacKay.

First, Thyssen, whose Board has approved this project, is ready to join forces with a Canadian partner. I gather an understanding has been reached with Lavalin, giving the latter a 25 per cent share in the venture. Cooperation with either Bombardier or Power Corporation was also recently examined, but neither case was as mutually advantageous as the proposed Thyssen-Lavalin partnership.

Second, the acquisition of the Trenton Works from Hawker-Siddeley would be part of the proposed joint venture. We understand that Lavalin would assume a 75 percent equity position.

Adding Trenton to an offset package certainly throws a different light on the original proposal. Moreover, the potential benefits flowing from Lavalin's association with Thyssen deserve consideration. I draw these developments to your attention, of course, because of their relevance to a required government decision on sole sourcing and advancing the timing of the DND vehicle contract.

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SECRET

Notes on a meeting held in the Office of the Minister responsible
for ACOA on October 20, 1987 at 4 p.m.

Subject: Thyssen

Present:

- . Senator Lowell Murray
- . Honourable E. MacKay, Minister of National Revenue
- . Honourable F.D. Moores, Chairman of the Board,
Government Consultants International
- . Paul Bernier, ACOA-Ottawa

Discussion: Mr. Moores provided background information on the current status of Thyssen's interest in establishing a military vehicle manufacturing facility in the Strait of Canso, Nova Scotia. In particular, he noted that:

- DND could develop specifications for its vehicle requirement within about a month if the time frame for production and funding were advanced; this was confirmed to him by General Vance;
- Thyssen's Board had approved the project;
- earlier discussions on a joint venture with General Motors had failed and were no longer being pursued; and
- discussions had been held recently with Bombarbier, Power Corporation and Lavalin.

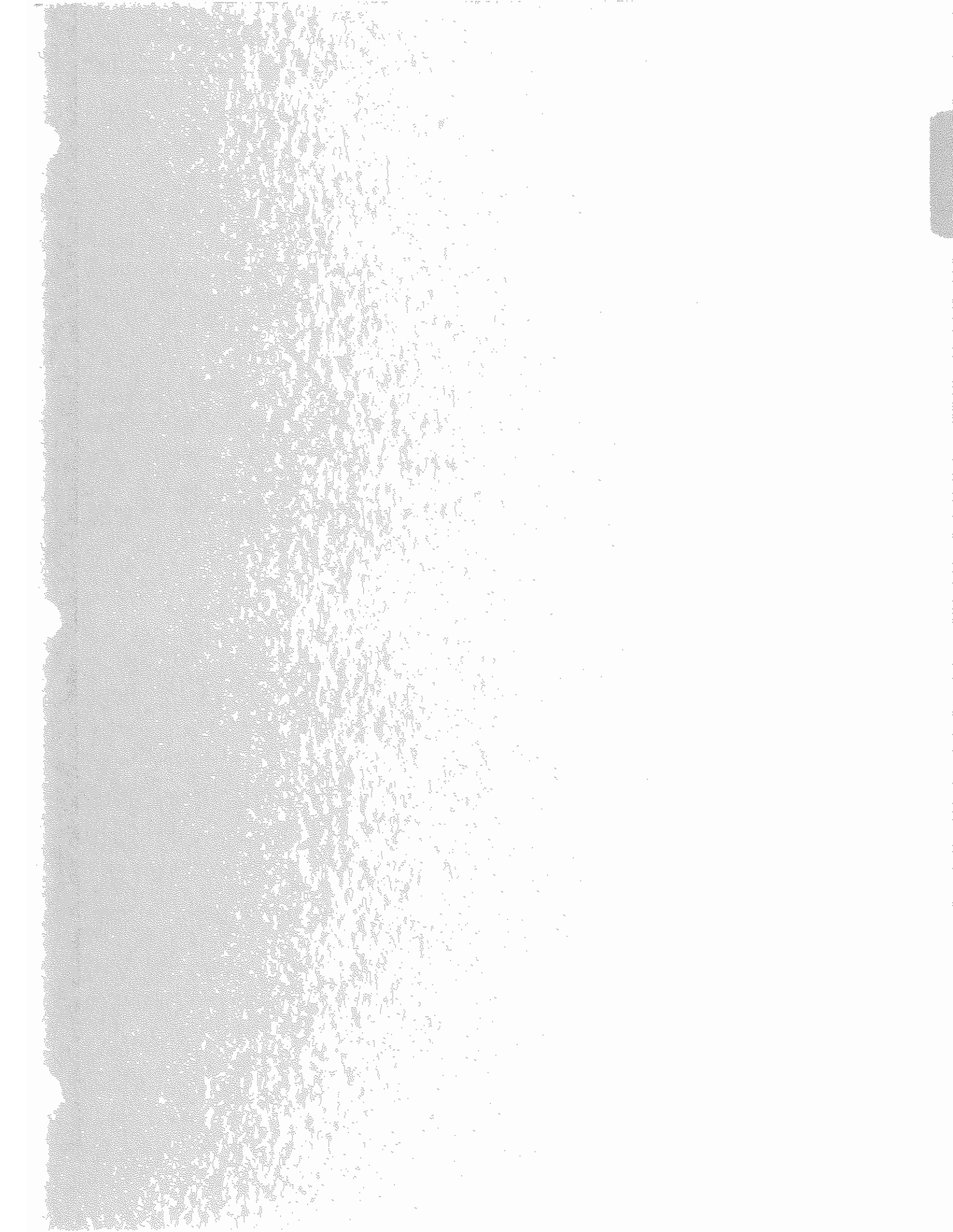
He stated that there was apparent agreement to form a Thyssen-Lavalin joint venture in which Lavalin's equity position would be 25 percent. In addition, the joint venture would include the acquisition of the Hawker-Siddeley Trenton Works. The equity positions would be 75 percent Lavalin and 25 percent Thyssen. The understanding was that the two facilities created by the joint venture would be mutually exclusive.

Mr. Moores understood that Thyssen would have no difficulty in meeting DND's technical specifications, and would be able to offer an acceptable price to DND. However, he believed that DND objected to sole-sourcing. The addition of Trenton as an offset should minimize any difficulty with sole-sourcing, he suggested.

Senator Murray indicated that he had recently written to the Prime Minister to report on the Thyssen dossier and proposed to inform him of these most recent developments.

Mr. MacKay planned to raise the issue on 21 October with the Premier of Nova Scotia.

Paul Bernier
October 22, 1987





**BEAR HEAD INDUSTRIES
LTD.**

Senator Lowell Murray
Leader of the Government in the Senate
Minister Responsible for ACOA
Room 275-S,
Centre Block
The Senate of Canada
Ottawa, Ontario
K1A 0A4

Office
SUITE 008
350 SPARKS STREET
OTTAWA, ONT., CANADA
K1R 7S8
PHONE (613) 553-3321
TELEFAX (613) 553-7648
TELEX 053-3991 bhf oil

Date October 30, 1987

Dear Senator:

As you are aware, Thyssen Industrie AG has recently approved expansion of their industrial base by establishing a new North American manufacturing facility.

We are now at the point where we must make our final decision as to its site. One of our options and indeed our preferred option at this time is a site in Canada; namely, Bear Head, Cape Breton, Nova Scotia.

I therefore thought it appropriate to send you this letter to set forth what we are prepared to do and what steps are necessary to trigger our commitment.

Bear Head Industries Ltd., owned by Thyssen will commit:

- 1) to establish an advanced technology manufacturing center for steel product fabrication, thereby initially creating 400 direct jobs;
- 2) substantial direct capital investment in the first phases;
- 3) a joint cooperative agreement with a Canadian partner; namely, Lavalin Inc. (this agreement has already been reached);
- 4) direct technology transfers to our Canadian facility;

- Page 2 -

- 5) technology transfers to our Canadian cooperative partner, Lavalin Inc., for major projects; i. e.; rail cars and related equipment. Terms and conditions have to be agreed upon;
- 6) participation with appropriate government programs to provide worker training at existing vocational centres and in our to be built plant;
- 7) immediate commencement of sourcing tours to identify potential Canadian subcontractors;
- 8) technology transfers to Canadian ventures where we can be prime or joint partners. Terms and conditions have to be agreed upon;
- 9) Bear Head Industries is prepared to share working hours with production facilities located in Trenton Nova Scotia to support the efforts of the Canadian Government to solve unemployment problems. Terms and conditions have to be agreed upon;
- 10) Technology transfer to Trenton-subcontractors. Terms and conditions have to be agreed upon.

Required Canadian action to commit this project to Cape Breton:

- 1) provision of infrastructure and investment incentives and investment tax credits applicable to Cape Breton, as we have discussed to date with the province of Nova Scotia, the Atlantic Canada Opportunities Agency and the Department of Regional Industrial Expansion;
- 2) a letter of intent to procure from the Thyssen Bear Head facility a minimum of 250 light armoured vehicles as required by the Canadian Department of National Defence. This letter, of course, would be subject to reasonable conditions for satisfactory pricing, direct Canadian production jobs, compliance with DND specifications for design and performance, etc..

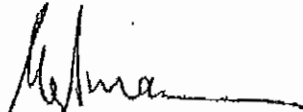
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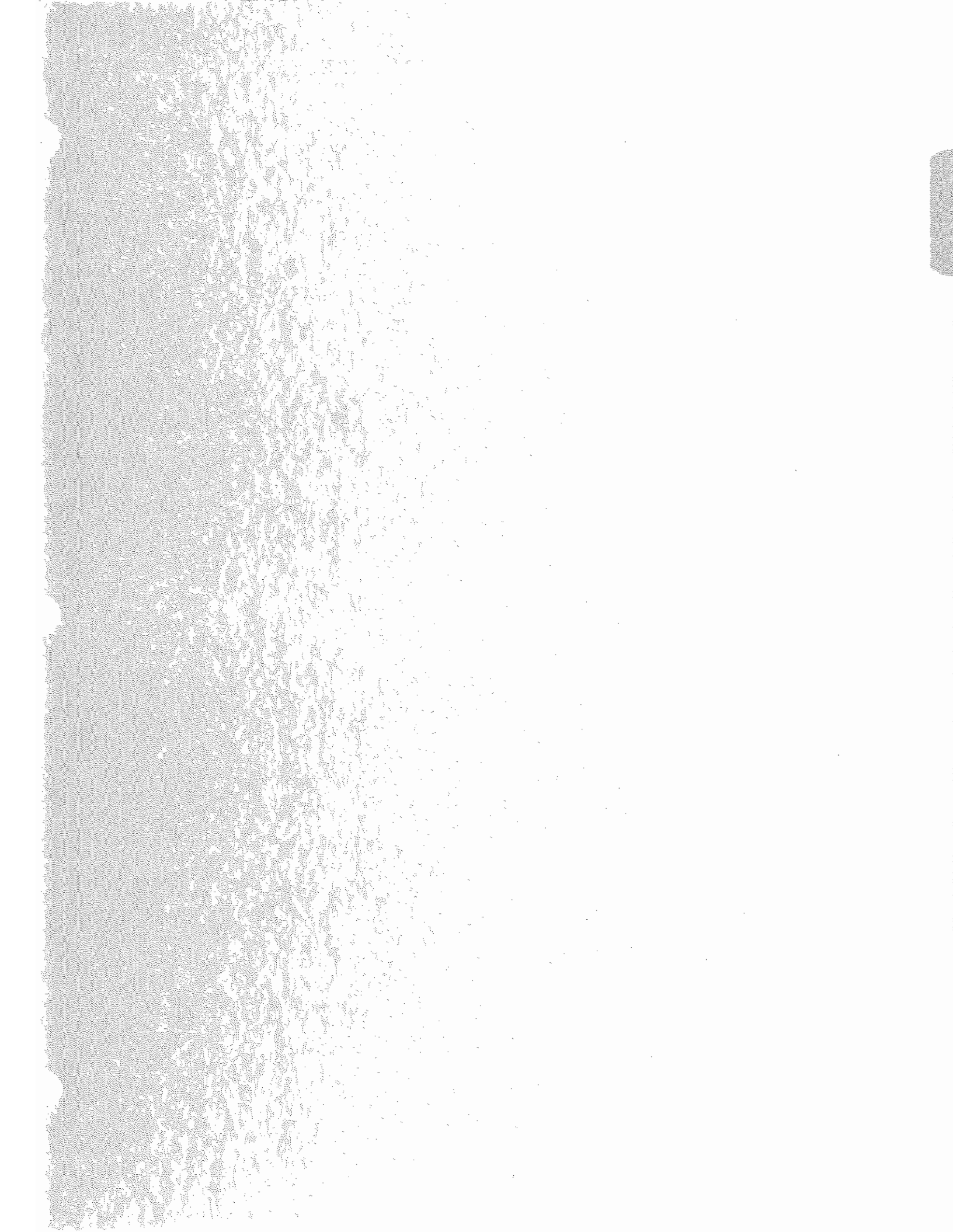
Senator, we know of your interest and assistance to date in encouraging us to establish our North American facility in Cape Breton; and we are prepared to proceed immediately if such a letter of intent from Canada can be provided.

Sincerely,

BEAR HEAD INDUSTRIES LTD.



Jürgen Maßmann
President





SUPERText



RCMP "A" DIVISION COMMERCIAL CRIME

File: A102
95A-517

EXHIBIT INFORMATION

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Document Type: _____

Original: Yes _____ No _____

COMMENTS Wilkinson - Subject Sub - files
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GCI

GOVERNMENT
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INTERNATIONAL

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OTTAWA, CANADA K1P 1H7
PHONE: (613) 236-7001 TELEFAX: (613) 236-7002

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COVER LETTER/PAGE COUVERTURE - TELECOPY/TELECOPIE DATE: November 13, 1987

TIME/HEURE: 11:30 p.m.

TO/A: NAME/NOM: Jaffray Wilkens for Senator Lowell Murray

FIRM/SOCIETE: _____ CITY/VILLE: _____

FAX: (506) 857-7403

FROM/DE: Gerry Doucet

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MESSAGE

NOV 13 '87 11:33

GCI OTTAWA P02

96-34-16

121



SUITE 100, 400 DUNDAS STREET,
OTTAWA, CANADA K1P 6E1
PHONE (613) 241-9011 TELEFAX (613) 241-1960

Gerald J. Doucet, Q.C.

November 13, 1987

CONFIDENTIAL

TO: Senator Lowell Murray
FROM: Gerry Doucet
SUBJECT: TRENTON AND THYSSEN

M E M O R A N D U M

In the midst of the unnecessary confusion over Thyssen, I thought it worthwhile reminding that all it takes is a highly conditional letter from DND to Thyssen such as: "If you meet all our requirements at your proposed Cape Breton plant regarding specifications, price, delivery and quality, then we are prepared to give you an order for the initial 250 light armoured vehicles of our 1600 requirement."

The moment this is done, you or the PM can announce 400 direct permanent jobs, eventually increasing to 2000 in Cape Breton (not counting 500 immediate construction jobs). Thyssen is prepared to transfer 50% of manhours to Trenton, which ties in with the PM's statements on the attached clipping.

Why hasn't this been done yet? Because DND chooses to be unaware of the Government's stated policy to use procurement as an important component of regional economic development? And perhaps because it may be "falling between the chairs" between the Ministers?

On Monday, November 16th, the senior Thyssen people on this file will arrive in Canada to

NOV 13 '87 11:34

GLI UTTHMH P03

96-34-16

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conclude a deal with Bernard Lamarie and they
would be available for any announcements.

423-9111

ZOOM 70 \$388 REID SY BLOWERS AT GRANGE

PIPE FOR TRENTON — P

Mulroney seeks 'permanent solution' for rail car v

By DON MCDONALD
Ottawa Correspondent

Announcing it is "a ball of a problem," Prime Minister Brian Mulroney said he still holds out hope a "permanent solution" will be found to save Trenton's Hawker Siddoleys rail car works.

Mr. Mulroney said in Halifax Friday he wants a long-term "credible resolution to the ownership difficulties at the Trenton plant and not a 'heavenly-sent kind of solution' that costs millions of dollars and has to be eventually shut down.

The prime minister confirmed in an interview with The Canadian Herald that negotiations are continuing with "serious international partners" and a view to establishing a permanent industrial operation at the Trenton facility.

"I'll tell you, it is a ball of a problem, a real tough one over which the Richard Eimer Mackay, Ian Robertson, de Carter and Buchanan are working.

Mr. Mulroney said during a two-pronged Trenton problem-solving agreement with Hawker Siddoleys to keep the plant open for another year.

Mr. Mulroney said the principle group of interested parties is Hawker Siddoleys, have been interested in local Scotia, Mr. Mulroney said.

He admitted it is "seen might have some the future of the Trenton."

See HOPE 1



Prime Minister Brian Mulroney receives a hostile welcome from a group of unemployed workers as he arrived in Halifax on Friday to address a group of Conservative party top financial contributors at the Hotel Nova Scotian.

Prime Minister Mulroney said he will not impose a "good deal" of Ottawa's light rail construction is a 1990 — means various may have raised arguments if selected by government.

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Hope for Trenton

(Continued from page one)

Provincial sources say that the only thing holding up the company's decision to invest in the province is the final approval of the prime minister, but warn of a strong Ontario lobby trying to kill the deal.

Mr. Mulroney also said Friday he hopes all provinces will eventually support a free trade deal with the United States, an agreement he strongly feels is in the national interest.

But the prime minister strongly hinted he is prepared to conclude the deal, with or without full provincial support. Ontario, Manitoba and Prince Edward Island have all said they oppose the proposed agreement.

"Unanimity is lovely, but it is not indispensable," he said.

"I just assume that if the deal is in the national interest, provinces will be persuaded on its value... and will want to endorse it."

Mr. Mulroney moved to alleviate continuing concerns voiced by Premier Buchanan over the effects of a trade deal on regional development programs.

Regional programs have emerged "intact" from the trade negotiations, he said, but admitted future public in-

vestments will have to be examined with respect to possible countervail actions from south of the border.

Mr. Mulroney said the three Michelin Tire plants operating in Nova Scotia will not be affected by "the (trade) deal itself."

But the prime minister was at a loss to explain what deputy finance minister Stanley Hartt exactly meant when he said a week ago "the Michelin Tire type of transaction is just not on anymore."

Mr. Mulroney, in his speech Friday to members of the 500 Club, defended the free trade deal as a document that will prepare Canada for the 21st century.

The Conservative leader, in an election-style pep talk to the party faithful, accused 68th Liberal leader John Turner and NDP chief Ed Broadbent of wanting to drag the country back to the 19th century with their opposition to the trade deal.

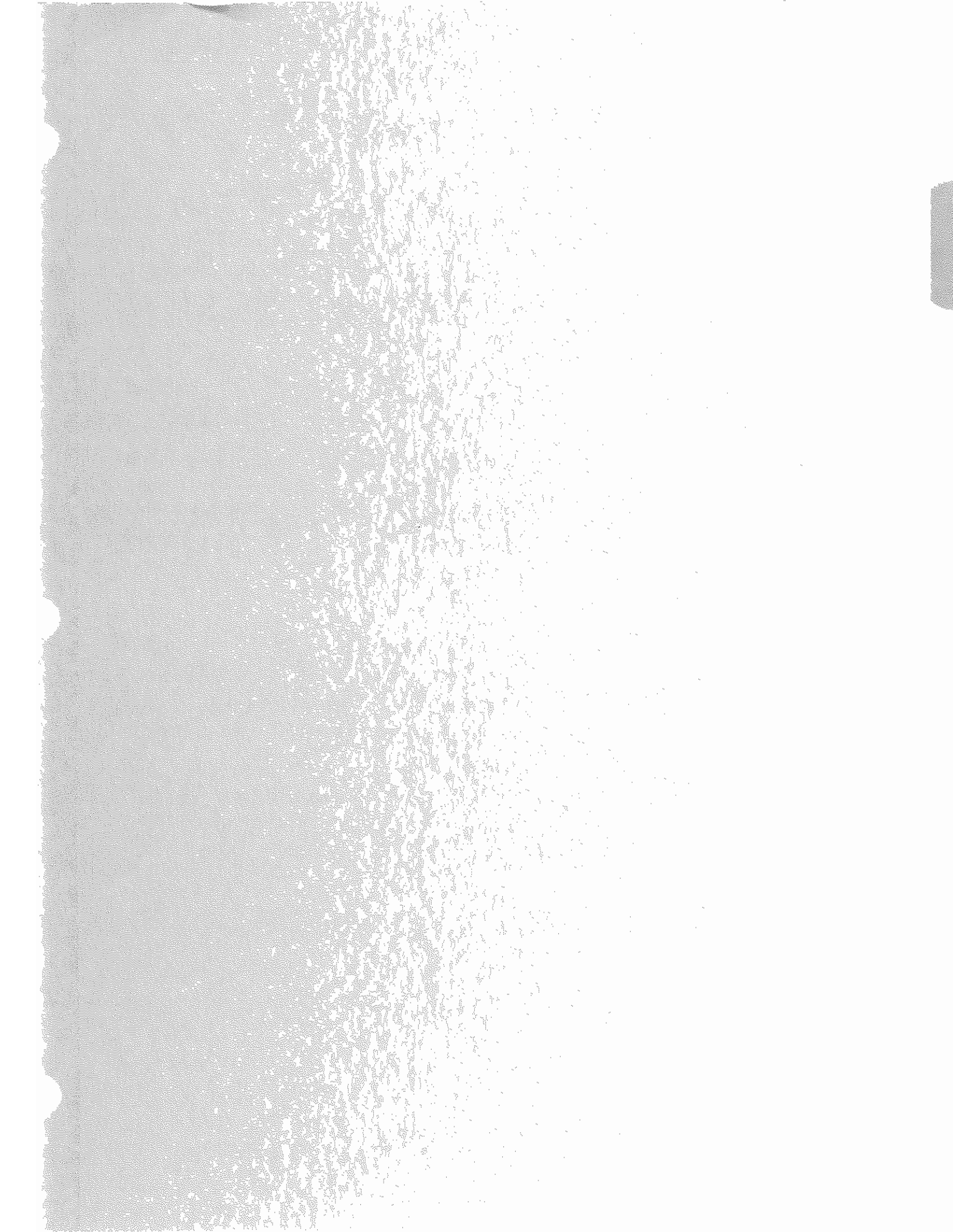
The political battle lines are clearly drawn in the free trade debate, Mr. Mulroney said, pointing to an anti-free trade coalition of the Orits and NDP facing the Conservative government.

"The opponents speak of a little Canada... a timid, timorous Canada that requires protection, that requires big government and high taxes to protect little Canada..."

But Mr. Mulroney vowed that "we are not little Canadians... We are big, strong, vigorous, vital Canadians who, if given half a chance, cannot only do our best in the world, but can be part of the best in the world..."

The prime minister said he sought a free trade deal trying to avoid "the burdens of a little Canada, a trendy, cute, little, protected Canada..."

Mr. Mulroney, his wife, Mita, and daughter Caroline left Halifax late Friday afternoon for Quebec City for a farewell dinner for Queen Elizabeth and the Duke of Edinburgh, who are ending their 15-day visit to Canada.



CH 187



BEAR HEAD INDUSTRIES LIMITED

Suite 908, 350 Sparks Street
Ottawa, Ont., Canada
K1R 7S8

John
17/2/87

TELEPHONE (613) 563-3321

TELEFAX (613) 563-7648
TELEX 053-3981 bhi ott

December 7, 1987

Senator Lowell Murray
Minister Responsible for the
Atlantic Canada Opportunities Agency
Room 275 S
Centre Block
House of Commons
Ottawa, Ontario
K1A 0A4

Dear Senator Murray:

Thank you very much for meeting with me on November 30, 1987, to discuss our project for Bear Head, Cape Breton.

I write to provide a short summary of the recent developments relating to this project.

Canadian Partner:

Lavalin Inc. has agreed to a joint cooperative agreement with Bear Head Industries to market Thyssen light armoured vehicles (LAVs) to Canada's DND. Both parties are actively exploring the opportunities for production cooperation at independently and/or jointly established facilities. (namely, at Bear Head and at the Trenton works).

Province of Nova Scotia:

Premier Buchanan and Minister Thornhill have committed, through the Nova Scotia Department of Development, an option for the land required for our plant. We will proceed with detailed discussions relating to the project as soon as a Federal commitment for vehicles is received.

U.S. Market Outlook for Thyssen:

The Thyssen Fuchs LAV was recently selected by the U.S. Army for a phase 1 order of 44 vehicles. The second phase of this order originally identified as 230 vehicles is now forecast at approximately 450 to 500 vehicles. As you are already aware, this is only a small part of \$200 billion U.S. Army program for armoured vehicles in the 1990s.

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Project Status:

A North American expansion of Thyssen's industrial base is still focused on Cape Breton, Nova Scotia, as a preferred site, but to trigger such a large capital investment, we still need to receive a letter of intent from the Government of Canada that would commit a minimum of 250 vehicles from DND's required 1600 LAV requirement. This would naturally be subject to a vehicle being defined and designed cooperatively between Thyssen and DND to meet the operational requirements of DND from the entire range of Thyssen technology. I have prepared a draft of such a letter that would be sufficient to secure our project in Cape Breton starting immediately (attachment).

Please note that moving the LAV order forward to 1990 from the original DND procurement date of 1992 is no longer required by us. We would proceed immediately with construction of the plant and undertake to load the plant with civil work as well as some work from the U.S. LAV order until production for the Canadian order could commence.

This armoured vehicle production facility will be unique in Canada and provide a major addition to Canada's Defence Industrial Base, establishing a new capacity to produce DND requirements domestically. Not to be overlooked is the very high skilled labour content of these products which will be built in Nova Scotia but will impact on the entire country through sourcing of components and systems.

In addition to this initial military vehicle production, we plan to bring immediate diversification to the plant through civil manufacturing associated with existing North American Thyssen operations and North American joint ventures.

Timing:

Having begun discussions with the Government of Canada in May of 1985, Thyssen cannot delay the decision of where to locate this North American manufacturing facility much longer. The increasingly encouraging market outlook in the U.S. helps to confirm the corporate decision to expand our North American operations by establishing this new facility, but understandably strengthens the case for locating in the U.S., and sites in that country are now being much more seriously considered. Time is of the essence.

If I can provide any further information on this subject, please do not hesitate to call me at 613-563-3321.

Sincerely yours,

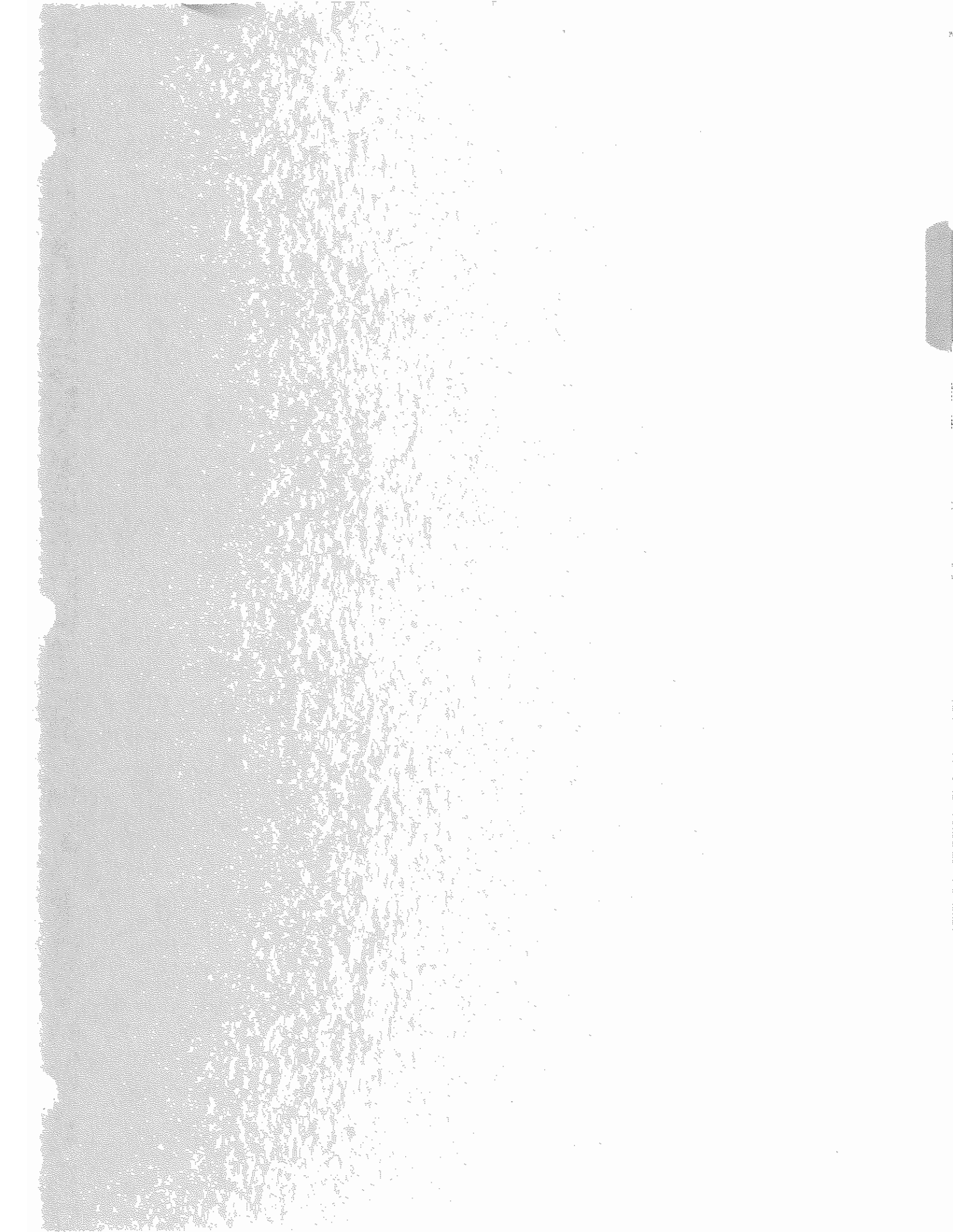
Karlheinz Schreiber
Chairman

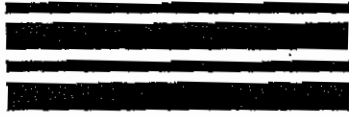
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Proposed draft Letter from Government of Canada to Bear Head Industries Ltd.

Based upon our policy of stimulating regional economic development through defence procurements and, conditional upon your establishment in Cape Breton of a suitable manufacturing facility, we commit to you an order for delivery in 1992 of the initial 250 light armoured vehicles of our 1,600 unit requirement, provided:

- a) in cooperation with DND you define and develop a vehicle from the entire range of Thyssen technology to meet DND operational requirements
- b) manufacturing of this vehicle will take place at your plant in Cape Breton, Nova Scotia
- c) you transfer the necessary technology to your facility in Cape Breton and share jobs with suitable Canadian manufacturing partners
- d) you meet our requirements in terms of quality, delivery and logistic support including personnel training
- e) you perform the aforesaid services/tasks at internationally acceptable prices





SUPERText



RCMP "A" DIVISION COMMERCIAL CRIME

File: A102
95A-517

EXHIBIT INFORMATION

DATE OBTAINED: 97-00-28
Obtained By: Cp. Paul Dallaire
Exhibit No.: 96-34
Item No.: 51
Location: 60 Queen St., Ottawa Ont.
ACOAS office

DOCUMENT CATEGORIZATION

Document Type: exhibit

Original: Yes No

COMMENTS file 3080 - T.O. v. 2

Threat BHI. June 1988 - August 1988.

p. 1 to 221.

Jmc-772

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MEMORANDUM

SECRET

June 1, 1988

To: Senator Lowell Murray

From: D.S. McPhail

Subject: THYSSEN

On Wednesday evening, I met with Karlheinz Schreiber of Bearhead Industries and Greg Alford, of GCI, on advancing the Thyssen file. This note reports on the outcome of that meeting.

I shared with Schreiber my view that there might be an immediate opportunity, possibly during the context of the June 15-21 visit by Chancellor Kohl to Canada, for the Government to consider the Thyssen heavy-industry proposal. In addition, key elements of the Cape Breton Investment Tax Credit -- a possible source of funds for assisting the proposed Bearhead facility -- expire June 30.

I pointed out to Schreiber that if the Government chose to adopt this fast-track approach, Thyssen would have to prepare immediately a formal business plan for the Bearhead facility. The business plan would state clearly the degree of Thyssen's commitment to future product lines -- particularly civilian production -- and provide comfort to Ministers that once established, the Bearhead facility would be independent of future government support.

I believe that Thyssen is in the process of backing away from its demand for a formal letter of intent from the Government, guaranteeing a contract for 250 light armoured vehicles. I expect that instead, Thyssen will seek increased regional development and site-establishment funding -- funding which I am hopeful could be accommodated within existing sources.

Of obvious concern are the timing constraints dictated by the pending visit by Chancellor Kohl. I understand that the Chancellor will be in Ottawa on June 15th.

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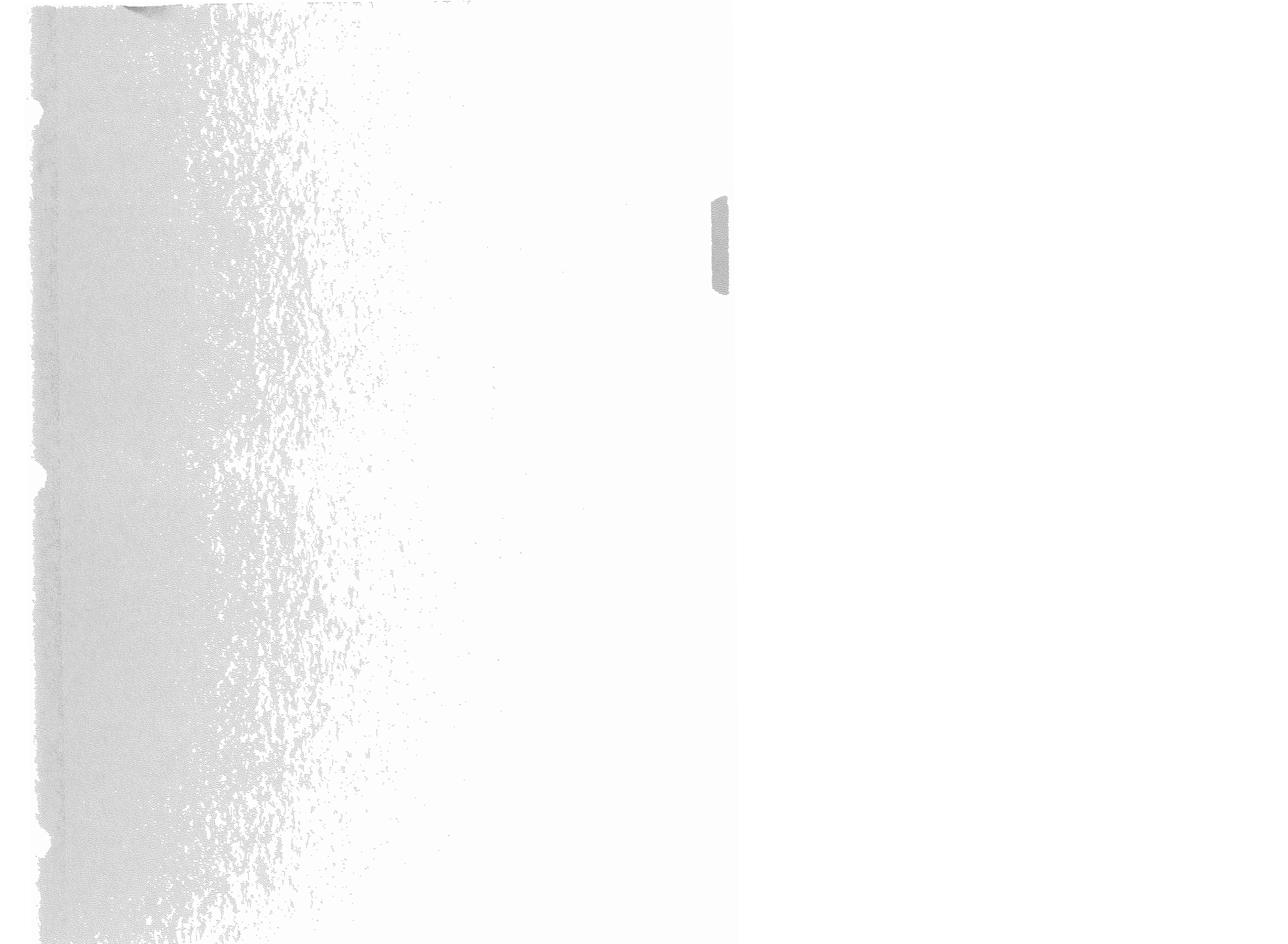
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SECRET

I would hope to receive a business plan from Thyssen which meets the Government's requirements by the middle of next week. If appropriate, the entire proposal could be tendered for consideration, first by key Ministers, and then more formally by Cabinet if necessary, early in the week beginning June 12.

While I agree that these timing challenges are considerable, I believe that the particular opportunities for Cape Breton afforded by moving forward at this point are worth seizing.

Don McPhail





Minister / Ministre

Ottawa, Canada K1A0A4

June 14, 1988

My dear Prime Minister,

As you are aware, Thyssen Industrie A.G. of West Germany is proposing through a subsidiary, Bearhead Industries, to establish a heavy industry manufacturing facility in Cape Breton.

I am writing to provide you with a brief summary of the status of Thyssen issue, in the event that you wish to raise this matter during your bilateral discussions later this week with Chancellor Kohl.

Given the still preliminary nature of the Thyssen proposal and bearing in mind the difficulties caused when Thyssen's earlier proposal was misunderstood, I doubt that you or Chancellor Kohl would wish to proceed publicly with this issue at this time. However, should mention be made of Thyssen's proposal, it will be important to stress that Thyssen is pursuing the establishment of a heavy industry facility for Cape Breton.

Although it continues to be clear that the initial basis for a decision by Thyssen to locate in Cape Breton is production aimed at the North American defence market, the long-term intention of both Thyssen and ourselves is the establishment of a commercial, civilian-oriented manufacturing plant. Thyssen believes, and we concur, that a facility of this nature would undoubtedly attract other manufacturing facilities to the Cape Breton region.

Generally speaking, I believe that Thyssen's proposal offers considerable economic benefits, including substantial employment, and opportunities for technology transfer in a particularly underdeveloped region of Canada.

.../2

The Right Honourable Brian Mulroney, P.C., M.P.
Room 309-S, Centre Block
House of Commons,
Ottawa, Ontario
K1A 0A3

Canada

Moreover, if the Government chose to facilitate the establishment of a heavy manufacturing plant at Cape Breton, this facility would dovetail very well with Lavalin's revitalized Trenton Works railcar facility, our defence priorities as articulated in the Defence White Paper, and of course, offshore development of the Hibernia field.

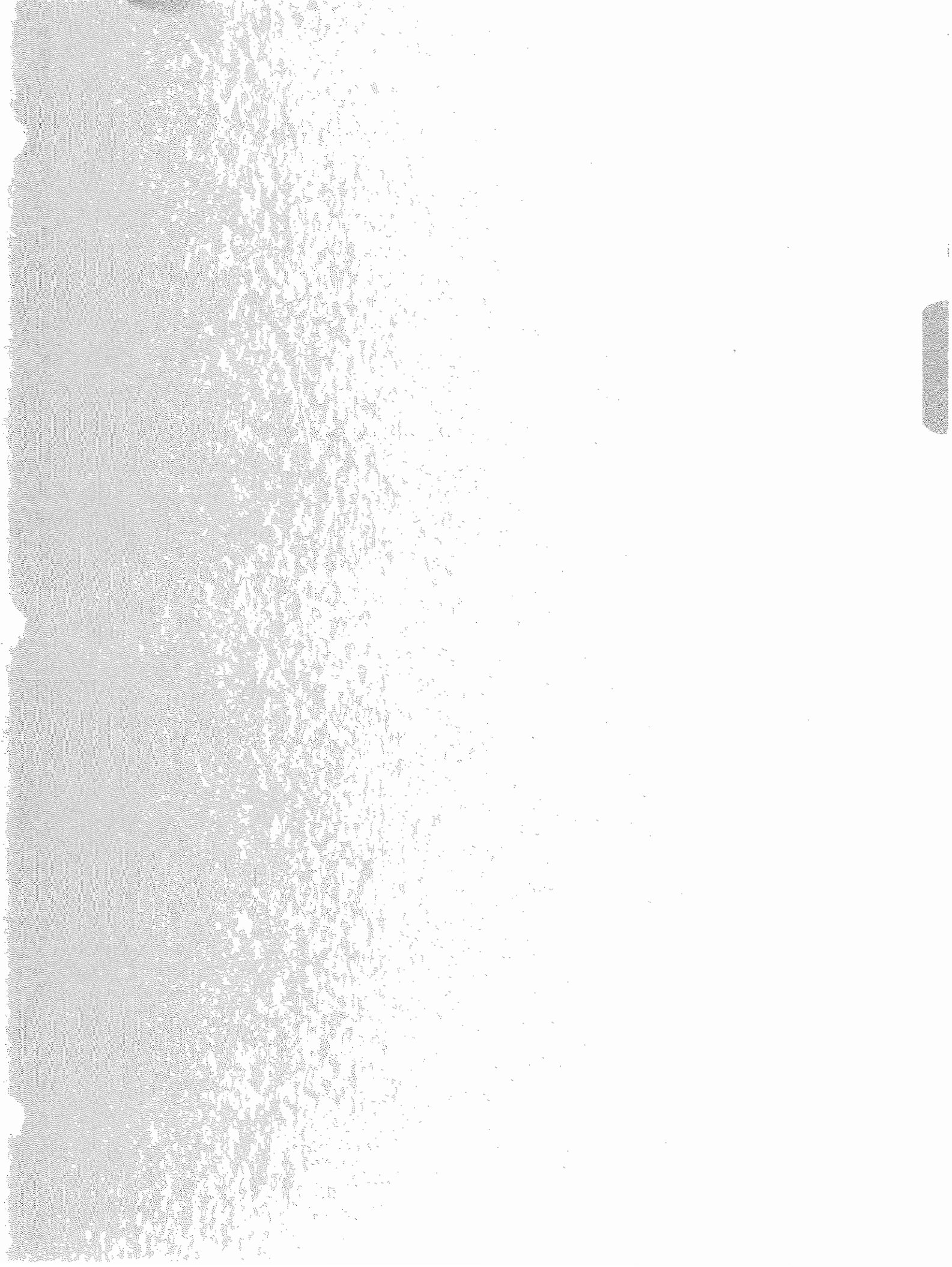
To conclude, I am confident that Thyssen's proposal would benefit Canada and Cape Breton, and the matter is poised to be concluded shortly.

Yours sincerely,

Lowell Murray

Lowell Murray

Att.





Atlantic Canada
Opportunities Agency

Head Office
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SECRET

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SUMMARY RECORD

COMMITTEE OF ATLANTIC MINISTERS

TUESDAY, JUNE 14, 1988

In attendance: Senator L. Murray (Chairperson)
J.C. Crosbie
S. McInnes
E. MacKay
G. Merrithew
B. Valcourt
D. Camp

Officials: D.S. McPhail
N. Moyer

Minister Murray informed his colleagues that the Agency was making a further submission to the Treasury Board, requesting additional person-years. He noted officials had expected four times the workload, however, with the program expansion and improvements, the actual case load was ten times greater. A large percentage of ACOA resources, therefore, have been diverted to program delivery. Minister Murray expressed his concern that the advocacy and coordination roles would suffer as a consequence. Mr. McPhail remarked the submission was a modest increase given the volume of applications the Agency was dealing with. He added resources had been borrowed from other functional areas in the Agency to beef up the program side.

Mr. Merrithew remarked that only 1300 person-years was available for allocation in 1988-89, against a demand of 5000. Demands were coming from the free trade and tax reform initiatives, as well as many others. Mr. McPhail stated his Department was carrying on more programs than its predecessor, DRIE, in addition to its new initiatives. He further noted the Agency was operating with fewer people than DRIE, productivity was four times greater, and people were badly overworked. Minister Murray noted the Agency would not be able to meet its projected 30 day turn around under these conditions. Minister Murray asked that an Agency official get in touch with Ministers Merrithew and McInnes before the submission went forward to Treasury Board, to supply them with all the arguments possible. In addition, Mr. McPhail agreed to meet with Mr. Veilleux to discuss the matter further.

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With respect to the Chair for Regional Development at the Université de Moncton, Minister Murray stated it would keep the profile of regional development high. He added that the universities had an integral role to play, and stressed the importance of encouraging a culture of entrepreneurship. Minister Valcourt would be making the announcement on behalf of Minister Murray.

Mr. McPhail informed that he had asked Thyssen officials to submit a business plan before the Chancellor's visit. In the plan, he wanted the company to confirm its intentions to move away from a firm commitment for light armoured vehicles, and instead, move towards more traditional regional development assistance and grants for their heavy industry facility. Mr. McPhail stated Thyssen had now backed away from the issue, because their associates in Ottawa had heard about a draft Memorandum to Cabinet from DND, allocating certain procurement to the West.

Mr. Mackay noted the possibility that sooner or later, their proposal could be overtaken by events. He stressed that Thyssen was prepared to put a major industrial presence in the region. Mr. McPhail stated that he did not see any alternative to this course of action. Minister Murray requested a note on this issue be written for the attention of the Prime Minister.

Concerning the Halifax Metro Agreement, Minister Murray explained that federal funds would be directed to particular parts of the agreement. He also noted the polluter pay principle. Minister Valcourt raised his concern about distancing from the perception that ACOA's funds were being used for infrastructure. Minister Murray agreed Mr. McInnes' announcement would have to be refined to address this concern.

With respect to the next round of ERDA meetings with his provincial colleagues, Minister Murray stated he had met with Premier McKenna and would be meeting with Premier Ghiz this week, and was arranging meetings with Premiers Peckford and Buchanan.

Ministers agreed it was necessary to have a list of management principles for the ERDA process for federal line departments, as well as a letter to line departments concerning further negotiations.

Meeting adjourned at 9:05 a.m.

Date
27.06.88

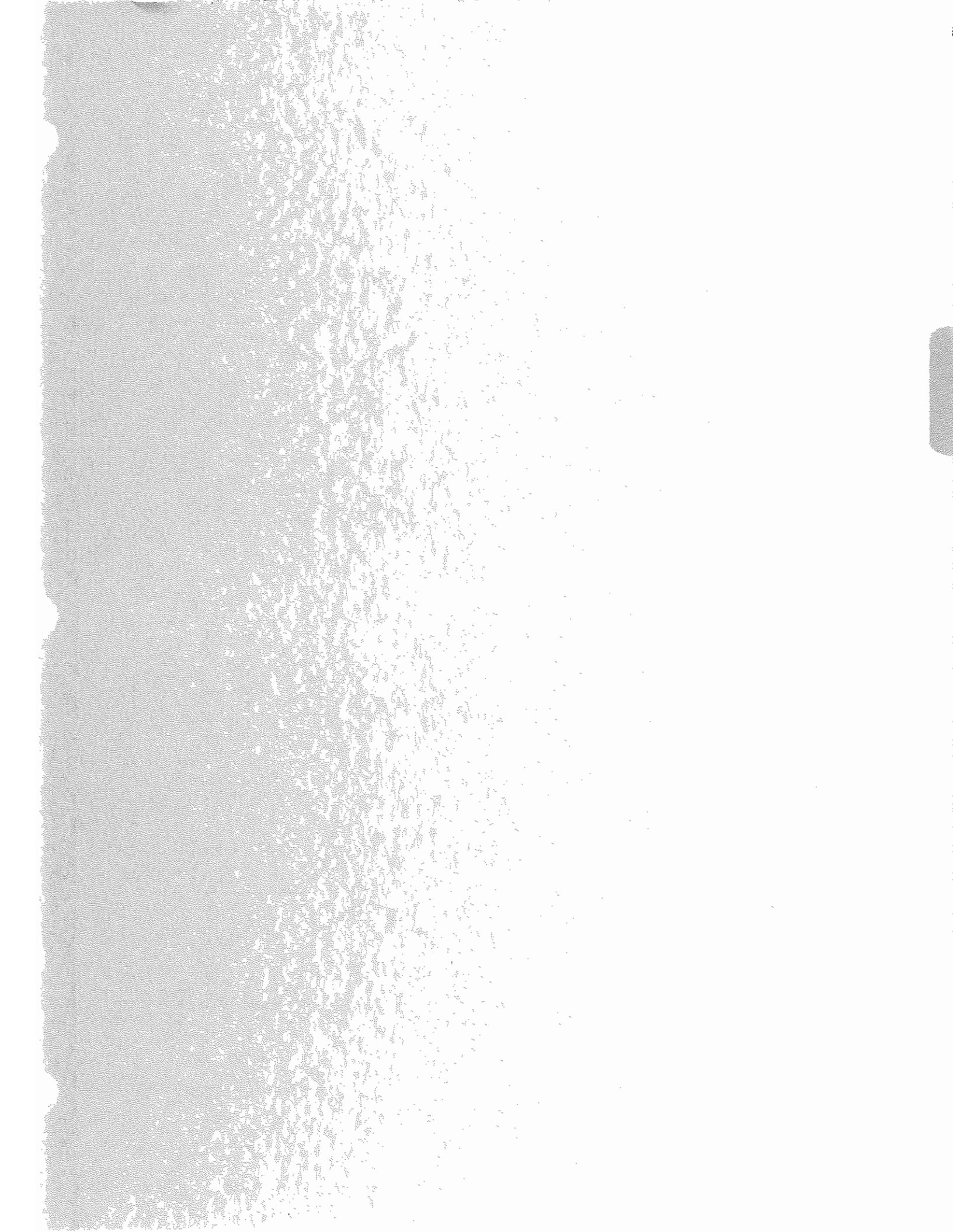
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BEAR HEAD INDUSTRIES LIMITED

Suite 908, 350 Sparks Street
Ottawa, Ont., Canada
K1R 7S8

TELEPHONE (613) 563-3321

TELEFAX (613) 563-7648
TELEX 053-3981 bhi ott

The Right Hon. Brian Mulroney, P.C., M.P.
Prime Minister of Canada
Ottawa, Ontario
K1A 0A2

February 1, 1988

Dear Mr. Prime Minister:

As you are already aware, Thyssen Industrie AG has been interested in a major expansion of our North American activities into heavy industries. The initiation of this expansion will be based on armoured military vehicle production with industrial diversification plans being implemented upon securing adequate commitments for armoured military vehicles from this new facility.

To understand the investment conditions and regional development priorities for Atlantic Canada we have had lengthy discussions with Atlantic Canada Opportunities Agency (ACOA) and also with the Province of Nova Scotia. The outcome of which has been the identification of a site for our industrial facility at Bear Head near Port Hawkesbury on Cape Breton.

We are aware that the Canadian Armed Forces have requirements in the near future for tracked vehicles, namely, Main Battle Tanks (MBT's) which the Canadian Armed Forces hope

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BEAR HEAD INDUSTRIES LIMITED

-2-

to acquire, starting in about four years time, and Light Armoured Vehicles/Light Armoured Utility Vehicles (LAV/LAUV) starting approximately five years from now.

In response to these DND requirements, we have broadened our original proposal to produce LAV's/LAUV's, to include a production of major components and establishment of a total maintenance and support centre for the main battle tank (MBT). Krauss Maffei has committed to participate in this proposed centre through the commitment of the manufacture of heavy components such as the hull and turret structure of the Leopard II. Krauss Maffei, who are teamed with Ferrostaal AG for the Canadian program, have detailed their cooperation in the attached letter. Cooperation between Thyssen and Krauss Maffei is already well established, as Thyssen Industries is a supplier for approximately 20% of the major component content of the Leopard II in its West German production.

This will create a unique defence equipment centre of excellence for Canada to be established with the inherent ability to manufacture, sustain and support the entire Canadian Forces need; simultaneously, this fits very well with the already agreed partnership and facility production linkages between Thyssen/Bear Head and Lavalin Inc. and their newly acquired Trenton Works.

Military contracts for MBT's and LAV's/LAUV's could be used as a springboard to realize the development of an industrial complex which it is envisaged will have major civilian components as well as military capacity.

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BEAR HEAD INDUSTRIES LIMITED

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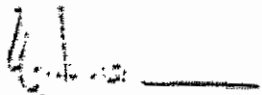
If the Canadian Government finds this proposal of interest, the companies involved would be happy to enter into immediate negotiations to refine this project, finalize contracts, and start the project immediately upon receipt of confirmation of commitment from the Canadian Government.

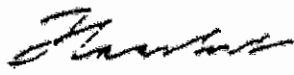
The companies herein committing to work jointly are prepared to bring investment capital, to commit to a transfer of technology and undertake to establish and carry out research and development at this facility in order to bring to fruition an industrial complex which will meet agreed upon expectations.

The location near Port Hawkesbury, Nova Scotia will allow us to supply the Canadian market, enter into competition in the American market, and enable the export overseas of a diversity of products, subject of course to the receipt of appropriate Canadian export permits.

If the Government of Canada feels that the proposal should be pursued then contact made with Bear Head Industries Ltd. at 908-350 Sparks Street would be welcomed.

With sincerest regards,


J. Müssmann
Bear Head Industries


W. Haastert
Thyssen Industrie AG

Attachments:
Letter from Krauss Maffei

cc: Krauss Maffei

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G-4

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The Prime Minister has asked me to reply on his behalf to your February 1 letter concerning Thyssen Industrie AG's proposal to develop a production facility in Nova Scotia.

The Thyssen proposal has been under active consideration for some time. As you know, it has implications for a number of major procurement decisions, and I am unable, therefore, to respond on behalf of the government at this time. Please accept my thanks for your expression of interest in this matter.

I have sent an identical letter to your colleague, Mr. Haastert.

Yours sincerely,

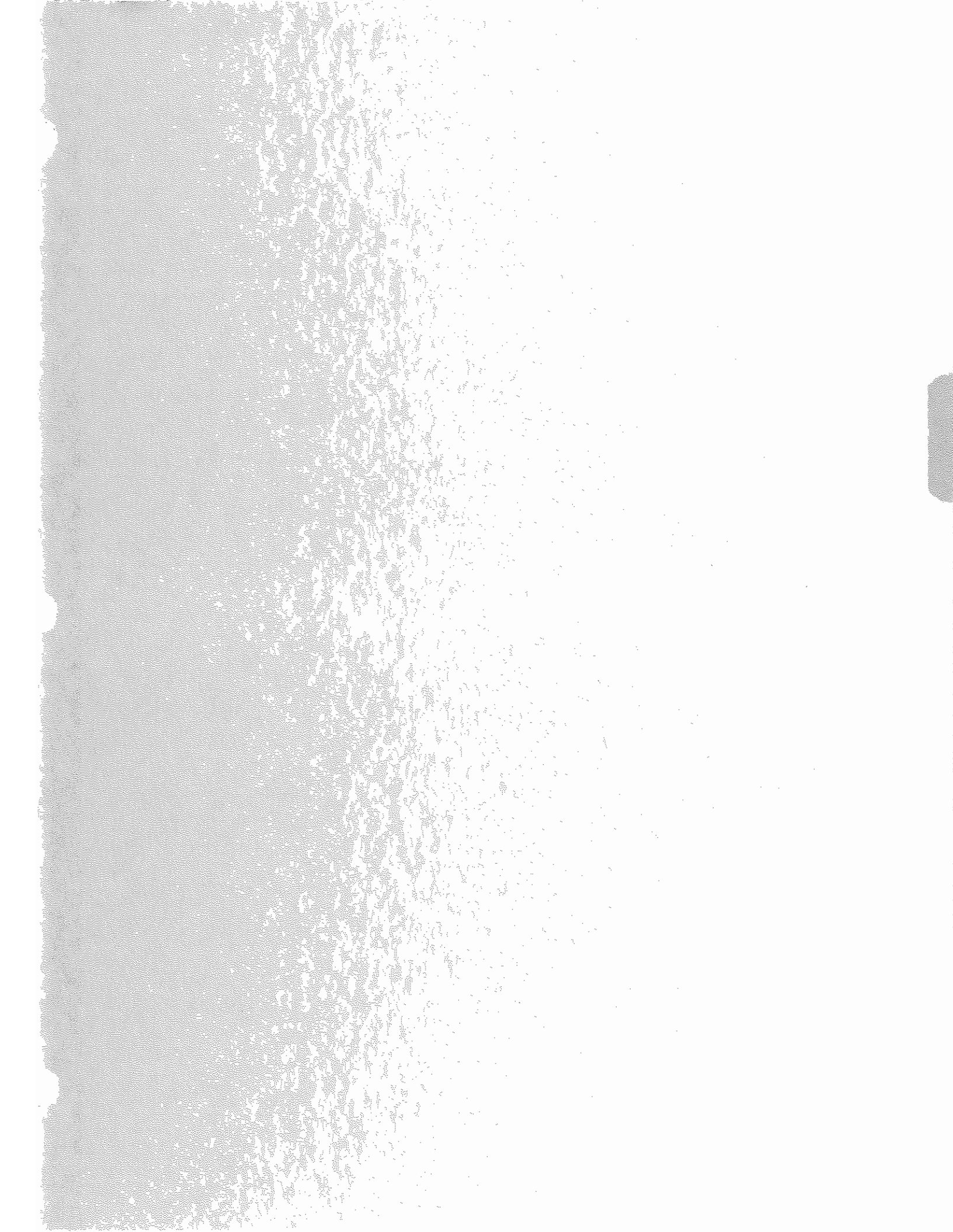
Lowell Murray
Minister

Mr. Jurgen Massman,
President,
Bear Head Industries Limited,
Suite 908,
350 Sparks Street,
Ottawa, Ontario.
K1R 7S8

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SUPERText



RCMP "A" DIVISION COMMERCIAL CRIME

File: A102
95A-517

EXHIBIT INFORMATION

DATE OBTAINED: _____
Obtained By: _____
Exhibit No.: _____
Item No.: _____
Location: _____

DOCUMENT CATEGORIZATION

Document Type: _____

Original: Yes _____ No _____

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Government of Canada

Gouvernement du Canada

MEMORANDUM

NOTE DE

TO
A

D.S. McPhail
c.o. J. Wilkins

FROM
DE

W. Potter

SUBJECT
OBJET

Results of July 6 Discussion on Thyssen

SECURITY CLASSIFICATION: SECRET C.C.I.
OUR FILE - N / RÉFÉRENCE JMC-826
YOUR FILE - V / RÉFÉRENCE
DATE July 6, 1988.

This morning's discussion on the proposed "statement of intent" (SOI) between Ministers and Thyssen was not encouraging.

Attendees were: ACOA - Potter, McDowell
DRIE - Mackay, Taylor
DND - Healey

ACOA Position

- . Thyssen file has been ongoing for over a year;
- . Thyssen anxious to conclude negotiations regarding:
 - a) its participation in the U.S. project; and
 - b) approval from their Board of Directors to proceed with a North American facility;
- . SOI is nothing more than we would normally do;
- . Senator Murray will be reporting to the Prime Minister on the status of the Bearhead project; and
- . feel the SOI should be supported.

The general positions of both DND and DRIE were the following:

- . not supportive of putting forward SOI as written to respective Ministers for signature, because SOI appears to imply a degree of contractual obligation;
- . will respond formally to ACOA by the end of this week with particular concerns; and

Handwritten signature and date: 7/2

- 2 -

- . as a compromise -- and delaying factor -- suggest that Senator Murray exchange letters with each of Messrs. Beatty and de Cotret on respective undertakings -- letters which presumably could be shared with Thyssen.

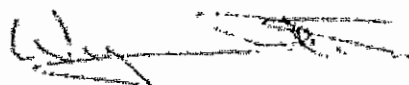
The specific concerns raised were the following:

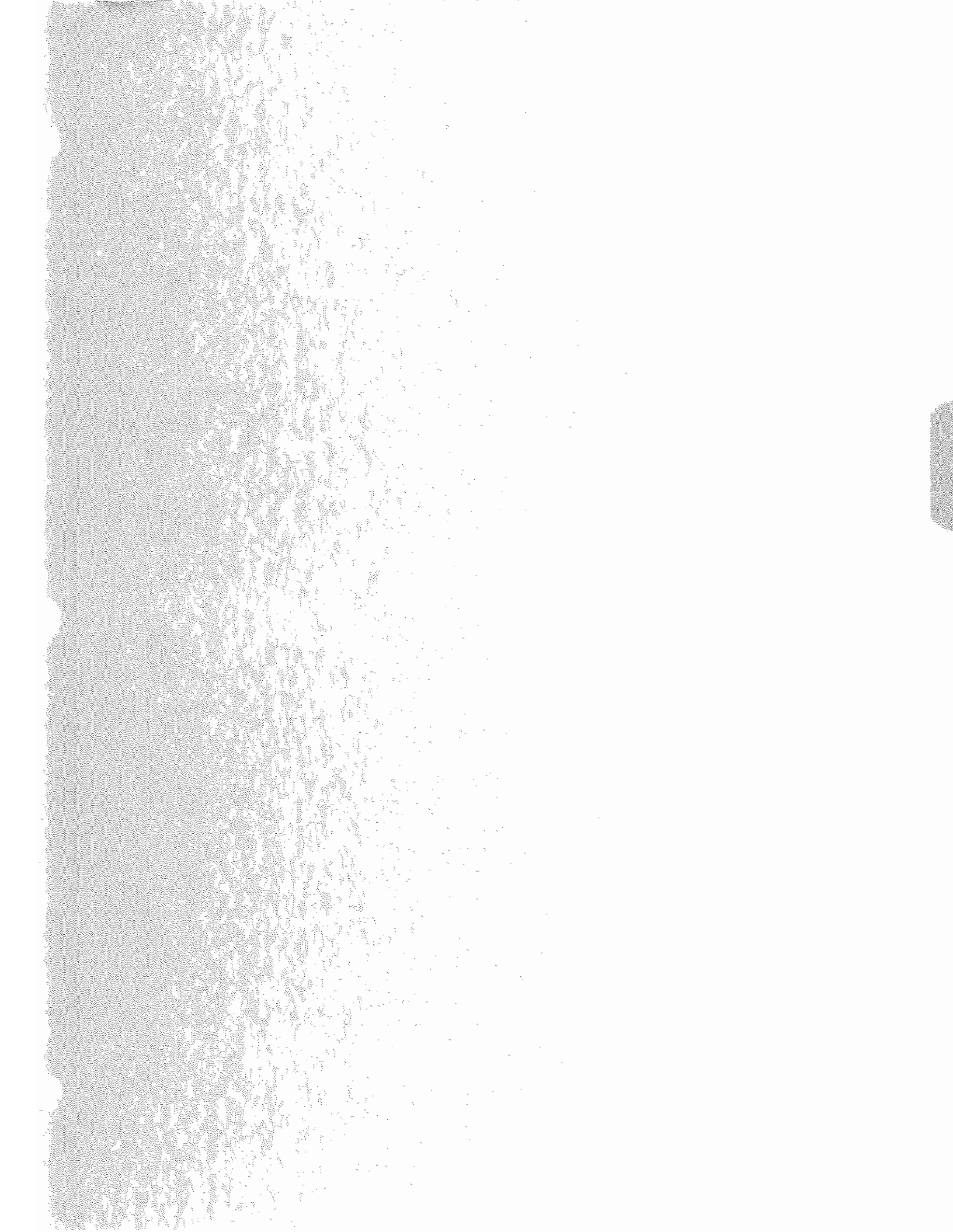
DRIE

- . worried about apparent lack of commitment by Thyssen to meaningful civilian diversification (worried about getting the Government "half-pregnant");
- . excess Canadian productive capacity in military vehicle sector -- speculated about possible closure of GM Diesel Division; and
- . cited historical controversy regarding Thyssen and "extremely-strongly-held views by Ministers" on this issue.

DND

- . entire DND capital acquisition program -- including LAV's -- is uncertain and mired in the Government's approval process;
- . see SOI approach as possibly requiring Cabinet approval due to need to seek views of other Ministers (Clark, Jelinek); and
- . Beatty extremely reluctant to "regionalize" additional major military issues in light of recent (TCCCS, NTV, NRMP) disappointments.


Wynne Potter





Atlantic Canada
Opportunities Agency

Ottawa Office
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DRAFT

MEMORANDUM

July 11, 1988

TO: The Honourable Lowell Murray
FROM: Don S. McPhail
SUBJECT: Attached letter to the Prime Minister
concerning Thyssen

Attached for your signature, if you agree, is a letter to the Prime Minister providing an assessment of the Thyssen proposal and stressing the significant economic benefits the Thyssen project would create in Cape Breton. Your letter also indicates the rationale for negotiating a "statement of intent" between the Government and Thyssen.

The letter points out that while the Thyssen facility would initially engage in defence-related production aimed at North American markets, the long-term intention of Thyssen and yourself is the establishment of a commercial, civilian-oriented manufacturing facility.

In concluding, the letter notes that if the Prime Minister shares your view that the Cape Breton heavy-industry facility be established, he may wish to speak to Messrs. Beatty and de Cotret to solicit their support.

Don S. McPhail

Attachment

Canada



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Moncton (N.-B.)
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FAX: (506) 857-7403



Sent by MICOH
Jul 11/88

MEMORANDUM

DATE: July 12, 1988
TO: The Honourable Lowell Murray
FROM: D. S. McPhail
President-designate
SUBJECT: Thyssen

AS a supplement to the letter you have signed to the PM on the Thyssen case, you might want to have available:

1. The draft Statement of Intent prepared by us which Thyssen is generally aware of and would find too non-committal with respect to the defence procurement; and
2. Letters from DND and DIST stating their relatively negative reaction to the Statement of Intent.

D. S. McPhail

Attachment

cc W. Potter
J. Wilkins

Canada



Atlantic Canada
Opportunities Agency

Agence de promotion économique
du Canada atlantique

Minister

Ministre

Ottawa, Canada K1A 0A4

SECRET

July 12, 1988

My dear Prime Minister,

Some time ago, you requested me to examine and further develop, as required, the proposal by Thyssen Industries A.G. to establish a heavy-industry manufacturing facility in Cape Breton. I am writing to provide you with my assessment, and to recommend a course of action for the Government to facilitate the realization of the Thyssen project.

I am fully satisfied that given the nature of the company's development approach to its world-wide operations, Thyssen's proposal for Cape Breton offers very considerable economic benefits, including substantial employment, and opportunities for technology transfer, to a particularly underdeveloped region of Canada. Under arrangements already tentatively in place, the Cape Breton plant would also pursue shared production and sourcing arrangements with Lavalin's revitalized Trenton facility, and be ideally-positioned to participate in the development of Hibernia. Moreover, the heavy-industry capability of the Thyssen plant would also dovetail exceedingly well with the production and sourcing requirements of Krauss Maffel's proposal to us for Canadian and West German coproduction of main battle tanks, and related components.

Although it continues to be clear that the initial basis for a decision by Thyssen to locate in Cape Breton is production aimed at North American defence markets, I accept the Company's assertion that the long-term intention of Thyssen is to establish a commercial, civilian-oriented, manufacturing plant. Thyssen believes, and we concur, that a facility of this nature would undoubtedly attract other manufacturing facilities to the Cape Breton region.

.../2

The Right Honourable Brian Mulroney, P.C., M.P.
Room 309-S, Centre Block
House of Commons
Ottawa, Ontario
K1A 0A3

Canada

This corporate requirement for a defence order as a basis for launching the Cape Breton plant, has been the stumbling block. Initially, Thyssen sought a commitment from the Government for a portion of our expected light armored vehicle purchase. We have consistently refused partly because such sole sourcing, even subject to certain conditions about price and quality, runs counter to policy; and partly because of the existence of other potential producers even in the Atlantic Region itself. Lately, Thyssen has become confident that the initial military order for the Cape Breton heavy-industry facility could be had in a contract to supply, on a sole-source basis, some 500 of the Thyssen "Fox" armoured vehicles to the U.S. armed forces. To meet this production, Thyssen is pursuing formal partnership arrangements with U.S.-based General Dynamics. It remains uncertain however.

I have directed Don McPhail to negotiate with Thyssen on the basis of a "statement of intent", which would set out the status of our progress to date. While of a non-binding character a written confirmation of our understandings so far would be quite helpful to Thyssen, not only to shore up its partnership negotiations with General Dynamics, but would also facilitate the authorization from Thyssen's own board of directors, to proceed in Cape Breton.

Such a statement of intent would be restricted to an affirmation of the Government's policy on economic development programming, and defence site-establishment assistance, for which Thyssen would normally be expected to be eligible. There would be no commitment, implied or otherwise, to source a military contract to Thyssen, on other than competitive grounds in complete accordance with our existing procurement policy. For its part, Thyssen would "undertake" to proceed with the plant subject to such assistance and once its formal submissions in the form of business plans are submitted - something it cannot do immediately.

Thyssen is counselling, and we concur, that to be most helpful, such a written statement be entered into, not only by myself, but also by Mr. de Cotret, in light of his responsibilities for defence industrial programming, and by Mr. Beatty.

Don McPhail and his staff have met on several occasions lately with senior representatives from each of DRIE and DND. These departments have not been supportive of the Thyssen proposal, nor the approach we have been pursuing, i.e. the statement of intent, which we have drafted. DRIE is concerned about existing capacity elsewhere (GM); and both argue the approach adds little to the existing situation, and the company should proceed to develop in Cape Breton without it.

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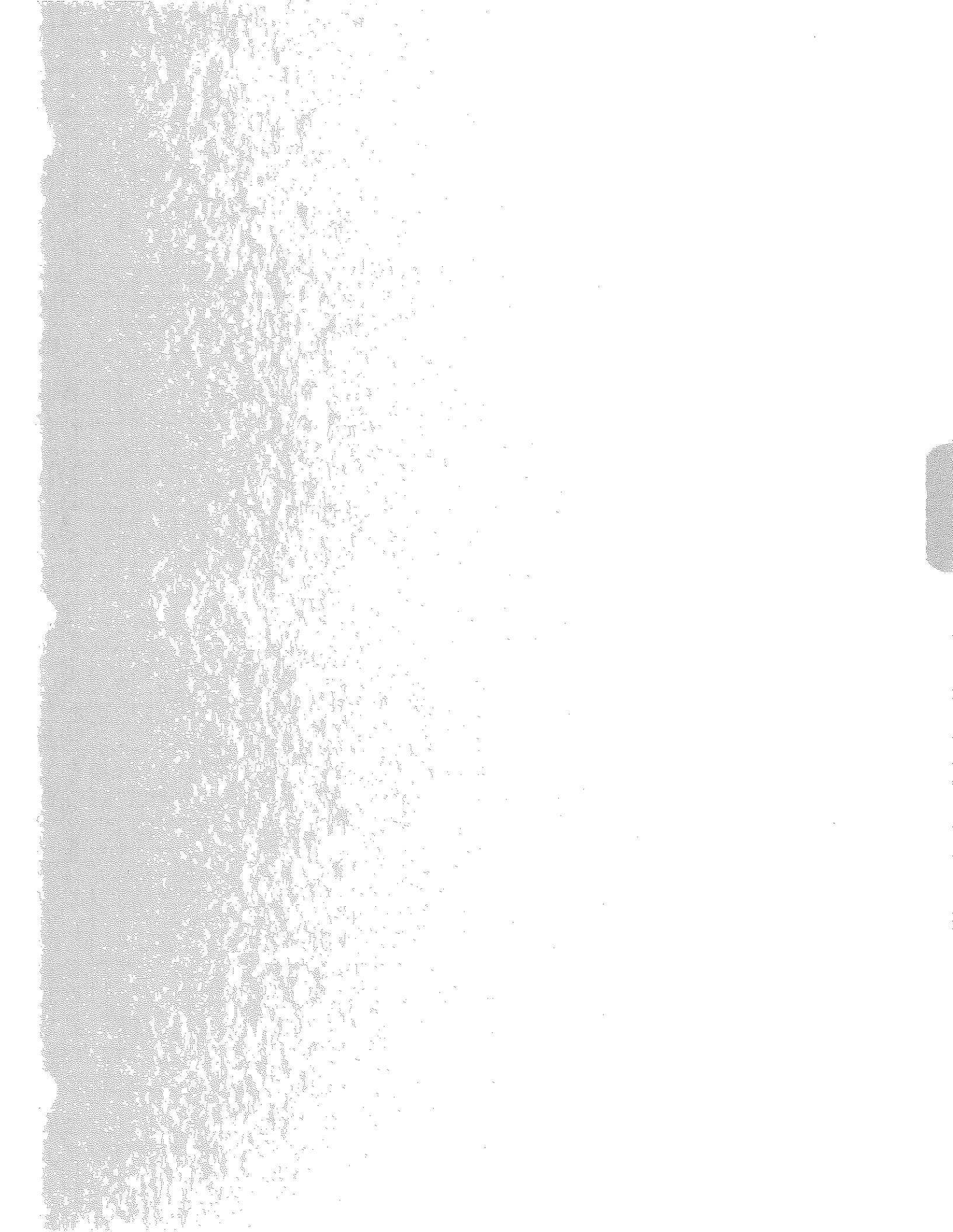
To conclude, I am confident that Thyssen's proposal would benefit Canada and Cape Breton. While the Cape Breton heavy-industry facility would engage initially in defence production, Thyssen plans to pursue diversification into civilian production as soon as practicable. Moreover, the proposed statement of intent is entirely in accordance with existing Government policy, and does not involve a commitment by the Government regarding upcoming defence projects. It is, of course, something that still has to be negotiated with the company, who will attempt to strengthen its terms. What I believe we must now have, however, is a kind of letter of intent - just as we had to have one, albeit somewhat more binding but in many respects incomplete, in order to move Lavelin to the point of taking over Trenton, and in other cases where some preliminary stimulus was needed.

If the Bearhead project is to be brought to fruition, you may wish to share your views with our colleagues, Mr. de Cotret and Mr. Beatty, in order to solicit their support for this approach.

Yours sincerely,

Howell Murray

Howell Murray





SUPERText



RCMP "A" DIVISION COMMERCIAL CRIME

File: A102
95A-517

EXHIBIT INFORMATION

DATE OBTAINED: 97-02-28
Obtained By: Cd. Paul Desjardins
Exhibit No.: 96-34
Item No.: 55
Location: 60 Queen St. East, Ont. Ont.
Acad. Office

DOCUMENT CATEGORIZATION

Document Type: exhibit

Original: Yes No

COMMENTS Black binder containing information
on BA and Therapy



Atlantic Canada
Opportunities Agency

Head Office
P.O. Box 6051
Moncton, N.B.
Canada E1C 9J8

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FAX: (506) 857-7403

Agence de promotion économique
du Canada atlantique

Siège social
B.P. 6051
Moncton (N.-B.)
Canada E1C 9J8

(506) 857-6523
FAX: (506) 857-7403



MEMORANDUM

JUL 15 1988

TO: The Honourable Lowell Murray
cc: Ross Reid
FROM: D. S. McPhail
President-designate
Subject: Thyssen

Following a six-hour session today with Thyssen (Schreiber plus Gerry Doucet), we reached agreement on a document - an "understanding in principle", which effectively constitutes what, in my judgement, both the company and the Government of Canada can bear: i.e., if signed in its existing form, Thyssen would start construction at once. Yet, it is indeed an imperfect document: it is no more than the record of understandings which precedes (and normally is not required as a precedent to) a formal "Memorandum of Understanding"; it binds neither the Government nor the Company in a manner which the other side would wish; and, if fully observed, it fails to guarantee that Thyssen will do more than construct a shed, largely with public funds, despite its longer-term intentions, which we judge to be bona fide.

Despite such general shortcomings, I now regard the project as a certain starter if we can live with the attached document. Its pro's and con's are the following:

.../2

Canada

Advantages

- (1) the company would proceed to build the facility; it would not, however, begin to employ production personnel until a firm contract for something is in hand;
- (2) the Government is protected both in the preceding situation - lack of contract - and in case of failure later of the company to begin production of commercial items;
- (3) any commitment by the DRIE Minister is a "normal" one - eligibility for DIPP and eligibility for an IRDP-type grant: the former is not a problem, the latter would be (see below);
- (4) the commitment of the DND Minister, which we explored at length so there could be no misunderstanding, is contained - single sourcing is not involved, and should not be in our opinion; but Thyssen is assured of participation in LAV procurement provided a certain number of stipulations they accept are met. The issue here is whether in this form a commitment to buy Thyssen is made; indeed a presumption of buying Thyssen is involved but not necessarily more than a token number of units if - in a situation of equal competition, others were equivalent to Thyssen in the various criteria (including regional development benefits). (The test of this of course, is whether other potential suppliers can be given the same conditional undertakings, and in our view this test can be passed). In short, the qualifications of the confirmation of Thyssen's eligibility "to participate" should be regarded in themselves as sufficient to condition the commitment, though DND will not see it this way.

Disadvantages

- (1) Any successful attempt to allege this approach is one involving "sole-sourcing" would damage Atlantic interests for LAV and other procurement.
- (2) The DRIE commitment cannot be backed (at present) by money: "enter ACOA" to the greater than \$20 million category; but this is not "bailout"; and the cost per job is relatively low, and the development aspects are good -- this means "changing mandates", but we can afford financially to do so. The Lavalin-Hawker Siddeley deal is a reverse precedent. If this point of principle is covered, the practical aspects, involving ACOA funding, are worthwhile.

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- (3) The DND commitment is more complex. However, as posed above, the question is how much cushioning does DND need, or how much should they have. I consider they are fully protected and don't understand why they differ on this.

On balance, therefore, I think the deal inherent in this text should be concluded. It is a "good" deal. The text attached has not had full legal nor substantive vetting on either side, but the company will buy it, subject only to final review - i.e. it is ready either to sign subject to some chance for detailed review - the principles are acceptable - and we need some flexibility to do likewise. There is a climate of confidence, however, and an announcement of an agreement in principle is possible, subject to its "marketing" on three points:

- (1) PCO must acquiesce in the existing state of affairs: ACOA not DRIE, is now effectively handling greater than \$20 million non bail-out projects, because DRIE, having re-profiled its reference levels, has no money. If understood to involve new projects not bail outs, we could do this - we will want more money but we'll survive in the short run.
- (2) much more important, DND must be brought to see their interests are protected in the language: sole-sourcing, "no"; "preferred position", yes. The other DND concerns are met.
- (3) DIST must simply confirm that it will play its role.

Tactics

It would be inadvisable to try to sign the document without more legal and substantive advice. Yet it must not be allowed to drop into an interdepartmental committee.

The best calculated risk is:

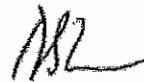
- (a) to get Ministerial approval at large (i.e. by Prime Ministerial direction) with a view to "legal vetting" next week, though we'll have to allow for some substantive change if absolutely warranted; and
- (b) to make an announcement at once that makes this a matter of record, bearing in mind there is a downside: we have been careful, not clever, to circumscribe the clinching point with Thyssen. Nevertheless, they have lately doggedly returned to the charge for some form of guarantee about participation in our LAV program if there is one, following GM of Canada's fight in the USA - with Canadian Government help - to prevent the earlier envisaged US sole sourcing of LAVS to Thyssen, and GM's offer to move its Windsor facility to the US if it could have the order instead. If made public in all its details, this arrangement could have negative input.

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As long as the Government accepts these risks, and a communications strategy is worked out accordingly, the situation should be manageable. The Nova Scotia Government must be involved in advance.

My colleagues in DIST and DND do not like the form of this arrangement, but it is needed to make the project go. Their specific objections are dealt with as I see it.

At the Ministerial level, there will be concern this is Atlantic sourcing; it is not. We have built penalties in if Thyssen does not proceed with civilian goods. It is not an exclusive arrangement. But it is a good regional development deal for Cape Breton.



D.S. McPhail

DRAFT
July 15, 1988

UNDERSTANDING IN PRINCIPLE

This document signed this day of July, 1988,

between: THE GOVERNMENT OF CANADA, as represented
by:

i) the Minister responsible for the
Atlantic Canada Opportunities Agency
(hereinafter called "the ACOA Minister"),

ii) the Minister of Regional Industrial
Expansion (hereinafter called "the DRIE
Minister"), and

iii) the Minister of National Defence
(hereinafter called "the National Defence
Minister"); and

BEAR HEAD INDUSTRIES LTD., a company
incorporated under the laws of
Nova Scotia, a subsidiary which is
One Hundred (100%) Percent owned by
Thyssen Industries A.G. of the Federal
Republic of Germany (hereinafter called
"the Company").

WHEREAS the Government of Canada desires to foster
the economic expansion and industrial development of Cape
Breton;

WHEREAS the Company must have in place a North
American heavy-industry manufacturing facility on an urgent
basis, and desires to establish such a facility in the Bear Head
peninsula region of Cape Breton;

WHEREAS the Government of Canada recognizes that
the proposed Bear Head facility represents an important economic
development and diversification of the industrial base of
Cape Breton; and

WHEREAS the Company is preparing financial details
on its proposal, to meet the information requirements of the
Government's established regional development capital
contribution, and other assistance programs.

1. In accordance with this Understanding in Principle, the Company shall establish a diversified heavy-industry manufacturing facility in the Bear Head region of Cape Breton, Nova Scotia, which will:

(a) create in Cape Breton a new and diversified activity in the Canadian civilian and defence industrial base, which under the Canada U.S. Defence Production Sharing Agreement qualifies for access to North American defence markets;

(b) transfer to the facility, all technology necessary for the construction of light armoured vehicles, and other heavy-industry products;

(c) source its requirements co-operatively from, and implement arrangements for joint-venture activities with, the Lavalin (UTDC) heavy-industry facility, in Trenton, Nova Scotia, in accordance with existing agreements between the Company and Lavalin;

(d) to the greatest extent possible, source its requirements from, and promote the establishment of, small business enterprises located in Atlantic Canada;

(e) implement arrangements for co-production with Krauss Maffei, in accordance with existing agreements between the Company and Krauss Maffei, if, under the Main Battle Tank project envisaged by the Government of Canada, Krauss Maffei is selected to manufacture Canada's replacement battlefield tanks; and

(f) employ a minimum of 500 people on a permanent, full-time basis and, where necessary, train these individuals in required skills and knowledge, utilizing, where appropriate, local educational facilities.

2. In accordance with this Understanding in Principle, the Government of Canada, in order to facilitate the establishment of the Company's heavy-industry manufacturing activity in Cape Breton, will:

(a) enter into an agreement with the Province of Nova Scotia, in accordance with existing letters to the Company from the Premier of Nova Scotia, to put in place financial arrangements for the co-funding of required physical infrastructure, up to a maximum value of \$27 million, and to use the Strait of Canso Industrial Development Subagreement as a source of funding;

(b) entertain an application by the Company to the Minister of National Revenue for assistance, up to a maximum of \$68 million, under the provisions of the Cape Breton Investment Tax Credit, in accordance with the formal application for such assistance filed by the Company prior to June 30, 1988;

(c) entertain an application by the Company to the Minister of National Revenue for duty remission on the importation of machinery, parts, and components for the manufacturing of vehicles, under the Machinery and Equipment Tariff Program, consistent with this program at the time of such importation; and

(d) entertain an application by the Company to the Minister of Employment and Immigration for government participatory funding, for initial employee training.

3. In recognition of the need to proceed urgently, the Government of Canada and the Company agree to adopt a two-phased approach to the establishment of the Bear Head facility.

PHASE I

4. The Government of Canada and Company agree that in Phase I, the respective parties will undertake the following:

(a) the Company:

(i) the Company will proceed forthwith with the construction of an initial plant, as described in the document submitted to ACOA in March 1988, requiring an initial capital investment of \$58 million, to manufacture defence products for the North American markets;

(ii) the Company will have submitted a formal application to Enterprise Cape Breton, in advance of June 30, 1988, seeking assistance under the Cape Breton Investment Tax Credit (CBITC); and

(iii) the Company will provide by September 15, 1988, financial and other details associated with Phase I, and, in the shortest time possible thereafter, the remaining information required in order to qualify for assistance under the Defence Industries Productivity Program (DIPP), and other government assistance programs, under which funding is sought.

(b) the Government of Canada:

(i) the ACOA and DRIE Ministers will ensure that the Company receives assistance under programs delivered by Enterprise Cape Breton, up to a maximum level of 50 percent of eligible project costs, consistent with these programs at the time the Bear Head project becomes eligible for such assistance;

(ii) The Minister of National Defence, in recognition of the excellent international reputation for quality and performance earned by Thyssen Industries A.G. in the military vehicle sector, and in the context of the major acquisition program for the upgrading of the Canadian Forces envisaged in the Defence White Paper, will ensure that the Company participates in the Light Armoured Vehicle Procurement Program, envisaged to occur in the early-to-mid 1990's, provided the Company:

(a) develops, designs, and manufactures, in its Cape Breton facility, these vehicles from its entire technology range according to the operational requirements of the Government of Canada;

(b) meets the Government's requirements for quality, delivery, and logistic support, including personnel training,

(c) delivers and performs at internationally competitive prices, and

(d) provides acceptable regional and industrial benefits; and

(iii) the DRIE Minister will provide the Company with capital establishment assistance under the Defence Industries Productivity Program (DIPP), consistent with this program at the time the Bear Head project becomes eligible for such assistance.

PHASE II

5. The Government of Canada and Company further agree that in Phase II, the respective parties will undertake the following:

(a) the Company:

(i) the Company will proceed not later than twelve (12) months after the commencement of production under Phase I, with diversification into heavy civilian manufacturing production targeted at Canadian and international markets;

(ii) the Company will provide within six (6) months after the commencement of production under Phase I, financial details including product and market projections associated with Phase II; and

(iii) should Phase II not be proceeded with, the Company will reimburse the Government of Canada for:

(1) assistance as is provided by the ACOA and DRIE Ministers under paragraph 4 b(i) above, and

358

(2) a portion, to be determined in subsequent negotiations, of the infrastructure assistance provided under paragraph 2 (a) above, in the event that the planned employment level of 400 people for Phase I is not sustained for 5 years.

(b) the Government of Canada:

the ACOA Minister, and the DRIE Minister, will provide the Company with assistance under established regional and industrial development programming, consistent with such programs at the time the Bear Head project becomes eligible for such assistance.

6. This Understanding in Principle may be complemented by future Memoranda of Understanding.

7. The understandings in principle set out in this Understanding in Principle do not create any enforceable, legal or equitable rights, nor obligations, but merely serve to document the:

- (a) parameters that have been set; and
- (b) areas on which discussions have been held, and understandings in principle reached.

Further clarifying negotiations and the requisite approval from all appropriate parties (including without limiting the foregoing, Treasury Board, and the Board of Directors of Bear Head Industries Ltd.) are needed before contractual documentation can be entered into.

REPRESENTING THE GOVERNMENT OF CANADA

Minister responsible for the
Atlantic Canada Opportunities Agency

Minister of Regional Industrial
Expansion

Minister of National Defence

REPRESENTING BEAR HEAD INDUSTRIES LIMITED

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DRAFT
July 15, 1988

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2253-1 Vol 7 Page 2

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(b) entertain an application by the Company to the Minister of National Revenue for assistance, up to a maximum of \$68 million, under the provisions of the Cape Breton Investment Tax Credit, in accordance with the formal application for such assistance filed by the Company prior to June 30, 1988;

2253-1 Vol 7 Op 2

(c) entertain an application by the Company to the Minister of National Revenue for duty remission on the importation of machinery, parts, and components for the manufacturing of vehicles, under the Machinery and Equipment Tariff Program, consistent with this program at the time of such importation; and

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2253-1 Vol 7 Op 2

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(d) provides acceptable regional and industrial benefits; and

(iii) the DRIE Minister will provide the Company with capital establishment assistance under the Defence Industries Productivity Program (DIPP), consistent with this program at the time the Bear Head project becomes eligible for such assistance.

PHASE II

5. The Government of Canada and Company further agree that in Phase II, the respective parties will undertake the following:

(a) the Company:

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2253-1 Vol 7 Opus 2

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REPRESENTING THE GOVERNMENT OF CANADA

Howell Murray
Minister responsible for the
Atlantic Canada Opportunities Agency

Minister of Regional Industrial
Expansion

Minister of National Defence

REPRESENTING BEAR HEAD INDUSTRIES LIMITED

2253-1 Vol 7 Opnd

The Thyssen ProposalRecent Developments

1. We understand that at the Meech Lake F&P meeting, the Prime Minister asked Senator Murray to look at possible ways of assisting Thyssen in establishing a facility in Cape Breton. It is likely that this item will be raised at the F&P meeting on Tuesday, July 19, together with defence-related procurement proposals.

2. While we have little information on this subject at the moment, we understand that ACOA officials have been looking at an economic development package which would avoid commitment regarding LAVs as was contemplated under the earlier Thyssen proposal (see below), and would include DIFF assistance. ACOA apparently has drafted a letter of intent along these lines. DND and DRFE reportedly oppose this proposal as premature. (Thyssen has not yet developed a business plan which would not involve LAV procurement). We currently have no information on funding parameters.

Background

3. In May, we received a copy of a proposal submitted through ACOA by Bear Head Industries Ltd. (BHL), an affiliate of Thyssen AG of Germany. Under this proposal Thyssen would have invested \$58M to create an industrial manufacturing complex at Bear Head, near Port Hawkesbury, Cape Breton, which reportedly would sustain a minimum of 500 jobs. Thyssen sought a range of assistance from the federal and Nova Scotia governments including, in particular, a federal commitment of 250 light armoured vehicles (LAVs) for production in 1991/92. A "firm agreement" was also sought for assistance from ACOA, DRFE/DIST programs, and other relevant programs. Further, Thyssen anticipated supplying US defence requirements and, in fact, was to orient the plant to the US market.

4. The Thyssen proposal raised serious concerns. It apparently depended upon the LAV contract for which, we understood, the requirements had not yet been finalized, much less the method of selecting a supplier. DND was reportedly very strongly opposed to the proposal. Questions also arose as to the need and level of other government assistance. (More detailed information is attached).

Comments

5. Conclusions on the latest Thyssen proposal, and the possible funding implications, cannot be drawn at this time, given the uncertain nature and incomplete information on the project and the assistance proposed for Thyssen. As indicated, the initial proposal submitted by Thyssen raised concerns, especially given that commitment for the LAV contract would be premature at this time. A definitive assessment of the merits of this project will only be possible once a firmer proposal is developed.

Economic Development Division
July 18, 1988

PCO files

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July 19, 1988

MEMORANDUM FOR MR. D. BURNEY

c.c. P.M. Tellier
R. Bilodeau

Thyssen

You asked me to review the proposed Understanding in Principle with Thyssen.

I have the following comments:

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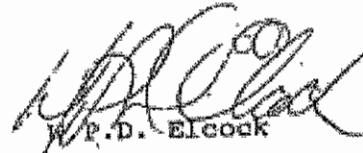


document. On that issue I cannot comment, without a review of, in particular, the powers of the Minister of DRIE. I would also be concerned, however, with the authority to agree to the clause that foresees Thyssen's participation in the LAV project.

Although it is not a strictly legal point, you may also want to consider the possible results of a review of the document, by the Auditor General. He will also be concerned with the issue of the authority of Ministers to enter into the proposed agreement. As well since there is likely no "audit trail" or an unusual "audit trial" given the process this proposal has followed, it may ultimately become a source of friction with the Auditor General's Office.

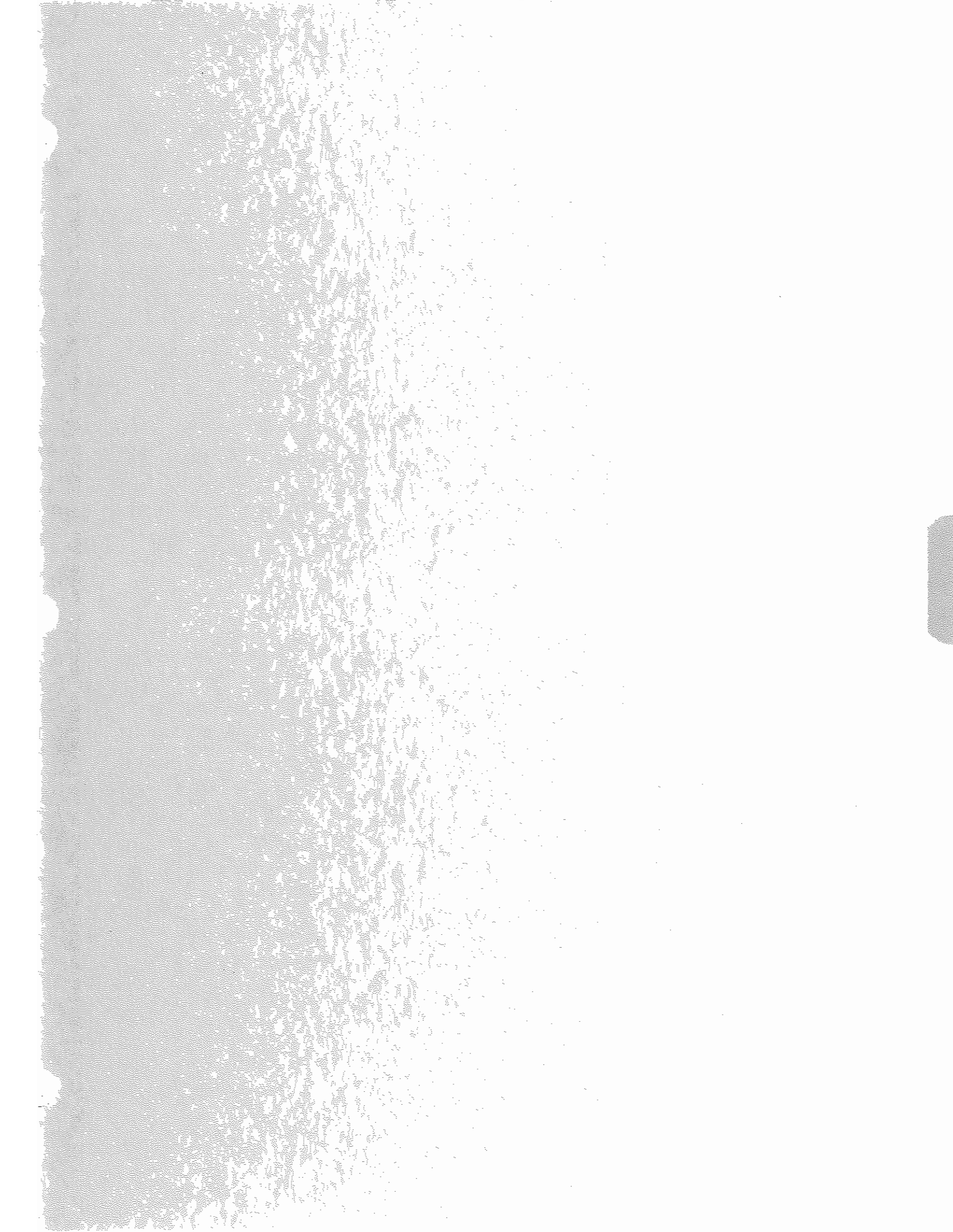
(25)

- As to clause 4(b)(ii) which refers to Thyssen participating in the LAV project, I do not believe there is any obligation to proceed with the project set out in the clause. However, clearly Thyssen is entitled under that clause, to participate in the project itself provided that it meets the qualifications set out in the clause. It is not clear to me from reading those qualifications that Thyssen if it were not successful in the tender process, would not be able to participate in the project. In other words the qualifications do not appear to require that Thyssen be the winner of whatever tender process is put in place for the LAV project.
- On a minor point, I note that clause 2(b) refers to the Government entertaining an application to the Minister of National Revenue. While the word entertain is normally sufficiently anodyne to avoid problems, I note that in this case the application appears to have been made and is therefore by definition being entertained. The inclusion of a reference to entertaining such an application raises the implication that in this case, entertain has a somewhat stronger meaning.



W.P.D. Elcock

WPDE:rms'



SECRET

July 20, 1988

Conclusions of July 19 PAF Meeting

James Bay Road

- * no discussion, B. Houchard to report once provincial review has progressed.

Royal Commission on Reproductive Technology

- * issue to be reviewed by smaller group of Ministers -- Mazankowski, Epp, Murray, McDougall, Hnatyshyn.

Conflict of Interest

- * DPM to try to manage Caucus support for bill passing second reading.
- * this progress would help PM to name Commissioners (in cooperation with Opposition Leaders) under the Inquiries Act.

Abortion

- * Ministers may move with single resolution, at an early date --- but Caucus reaction critical.
- * Issue will be reviewed by smaller group of Ministers before Caucus.

Matane

- * Issue will only proceed when Crosbie and Wilson are onsite.

Electricity Deregulation

- * Ministers approval in principle but timing is a factor.
- * No announcement before 3rd week of August, and before prior agreement of PM, Crosbie, Wilson.

272x-a Vol 101

Defence Procurement

- * Mr. Heatty's proposals were approved for:
 - TCCCs
 - Northern Terrain Vehicle, and
 - Mines Countermeasures
- * Mr. Murray raised Tyssen project
 - many Ministers had serious concerns:
 - uncertain of details
 - wanted better process
 - Senator Murray or his staff to organize meeting for full review of proposal, before it proceeds to the Committee

Farm Credit Corporation

- * Agreement between Wise and Wilson was ratified.
 - convert \$400 M. of FCC debt to government equity, etc.
 - continue to review
- * Mr. Wise will announce in the House this week.

Grain/Wheat Prices

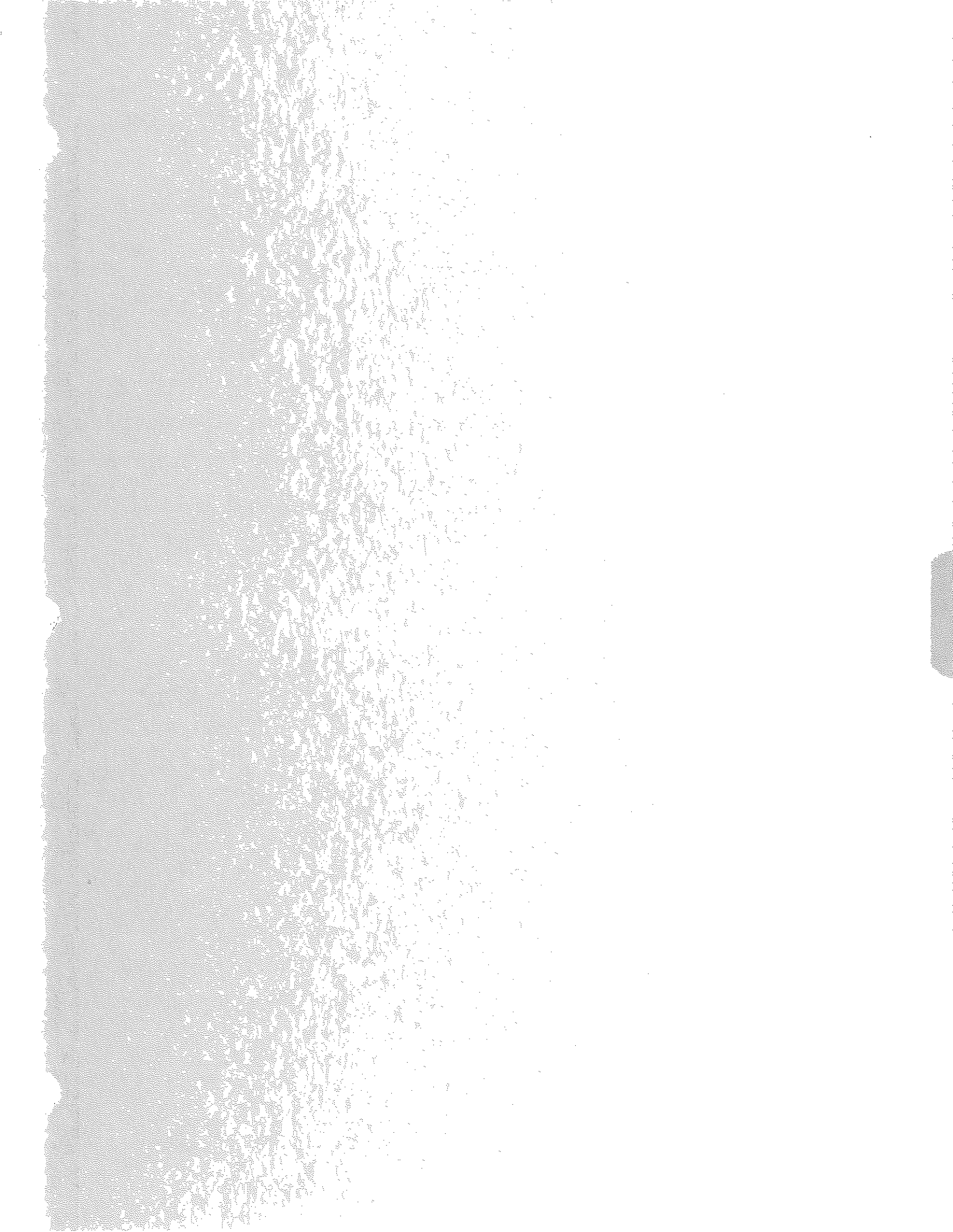
- * Mr. Mayer's proposed price increases were approved.

Annex Items

- * All 12 items were approved but Amendments to Northern Inland Waters Act to await progress on Trade debate.

2721-2 Oct 101

0101





SUPERText



RCMP "A" DIVISION COMMERCIAL CRIME

File: A102
95A-517

EXHIBIT INFORMATION

DATE OBTAINED: _____

Obtained By: _____

Exhibit No.: _____

Item No.: _____

Location: _____

DOCUMENT CATEGORIZATION

Document Type: _____

Original: Yes _____ No _____

COMMENTS Pottel - Subject Sub - (20)
40

Slapped

clone:

59



Atlantic Canada Opportunities Agency

Agence de promotion économique du Canada atlantique

86-34-51

To: McPhail

Date: 20/7/88

Subject: c.c. Wilkins/Potter

18000

Revenir

Thyssen Paperwork

From: Mc Donnell

Via:

Your Signature
Votre Signature

Information

For Comments
Observations

Material for the Minister
Documents pour le Ministre

Remarks:

Remarques: Karen Horner called.

The official request from Senator Murray is to prepare an aide memoire on Thyssen. (PCO* called 1/2 hour ago to demand that an MC be prepared.)

Seen, and returned by McPhail
21/7/88

Drafting officer:
Rédacteur:

* Harfubnie.

AOA 30 (88-03)

Leo

26-311-51



Government of Canada

Gouvernement du Canada

MEMORANDUM

NOTE DE SERVICE

TO
A

Don S. McPhail
C.C. Jaffray Wilkins
Wynne Potter

FROM
DE

John McDowell

SUBJECT
OBJET

THYSSEN: PCO POSITION

SECURITY - CLASSIFICATION - DE SÉCURITÉ
SECRET
OUR FILE - N / RÉFÉRENCE
JMC-853
YOUR FILE - V / RÉFÉRENCE
DATE
July 20, 1988

PCO is very firmly opposing the Thyssen issue.

Prior to the next discussion of Thyssen by Ministers, you may wish to ensure that support for Thyssen -- from the highest levels -- is in place and evident, so that Senator Murray may appropriately be characterized as "a" -- but not necessarily "the" -- proponent of the Thyssen proposal.

PCO is taking the position that the ad hoc meeting of Ministers scheduled to discuss Thyssen "has no mandate from P&P to reach a decision on Thyssen" and therefore represents only a preliminary discussion.

On substantive grounds, PCO is briefing that the Thyssen issue is not urgent; that the project is ill-conceived and at best, premature; that the project compromises the Government's procurement policy and process; that identification of exact sources of funding and likely program draws are lacking, etc.

PCO is feeling quite bruised on Thyssen because:

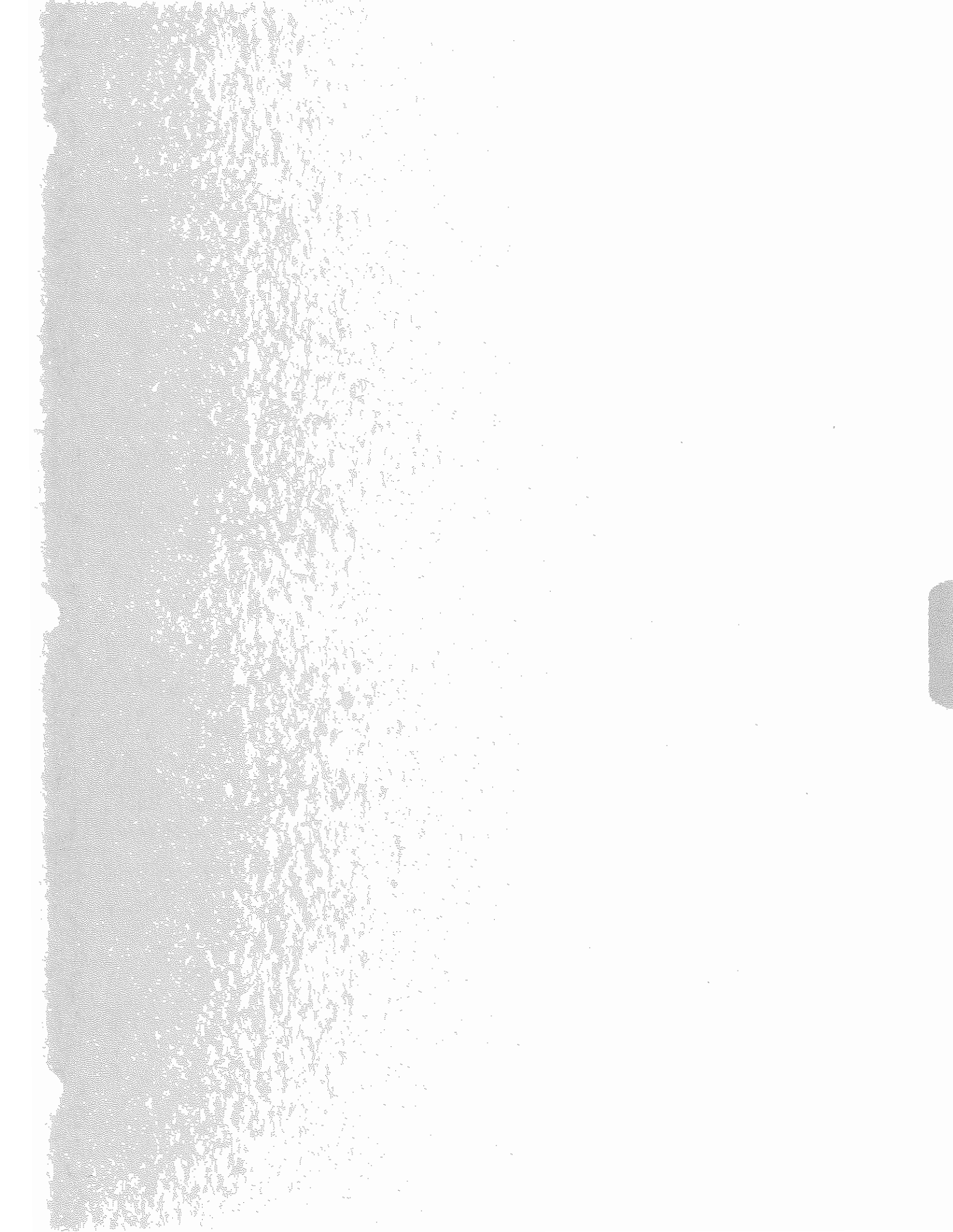
- on Monday, PCO was "forced" to rely on PMO to provide them with a copy of the "Understanding in Principle". (That is, ACOA officials were channelling information to the PM, without going through PCO or even providing PCO with a copy);
- in a similar way, PCO believes that the proposed Understanding in Principle is a legally-binding agreement between the Government of Canada and Thyssen, and accordingly should be guided -- by PCO -- through the formal Cabinet Committee process. PCO's view on this point is hardened when Ministers voice concerns as they did yesterday, very briefly, at P&P.

17:30:
 PCO is of course, taking the broadest possible
 license with Mr. Macginn's skills. P&P reminds that "due
 process" be followed, and is directly or to prepare a
 Memorandum to Cabinet on Thyssen.
JL

John McDowell
 John McDowell

GS 177

7540-21-798-8988





SUPERText



RCMP "A" DIVISION COMMERCIAL CRIME

File: A102
95A-517

EXHIBIT INFORMATION

DATE OBTAINED: 97-00-28

Obtained By: Sgt. Paul Dallaire

Exhibit No.: 96-34

Item No.: 51

Location: 60 Queen St, ON ON.
RCMA's office

DOCUMENT CATEGORIZATION

Document Type: exhibit

Original: Yes No

COMMENTS File 3080 - T.O. Vol. 2

Thru B.H.I. June 1988 - August 1988.

P. 1 to 221.

INDUSTRIES (3080-7)
11
56

ACO-A-OTTAWA: JMC-851
Cir. CHRON FILE/HOLD
C.R.
FAXED: 20.7.88
MICONET:
BY-HAND:
c.c.: P. BERNIER

Government of Canada / Gouvernement du Canada

MEMORANDUM

TO: Don S. McPhail
c.c. Jaffray Wilkins
Wynne Potter

3080-T

FROM: John McDowell
DE

SECURITE
DRAFT "C"
OUR FILE - N / REFERENCE JMC-851
YOUR FILE - V / REFERENCE
DATE July 20, 1988

SUBJECT: THYSSEN: REVIEW OF DISCUSSION OF JULY 15, CHARLOTTETOWN
OBJET

I have reviewed my notes, as you requested, to identify what undertaking -- if any -- Thyssen made to proceed in the absence of a Canadian LAV order.

Conclusion: Discussion was ambiguous. Nevertheless, Schreiber, echoed by Doucet, maintained throughout that an order, not necessarily the LAV order -- was essential in order to staff the facility.

I have attached a transcript of the key juncture in discussion.

The bracketed areas represent wording which, while not confirmed in my notes, has been added, from memory, to assist in the meaning and fluency of the passages concerned.

John McDowell
John McDowell

Attachment

18
57

- 2 -

Schreiber/Doucet/Alford leave and come back.

Doucet: Thyssen will not keep plant (open), employing 500 people ...

How about infrastructure costs (payback) if fewer than 400-500 people, and no DND order ... unfair to have company pay back funds with no DND order.

McPhail: Our assumption included (time would be required for) planning, design work, and so on.

I've assumed that Phase I would not (take place immediately).

Doucet: (Thyssen) will put plant up.

McPhail: I'm not sure (that this is) as serious and complex (as it appears):

I want to know, in what circumstances would Thyssen feel that they are not participating in the LAV contract?

If in the judgement of the Government of Canada, cheaper (to purchase LAVs) elsewhere, I want to know what Thyssen accepts.

Doucet: As long as (Thyssen) does not have to reimburse any money (provided by) Government of Canada, can interpret as we see fit.

McPhail: Unusual situation ... I'm prepared to have (this document) marketed, this document, taking out offending phrase "conditional on ..." but paragraph #7 (disclaimer) must stay in.

Schreiber: Okay.

Discussions veer off onto announcement/status of document/why it shouldn't be called an MOU/etc.

THYSSEN
CHARLOTTETOWN, PRINCE EDWARD ISLAND
JULY 15, 1988

McPhail: Would you proceed with the plant with only the U.S. order?

Doucet: If "offensive"* clause is not there, Karlheinz, and (assuming) the mid-early 1990s time frame (clause is added to the Statement of Intent) ...

With package deal, and with this clause (paragraph 4, the undertaking by the Minister of National Defence) which would be part, and understanding fully, that:

- . this clause (paragraph 4) does not give an order yet,
- . Governments don't always proceed with programs when announced,
- . (there is) no legal requirement i.e. cannot take the Government to court.

Will Thyssen agree to announce "yes", and proceed immediately to construct?

Schreiber: (We'll) sign document, (enter into) detailed negotiations, (proceed with) U.S. contract ...

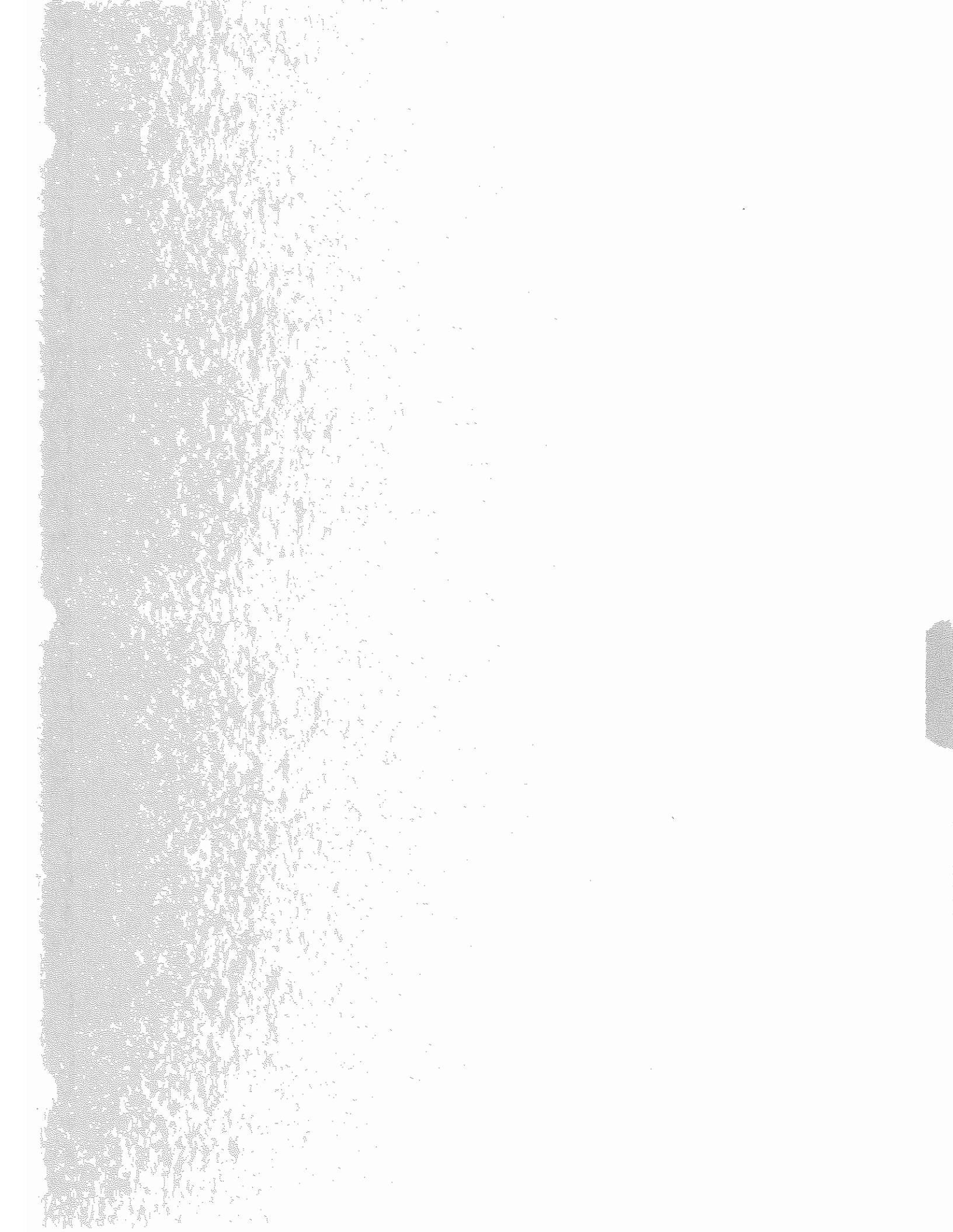
... Our interest is , when I say I really don't know, ... offshore rigs, Hibernia ... environmental stuff, ... one year down the road.

Doucet: ... Period of time required to satisfy ... infrastructure, and also discussions between Governments, (there will) be a period of months, between 2 and 4, I suggest.

At the end of that time, when the company is ready to proceed forthwith, will the company do it?

Schreiber: No ... one year away, but ...

*Clause: "conditional on the terms of the major acquisition program."





Atlantic Canada
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du Canada atlantique

3

REQUEST FOR FACSIMILE TRANSMISSION
DEMANDE D'ENVOI PAR FAC-SIMILÉ

URGENT ROUTINE
NORMAL

NO. OF PAGES FOR THIS TRANSMISSION
N° DE PAGES À TRANSMETTRE

DATE RECEIVED - REÇU LE	LOG NO. - N° DE REGISTRE
DATE SENT - ENVOYÉ LE	SENDER'S FAX NO. - N° DU FAX DE L'EXPÉDITEUR

TO - A Wynne Potter c.c. Wilkins.	FROM - DE Reborek

REMARKS - COMMENTAIRES:
 DELIVER BEFORE WYNNE'S MEETING WITH MR McPHAIL at 16:30.
 Wynne/Jeffrey
 A further writele:
 (14:35) this letter was signed, but may not be sent.
 Senator Murray has spoken to Bruney this morning - and accordingly, the letter may be redundant.
 9
 J. Reborek 22/11/88
 SIGNATURE DATE

Canada

Given the Deputy Prime Minister's interest, I am writing to you regarding my intended course of action over the next few days, concerning the Bear Head heavy-industry facility planned for Cape Breton.

At this point, I would see Bear Head Industries announcing on Wednesday, September 28, its intention to proceed in Cape Breton.

In accordance with this schedule, I intend to submit the "Understanding in Principle" document to the company for their signature on Monday. Upon receipt of an affirmative response from Bear Head Industries, I will seek the required signatures of my colleagues.

While the location for this announcement has not been determined, and may well be Halifax, or even Ottawa, the announcement is to be low-key in nature and of primary interest to the business media.

For your information, I have attached a copy of the press release that is being drafted for use by the company. I have requested ACOA officials to circulate this draft press release among the key departments for their views. To date, the Department of National Defence has indicated that they have no difficulty. As other departments respond, the press release will of course be adjusted as required.

.../2

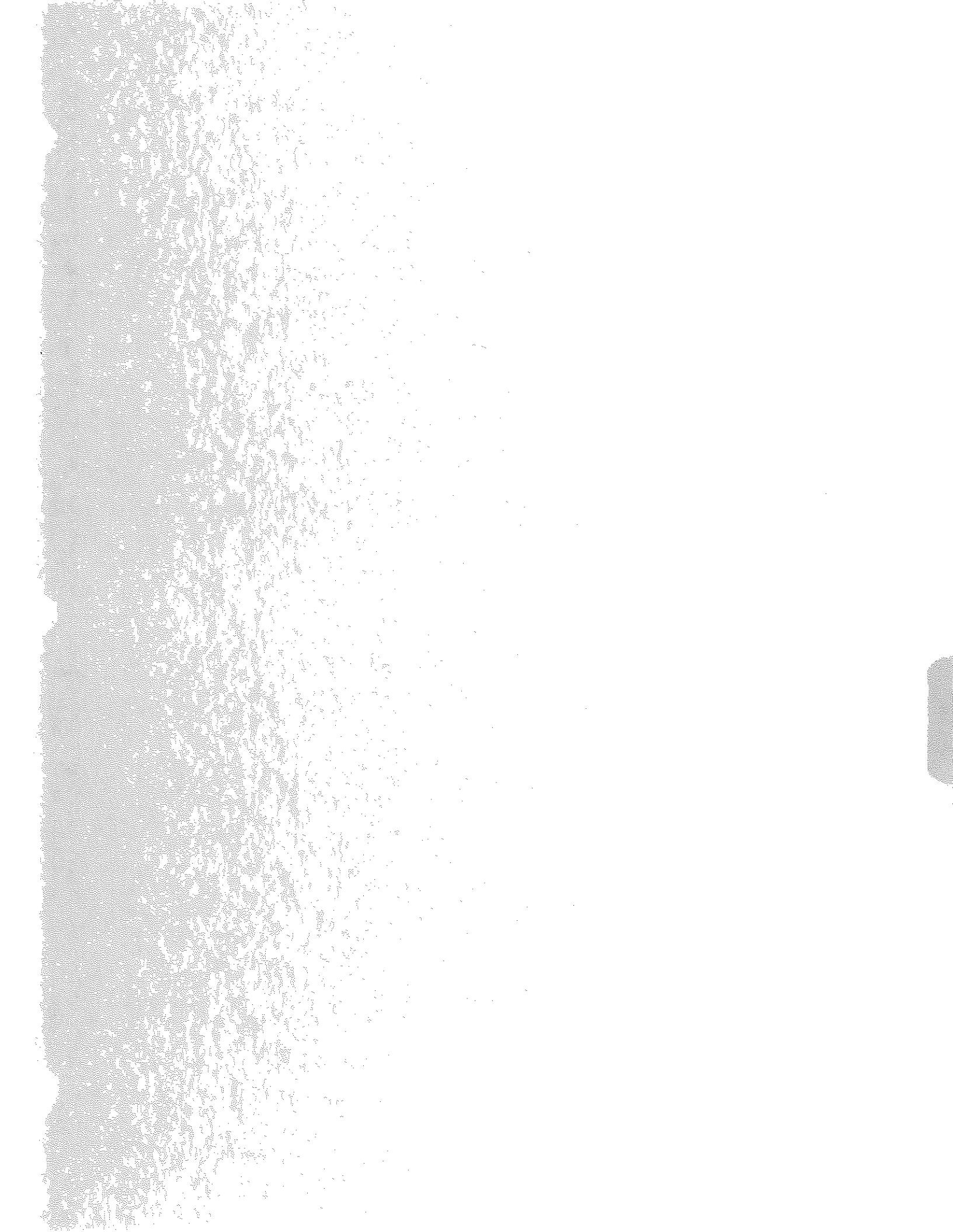
Mr. Derek H. Burney
Chief of Staff to the Prime Minister
109 Langevin Block
Privy Council Office
Ottawa, Ontario
K1A 0A2

- 2 -

The posture that will be adopted by the Government concerning the Bear Head announcement will be low-key. Our approach will simply be to point out that the company and the Government have been developing the heavy-industry proposal for some time, that the agreement reached so far is interim in nature, that the Government has made no commitment to the company concerning defence contracts or even funding, and that any decision by the Government concerning site establishment and other assistance will of course be depend on the receipt of a formal business plan and application from the company.

Lowell Murray

Attachment



76-34-56

64



Government of Canada

Gouvernement du Canada

MEMORANDUM NOTE DE SERVICE

TO
A

Don S. McPhail
c.c.: Jaffray Wilkins
Wynne Potter

ACOA-OTTAWA: PB 70

CIR. CHRON FILE/HOLD

C.R.

FAXED: 10-9-88

NICONET:

BY-HAND: 10/9/88

c.c.: J. McDowell

CLASSIFICATION - DE SECURITE

RET

V / REFERENCE

-70 3080-i

FROM
DE

Paul Bernier
ACOA - Ottawa

YOUR FILE - V / REFERENCE

DATE August 10, 1988.

SUBJECT
OBJET

Thyssen

PCO (Hurtubise) has just advised me of a recent development concerning the above.

Without knowledge of the content of Justice's August 4 legal opinion on the "Understanding in Principle", Derek Burney asked Paul Tellier to proceed as follows:

- if the Justice opinion indicates that no significant commitment on the part of the government would arise from the signing of the "Understanding in Principle" by the three Ministers, arrangements for signature should be made, or
- if the proposed Understanding in Principle is determined to be a legally-binding agreement between the Government of Canada and Thyssen, it should be modified to eliminate its binding nature, with a view to having Ministers sign the modified document.

Hurtubise was simply asked to deliver this message to ACOA. This she did in the knowledge (obtained from Bilodeau with whom I spoke on Friday and who is now on leave) that you would likely be seeing Senator Murray today and would be seeking direction from him on this file.

Paul Bernier
Paul Bernier





SUPERText



RCMP "A" DIVISION COMMERCIAL CRIME

File: A102
95A-517

EXHIBIT INFORMATION

DATE OBTAINED: _____
Obtained By: _____
Exhibit No.: _____
Item No.: _____
Location: _____

DOCUMENT CATEGORIZATION

Document Type: _____

Original: Yes _____ No _____

COMMENTS Pottier - Subject Sub - file
40

Slaphead

clone:



Government of Canada

Gouvernement du Canada

3

MEMORANDUM

NOTE DE SERVICE

TO
A

FROM
DE

Don S. McPhail
C.C. Jaffray Wilkins

Wynne Potter
Vice President
ACOA Nova Scotia

SUBJECT
OBJET

THYSSEN: DEPARTMENTAL CONCERNS

As you know, we met with representatives of DRIE, DND, Finance and Justice this afternoon. Specifically, departmental positions and concerns raised were the following:

DRIE (Cliff MacKay)

Position: Will recommend to Mr. de Cotret that he not sign.

- Concerns:
- need to prioritize Nova Scotia requests for federal funding -- e.g. Westray, Louisiana Pacific, Thyssen, especially since a political undertaking in support of the Westray project may have been made to the Province by Minister de Cotret/PMO;
 - lack of money in DRIE budget for assistance programs, including DIPP;
 - excess capacity (GM); and
 - further details (business plan) required on civilian diversification.

DND (Ed Healey)

Position: Will recommend to Minister Beatty that he not sign.

- Concerns:
- Thyssen proposal only one of several unsolicited proposals, each of which DND would like to reject because they involve some degree of sole-sourcing or lowered competition;
 - source of funds, operational requirements for LAV project so far undefined;
 - uncertain regarding Thyssen's ability to meet DND's operational requirements.

.../2

- 2 -

Politically: NTV sole sourcing in Calgary may have caused Ministers to be "gun shy" on directing military contracts; and

Mr. Beatty may have responsibilities as regional (Ontario/GM) Minister.

Finance (Sheryl Kennedy, Director, Economic Development)

Position: Continued fundamental concerns beyond narrow legal issue.

- Concerns:
- source of funds, extent of draw on funding, so far, unknown;
 - document is de facto binding -- represents "moral and political" commitment;
 - Wilson wishes priority setting for projects -- including Thyssen -- within context of likely draws on DRIE/DND funding;
 - communications/capacity (GM) worries; and
 - lack of apparent commitment to civilian diversification by Thyssen, lead to worries regarding ongoing dependence on Government.

Politically: Mr. Wilson may have responsibilities as regional (Ontario/GM) Minister.

Justice (Jacques Gauthier, A/General Counsel, Commercial)

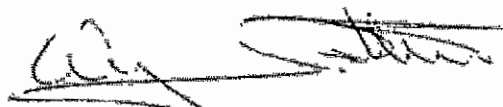
Position: Document is contractually binding, but legal interpretation is that various undertakings are within mandates/authority of respective Ministers.

- Concerns:
- does not legally require Cabinet approval prior to signature;
 - "consider participation" preferred legally to "seek participation of"; and

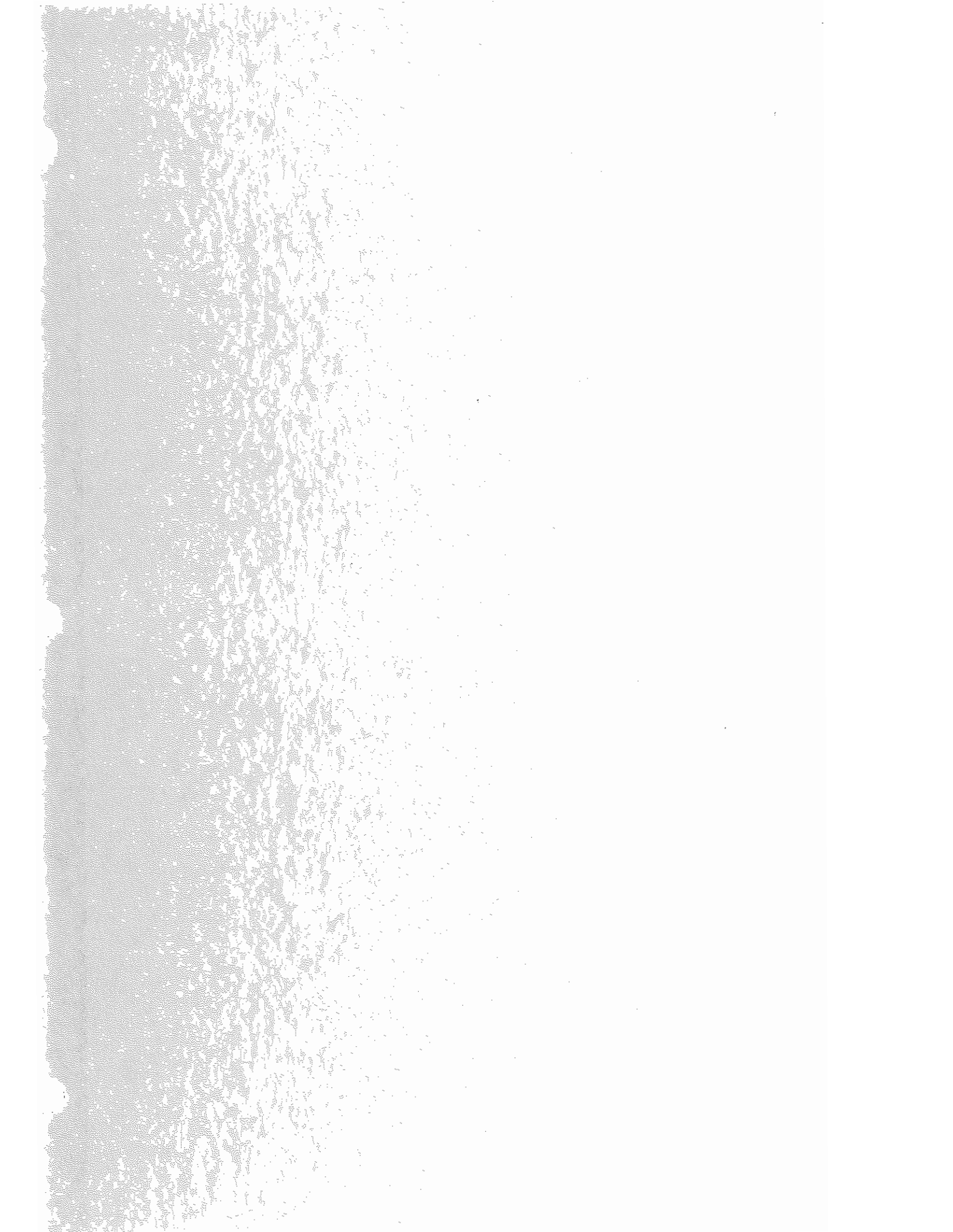
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- 3 -

- each proposed phrase however, comprises a degree of commitment -- and risk -- between no commitment on the one hand and "shall ensure participation of" on the other hand.



Wynne Potter



3080-T
207
ACO-A-OTTAWA JMC-91
CIRC./CHRON FILE
CR
FAXED:
BY-HAND: 1.08.88
OTHER:
c.c. P.1378.84



Atlantic Canada
Opportunities Agency

Ottawa Office
P.O. Box 3442, Stn. D
Ottawa, Ont.
Canada K1P 6N8
(613) 954-8060
FAX (613) 954-0429

Agence de promotion économique
du Canada atlantique

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BP 3442, Stn. D
Ottawa, Ont.
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SECRET

MEMORANDUM

September 1, 1988

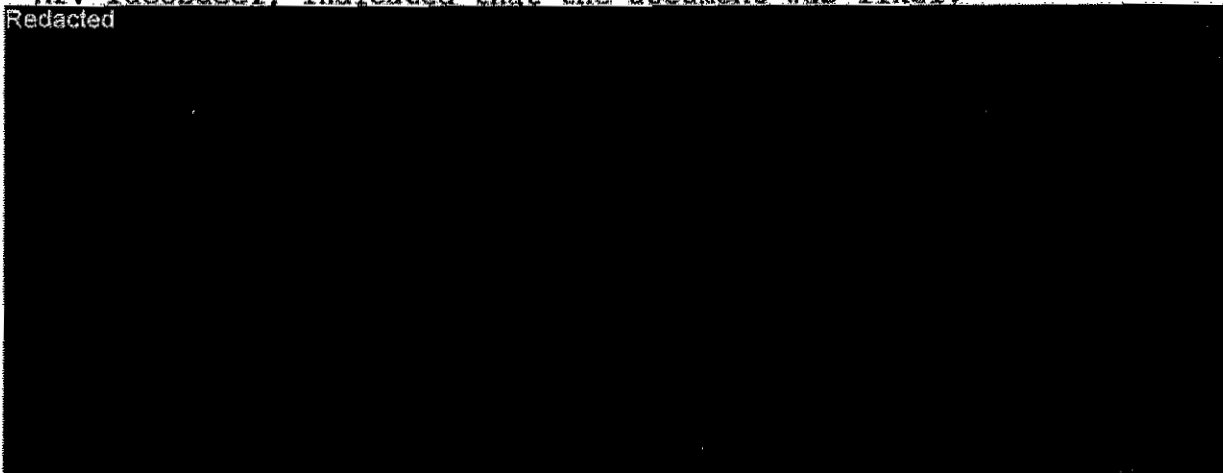
TO: The Honourable Lowell Murray
FROM: D.S. McPhail
SUBJECT: Thyssen: Update and Attached Letter

Please find attached for your signature, a brief letter to Mr. Karlheinz Schreiber, Chairman of Bear Head Industries (BHI), enclosing the "Understanding in Principle" document tabled during discussions last evening with Messrs. Doucet and Alford, representing BHI.

You will recall that Derek Burney instructed me to modify, if necessary, the "Understanding in Principle" -- if the Department of Justice determined that the document was legally binding -- so as to ensure that "no significant commitment on the part of the Government would arise from the signing of the "Understanding in Principle" by the three Ministers". Once this was completed, the signatures of each Minister were to be sought.

In presenting the departments's formal opinion on August 4, 1988, the Deputy Minister of Justice, Mr. Iacobucci, indicated that the document was likely

Redacted



.../2

Canada

- 2 -

I have clearly highlighted to the company this amendment in the "Understanding in Principle". Furthermore, I have advised the company that, at this stage, the document does not enjoy the support of the departments of National Defence, and Regional Industrial Expansion, but that a formal reaction from the Company to the Government -- in preliminary acceptance of the arrangements contemplated by the "Understanding in Principle" -- is required at this juncture.

You may wish therefore to sign the attached letter to Mr. Schreiber.

The remaining issue is to seek the signatures of Mr. Beatty and Mr. de Cotret.

You should be aware that -- although this was not the outcome of the July 27 meeting on Thyssen chaired by Mr. Mazankowski -- the Privy Council Office, for reasons of due process, is urging that the Thyssen initiative be discussed by Cabinet, prior to the signature of the document. You may wish to consider this option, if it is the most expedient course to ensure the necessary support of your colleagues.

Indeed, in light of Mr. Wilson's comments at yesterday's meeting of Operations Ministers concerning available funding, you may wish to support strongly the Thyssen project -- as first among the initiatives of Thyssen, Louisiana Pacific, and Westray -- in keeping with your mandate to "assume the responsibility for the coordination and overall planning of all federal activities contributing to economic growth in the Atlantic region", assigned you by the Prime Minister.

D.S. McPhail

Att.

209



Atlantic Canada
Opportunities Agency

Agence de promotion économique
du Canada atlantique

Minister

Ministre

Ottawa, Canada K1A 0A1

Dear Mr. Schreiber:

I am pleased to attach a copy of the proposed "Understanding in Principle" document, between the Government and Bearhead Industries, concerning your company's investment in a heavy-industry facility in Cape Breton, Nova Scotia.

I request that you review thoroughly the "Understanding in Principle" to determine whether it will assist you in reaching a positive decision to proceed in Cape Breton.

In my view, this document reflects our considerable progress, and our discussions over the past several months, including our meeting in Charlottetown on July 15th.

You will observe however that following a legal review, the proposed wording of the undertaking by the Minister of National Defence has been amended, to reflect more fully the Government's policy on procurement, and the statutory authority of the Minister.

.../2

Mr. Karlheinz Schreiber
Chairman
Bearhead Industries Limited
Suite 908
350 Sparks Street
Ottawa, Ontario
K1R 7S8

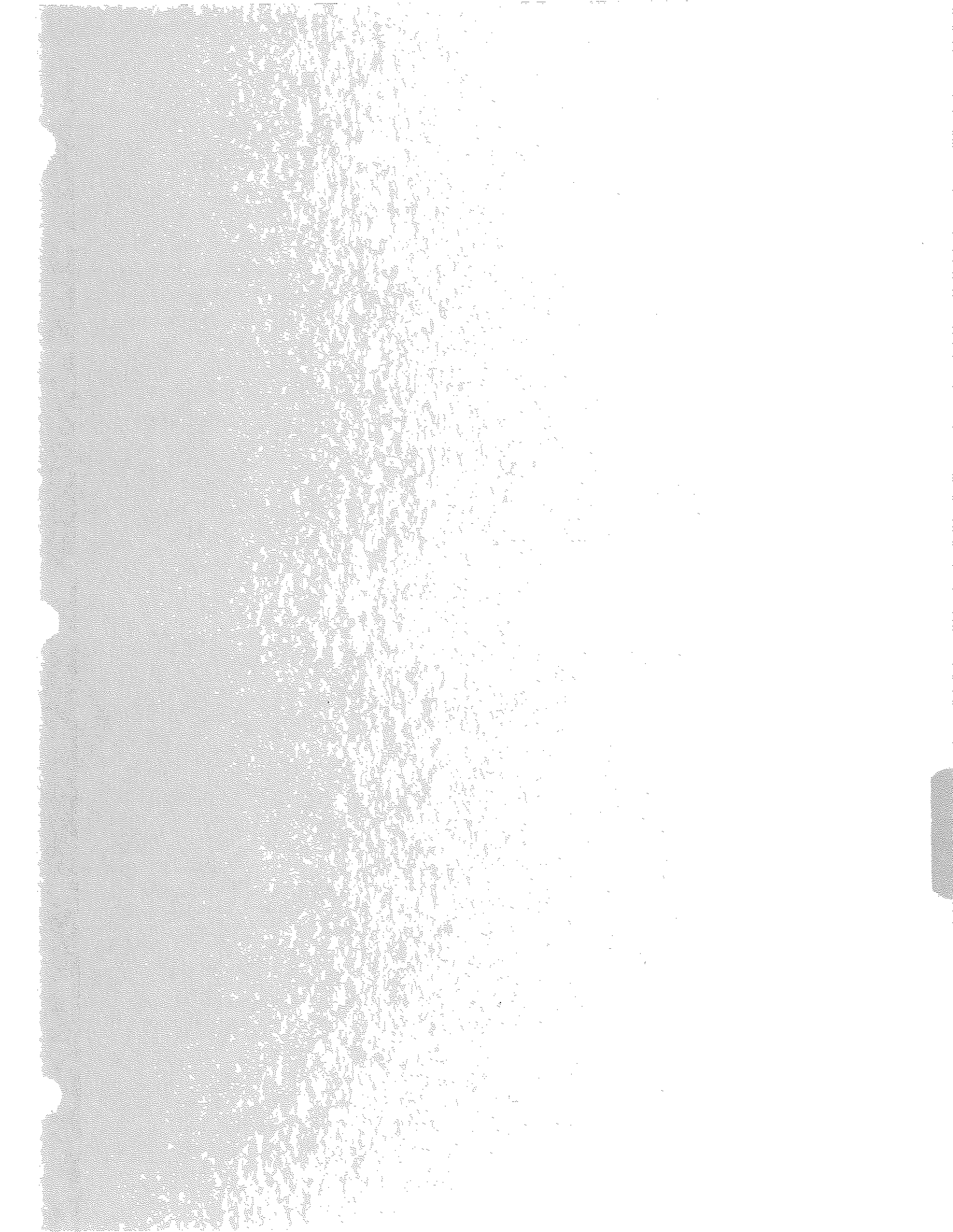
Canada

- 2 -

If you agree that the document, as written, is suitable to your requirements, and if signed by each party, will trigger your heavy-industry investment in Cape Breton, please let me know by noon, September 2, 1988.

Following a positive reply from you, I intend to submit the "Understanding in Principle" to my Ministerial colleagues for their signatures.

Lowell Murray



27
37

Exempt - Cabinet

SECRET

Aide Mémobre

Aide Mémoire

A PROPOSAL BY BEAR HEAD
INDUSTRIES TO ESTABLISH
A HEAVY MANUFACTURING
FACILITY IN CAPE
BRETON

PROPOSITION DE LA BEAR
HEAD INDUSTRIES POUR LA
FABRICATION DE PRODUITS
DE L'INDUSTRIE LOURDE
AU CAP-BRETON

September 19, 1988

le 19 septembre 1988

28
28
28

AIDE MEMOIRE

PURPOSE: To develop an appropriate response by the Government of Canada to the proposal by Bear Head Industries Limited, (a subsidiary of Thyssen) to establish a heavy-industry manufacturing facility in Cape Breton, which would support the region's economic development.

PROPOSAL: Thyssen Industries AG, based in the Federal Republic of Germany, is one of the world's largest industrial manufacturing companies with annual sales exceeding \$10 billion, and 130,000 employees world wide. Of Thyssen's annual sales, less than 5% are in the defence sector.

In Canada, Thyssen's holdings include:

- Budd Canada Inc., Kitchener (automobile parts);
- Northern Elevator Holdings Ltd., Toronto (elevators);
- Greening Donald Co. Ltd., Hamilton (metal fabrication);
- Thyssen Marathon Canada Ltd., Mississauga (steel importers); and
- Thyssen Canada Ltd., Rexdale (steel importers).

In all, Thyssen employs some 3,000 Canadians.

Ba

In the U.S., the company has recently reached an agreement with General Dynamics concerning technology sharing for the production of light armoured vehicles for the U.S. military, further increasing Thyssen's existing North American commitment.

In 1985, the then DRIE Minister during a visit to Germany, requested that Thyssen submit a proposal to establish a manufacturing facility in Cape Breton. In March 1988, Thyssen submitted a revised proposal to the Government, through ACOA, to establish an \$85 million heavy-industry manufacturing facility at Bear Head, Cape Breton.

23

The initial capital cost of the facility would be \$58 million, assisted by the federal (and possibly the provincial) government in accordance with existing programs and guidelines. A further \$27 million for common-user infrastructure would be provided by the federal and the provincial governments. Thyssen would work closely in its production and subcontracting requirements with Lavalin (through the Trenton Works facility), possibly Sysco (to source its steel requirements), and Krauss Maffei, if the latter is successful in supplying DND with main battle tanks. Formal undertakings in support of these work-sharing arrangements are in place.

Thyssen proposes to establish the Bear Head facility in two phases:

- Phase I, the production of military vehicles for the North American defence market; and
- Phase II, diversification, within twelve months, into civilian production.

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37

SECRET

The exact product mix, and markets, associated with Phase II are currently being discussed with Thyssen, and the company is preparing a formal business plan for Phase II. Thyssen has consistently maintained that Phase I is a necessary launching pad for ultimate diversification into civilian production, and the company is willing to commit to repay portions of government funds received under Phase I, should Phase II not proceed.

THE UNDERSTANDING IN PRINCIPLE: The attached Understanding in Principle is not a formal Memorandum of Understanding (MOU), but instead, has been prepared to set out the nature of discussions to date. This document is required to initiate a decision from Thyssen's Board of Directors to proceed in Cape Breton. To this end, it is desirable that this document be signed by the ACOA Minister, the DRIE Minister, and the DND Minister.

While the Understanding in Principle formally binds neither the Government nor Thyssen in a manner which the other side would wish, the company is cited to be considered for participation in the light armoured vehicle project (part of the Government's projected modernization of the Canadian Forces, envisaged by DND to proceed in the early-to-mid 1990s), provided the company meets the Government's technical, operational and industrial/regional benefits requirements.

Since the Prime Minister's direction to Senator Murray in June 1987, to evaluate and report back on the Thyssen proposal, senior ACOA officials, in consultation with officials of DRIE, DND, and on occasion, PCO, Finance, Justice, and External Affairs, have met with Thyssen at length and developed further the company's heavy-industry proposal. Although Thyssen had originally sought a directed contract from the Government to provide DND with 250 LAVs in the early 1990s, the company has softened considerably its position, and is now willing to proceed with the heavy-industry facility on the basis of established government regional and industrial development assistance, and on the understanding that it will be considered for participation in the LAV program.

5(1) b

From the Government's perspective, the heavy-industry proposal for Cape Breton offers very considerable benefits, including technology transfer, to a particularly underdeveloped region of Canada. The Cape Breton plant would also pursue shared production and sourcing arrangements with Havalin (at Trenton), and is ideally positioned to supply heavy-industry requirements of Hibernia.

At this point, Thyssen will commit to establishing a facility which would employ a minimum of 400 people. Employment is expected to grow considerably when diversification occurs.

STATUS: In order to report to the Prime Minister on the Thyssen proposal, the Prime Minister's Office and Senator Murray asked ACOA officials to take discussions

30
48

with Thyssen to the point where the minimum undertakings required from the Government of Canada to allow the project to proceed, would be determined.

On September 12, Senator Murray met with Mr. de Cotret to discuss the Thyssen proposal. Mr. de Cotret agreed to sign the Understanding in Principle, in recognition that to proceed, the Bear Head proposal required the document as an interim step, prior to the development of a formal business plan.

Mr. de Cotret observed to Senator Murray that DRIZ had some 800 projects seeking applications for financial assistance for which no DRIZ funding was available. In this context, Mr. de Cotret stressed that the Government would have to develop a source of funds for projects valued in excess of \$20 million, and that, in the case of Thyssen, funds would have to be earmarked prior to Thyssen's submission of a business plan, and application for funding.

On September 14, Mr. Derek Burney chaired a meeting attended by Senator Murray and Mr. Beatty. Mr. Beatty agreed to sign the Understanding in Principle subject to further Ministerial discussion, as required, providing that:

- (1) the company be informed clearly that in signing the UIP, the Minister of National Defence was not binding the Government to proceed with the LAV project;
- (2) a letter be sent from the DND Minister to the ACOA Minister noting that in signing the Understanding in Principle, the Minister of Defence was not limiting his discretion to determine the timing of the LAV project, and to recommend a preferred bidder to Cabinet; and
- (3) communications of the initiative be "low-key".

These conditions are entirely in accordance with the Thyssen proposal and Understanding in Principle. Efforts for their implementation are well underway.

DEPARTMENTAL POSITIONS: The Department of External Affairs has no concerns regarding the Bear Head proposal, providing that its stated objective, defence-related production aimed at North American (or NATO) markets and in the long-term, diversification into civilian production, is realized. External Affairs would, however, be concerned, if, in the long-run, with these markets, the Bear Head facility was not commercially-viable, and as a result, petitioned the Government to allow military exports into markets prohibited under Canada's export control policy. In this regard, External Affairs cautions that Thyssen's entry to U.S. military vehicle markets is by no means assured, because the U.S. Department of Defense has historically purchased its vehicle requirements almost exclusively from domestic sources.

3/4

The Department of Finance is concerned that if Ministers sign the Understanding in Principle, the Government will be entering into a de facto commitment, and moreover, a commitment not supported by a business plan. Finance is also concerned that if Ministers wish to enter into such a commitment, that a source of funds, from existing resources, be identified.

The Department of Regional Industrial Expansion is concerned that within its reference levels, funding for major projects, including Thyssen, is unavailable. On industrial policy grounds, DRIE cannot support the establishment of the Thyssen facility because the Thyssen project would exacerbate existing excess capacity in Canada, in the heavy fabrication including the military-vehicle sector.

DND
2(1)

The Department of National Defence is preparing documentation to meet the requirements of the position adopted by Mr. Beatty in his discussions with Senator Murray and Mr. Burney on September 14, 1988, as summarized on page 5. Mr. Beatty has agreed to sign the Understanding in Principle, on the understanding that he is acting in accordance with his commitment to the Minister of Finance, concerning the funding of future defence projects.

(1)

TIMING: Thyssen must establish shortly a manufacturing facility in North America to be in a position to win -- in conjunction with its partner, General Dynamics -- a portion of an upcoming U.S. Department of Defence procurement of armoured vehicles, valued at about \$750 million (U.S.). Moreover, the U.S. government plans to proceed with a massive procurement of armoured vehicles, valued at some \$200 billion, for which Thyssen, at Bear Head, would be eligible to compete, under the Canada-U.S. Defence Production Sharing Agreement.

From the Government's perspective, the Thyssen proposal has been developing for some time. Given the timing of the U.S. project, if Ministers wish to support the establishment of the heavy-industry facility at Bear Head, a decision to proceed further will have to be reached soon.

FINANCIAL IMPLICATIONS: Thyssen is not applying for government assistance at this juncture, and any such application cannot proceed without a formal business plan. Moreover, in the absence of a business plan for both Phase I and Phase II, the ultimate draw on (and profile of) government funding, arising from the Bear Head project, is very difficult to determine.

13-C

However, should the Bear Head project proceed as envisaged, including Phase I and Phase II, federal government assistance could be as high as \$50 million, over at least three years, beginning in 1989/90. The province of Nova Scotia, in addition to land, would provide a further \$8 million, as its share of the common user infrastructure.

52
4/2

A source of funds for the federal assistance has not been identified, and must be developed prior to Thyssen's submission of a formal business plan and application for funding.

It will be necessary to agree with the Government of Nova Scotia to augment the approximately \$11 million in funds currently available in the Strait of Canso Industrial Development Agreement, which be used as an instrument and a partial source of funds to provide the infrastructure assistance. This funding would come from the Atlantic Cooperation (ERDA) funds notionally set aside.

Funding under the Defence Industry Productivity Program (DIPP), which historically has not been a particularly active program in Atlantic Canada, is not available within existing DRIE reference levels. Further, Atlantic Enterprise Program funding, delivered by DRIE, is also not available within existing DRIE reference levels.

Additional funding for this project must eventually be considered within the broader issue of how -- following the expiration of the IRDP -- the Government is to provide assistance to industrial projects in Atlantic Canada, valued at greater than the \$20 million ceiling for ACOA participation.

EVOLUTION OF THE THYSSEN PROPOSAL: Since Thyssen's original request in 1985, the Federal Republic of Germany has revised its armaments exports policy to allow for specific arms exports from Germany to the Middle East. Accordingly, the current proposal by Thyssen is entirely independent of domestic German exports policy.

RELATED ISSUES: In the course of responding to the Thyssen proposal, Ministers may wish to weigh the following considerations:

Suitability of the Thyssen vehicle for DND: The operational and technical requirements for the LAV vehicle must be determined solely by DND, and, as noted in the Understanding in Principle, Thyssen will be required -- as will other potential contractors -- to satisfy fully these operational requirements prior to being considered for participation in the LAV project foreseen for the early-to-mid 1990s. While Thyssen has consistently maintained that it will be able to meet DND requirements, DND officials observe that Thyssen does not currently manufacture a vehicle which meets the operational requirements envisaged for the LAV project.

1-11/85

Support of the Government of Nova Scotia: Thyssen has already entered into an agreement with the Government of Nova Scotia regarding the provision of land, and provincial site establishment assistance.

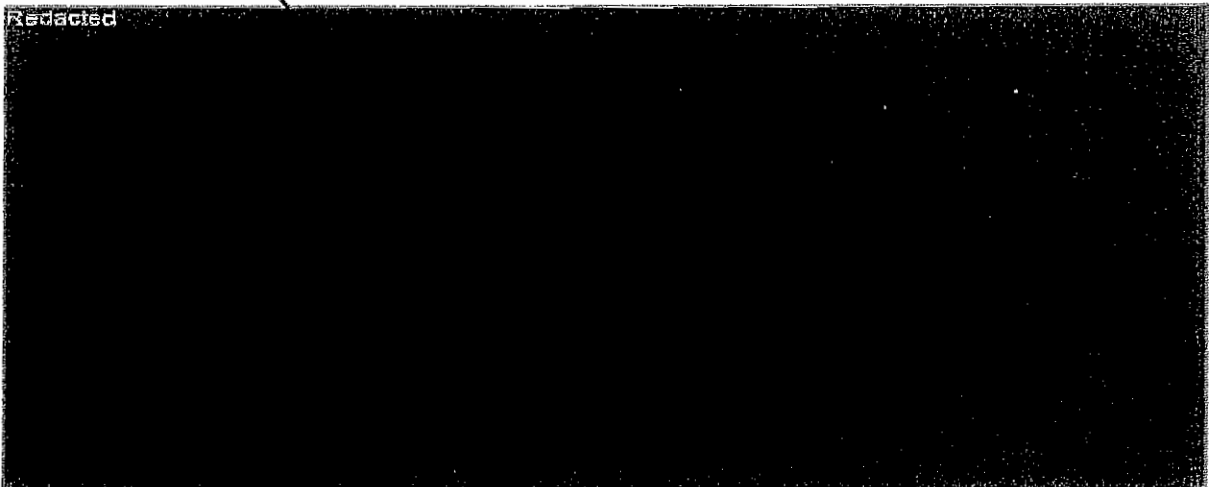
134

Creation of additional Canadian military vehicle production capacity: While there is no question that the Bear Head heavy industry facility would add to Canada's existing industrial capacity in this sector,

20(4)

now comprising primarily the GM plant in London, Ontario, (and also potentially including F&C, Canadian Foremost, Lavalin, Bombardier, and so on) the proposed arrangement with Thyssen for participation in the LAV contract would not exclude others -- including GM -- from participating as well. Moreover, when diversification into civilian production occurs, the Bear Head facility would contribute greatly to the industrial base of Atlantic Canada, and create a facility capable of competing for military vehicle contracts -- and in other civilian markets -- in the U.S. On the contrary, in order to establish an Atlantic facility, GM, so far, has sought directed, sole-source, military contracts on a single-product-facility basis, with little of the regional or other industrial diversification benefits of the Thyssen proposal.

Consistency of the "Understanding in Principle" and the Government's procurement policy: The Government would stress from the beginning that while Bear Head would be considered for participation in the LAV contract, the proposed arrangements in no way constitute sole sourcing, nor guaranteed participation, and that the fundamental principles of operational requirements and competitive pricing are protected fully.



NEXT STEPS: Should Ministers wish to contemplate a regional development proposal of this kind, the following course of action could be pursued:

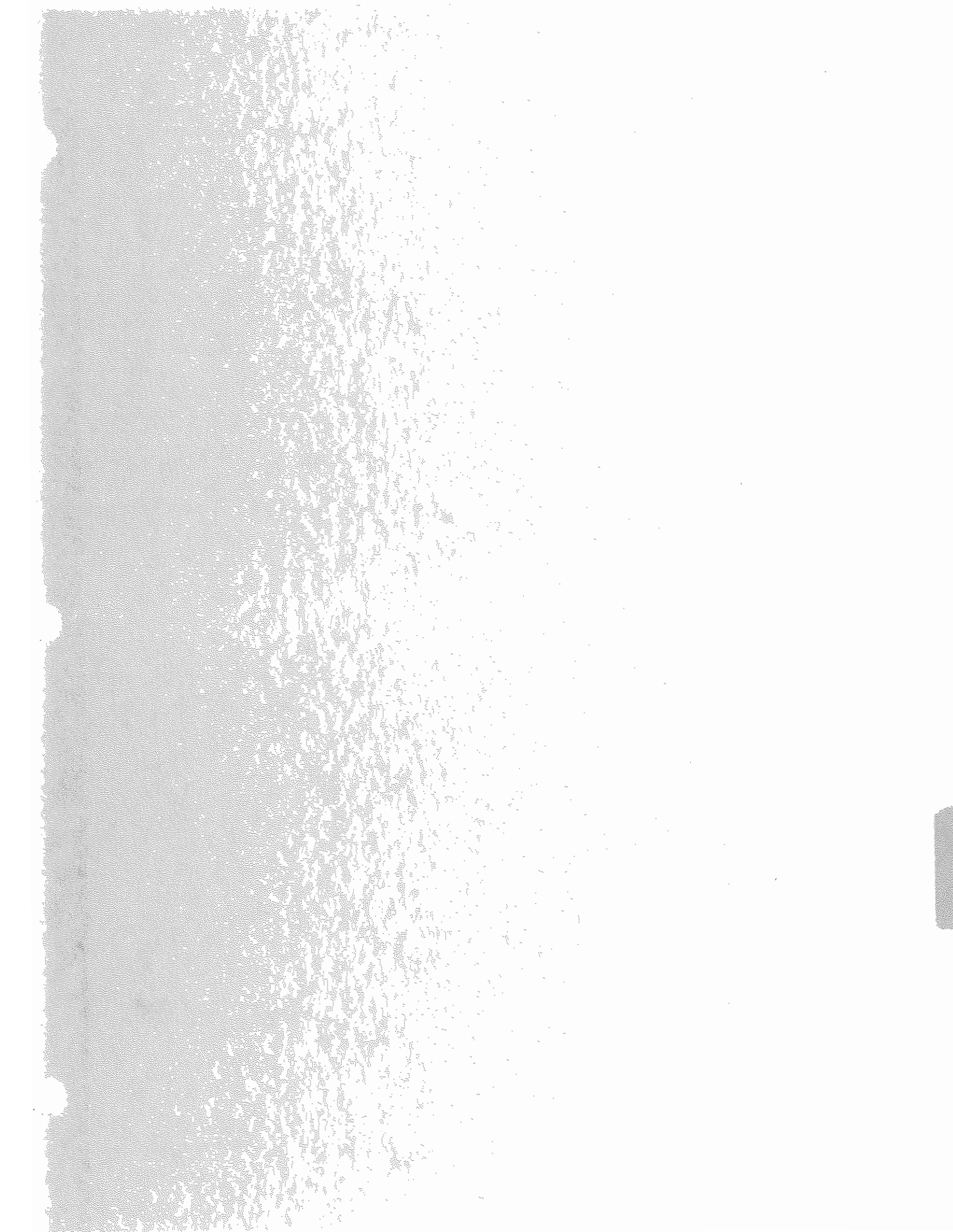
September 1988

- immediate finalization of the Understanding in Principle; and
- agreement on, and signature of, the Understanding in Principle by involved Ministers.

34
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Fall 1988

- formal, detailed negotiations between key federal departments (ACOA, DRIF, DND, Supply and Services) and the company to develop fully a corporate business plan and assistance package;
- concluding negotiations between the federal Government and the Government of Nova Scotia on the common-user infrastructure arrangements;
- preparation of a formal Memorandum of Understanding between the Government of Canada and Bear Head Industries Ltd.;
- formal submission of a Memorandum to Cabinet to CCERD;
- the signing of a formal contractual, legally-binding agreement between Bear Head and the Government.



9/16/69 4/42



Ministry of National Defence

Ministère de la Défense nationale

September 19, 1968

The Honourable Lowell Murray, P.C., Senator
Leader of the Opposition in the Senate and
Minister of State (Federal-Provincial Relations)
Room 271-B-Gentle Block
The Senate of Canada
Ottawa, Canada
K1A 0A4

Dear Colleague:

I refer to the enclosed ~~"Understanding in
Principle" between the Government of Canada and Bear Head
Industries Ltd.~~ and our meeting with Mr. Derek Murray of
September 14, 1968.

69

In agreeing ~~to sign the document~~, I did so with the
understanding that it does not thereby commit the Department
of National Defence, either internally with respect to other
Government Agencies or private industry, to a project for
the acquisition of light armoured vehicles, now, or in the
future.

Further, I am led to believe that in lending my
support for the ~~"Understanding"~~ I will not find myself in
the position of abrogating my commitment to our colleague
Mr. Wilson, as regards funding of future defence projects.

2106
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Lastly, I am pleased to see that you intend to
adopt a low-key approach to the public announcement ~~of this
understanding~~. Let me assure you that senior officers of
my Department look forward to lending assistance in creating
a communications plan as well as preparing correspondence to
Bear Head Industries Ltd., as well as its parent, Thyssen
Industries A.G.

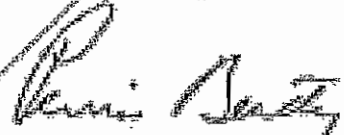
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SECRET

Ottawa, Canada K1A 0A4

For your information, I am sending copies of this letter to our colleagues, the Ministers of Regional Industrial Expansion, the Minister of Finance, Mr. George Burney at the Prime Minister's Office, and also to the Honourable Gerald Marshall.

Sincerely,

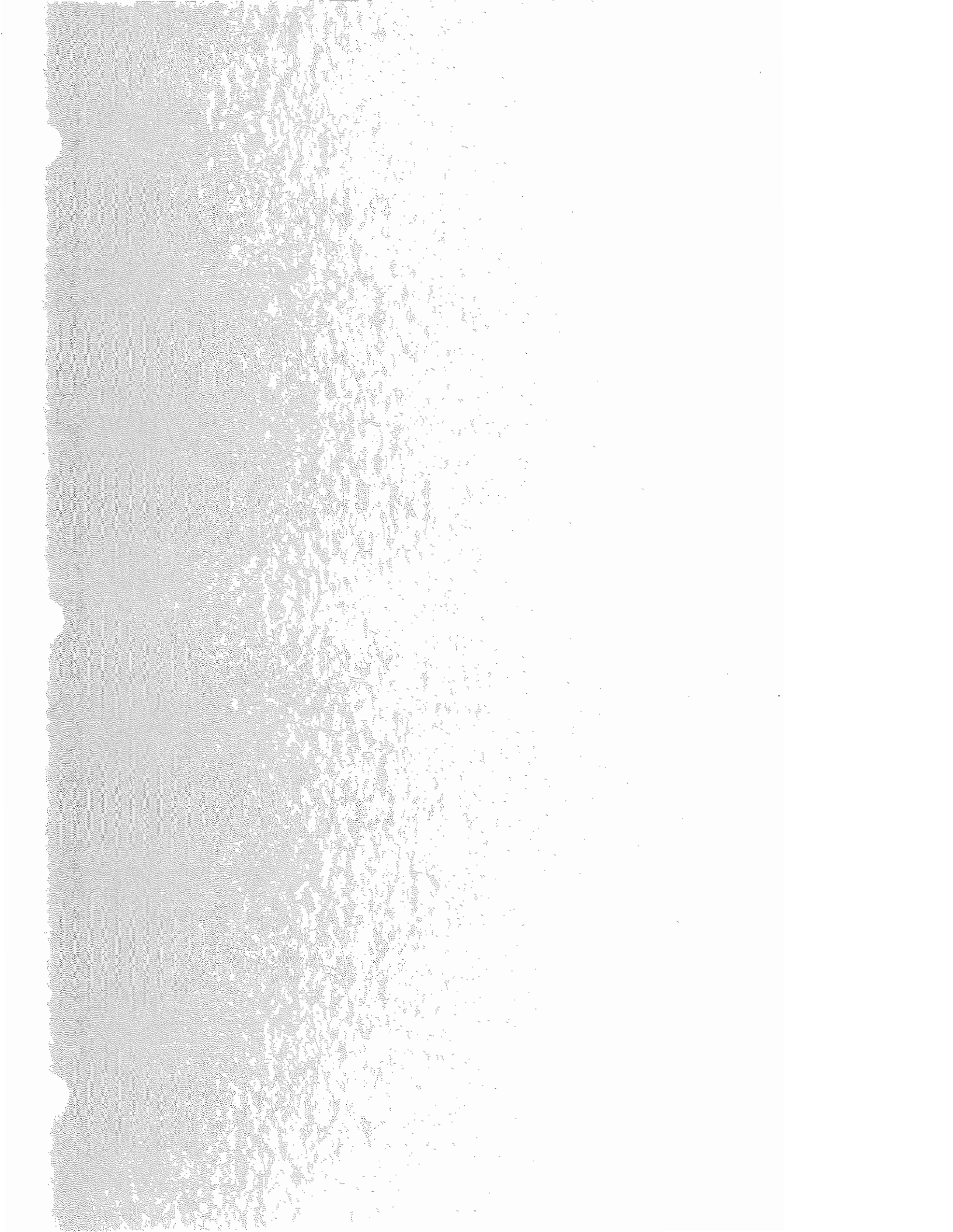


Hermin Beatty

Enclosure: 1

cc: The Honourable Gerald S. Marshall, P.C., M.P.
The Honourable Michael H. Wilson, P.C., M.P.
The Honourable Robert De Larosiere, P.C., M.P.
Mr. George Burney, Chief of Staff, Prime Minister's Office

SECRET





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RCMP "A" DIVISION COMMERCIAL CRIME

File: A102
95A-517

EXHIBIT INFORMATION

DATE OBTAINED: _____

Obtained By: _____

Exhibit No.: 96 - 34

Item No.: _____

Location: _____

DOCUMENT CATEGORIZATION

Document Type: _____

Original: Yes _____ No

COMMENTS ACOA documents extracted
from items 14 to 57

Clone: 72 - 29 - 98 - 118 - 119 - 120 - 121 - 140 - 148 -
203 - 204 - 254 -



Government of Canada

Gouvernement du Canada

MEMORANDUM

ACOIA-OTTAWA: Jmc-918
CIRC. CHRON FILE
N. CR. 199
FAXED: 7.7.88
BY-HAND:
C.C. P. [unclear]

TO
A

FROM
DE

D.S. McPhail
c.c.: J. Wilkins
W. Potter

John McDowell

SUBJECT
OBJET

~~Security~~ Update

S	TE
OUR FILE -- N / REFERENCE	
JMC-918	
YOUR FILE -- V / REFERENCE	
DATE	
September 6, 1988.	

Senator Murray called this afternoon to seek further information on Thyssen, prior to placing a phone call to each of Messrs. de Cotret and Beatty to urge that they sign the Understanding in Principle.

Specifically, the Senator sought:

- 1) confirmation on DRIE's position, reflected in the September 2 letter from Cliff Mackay to Wynne Potter;
- 2) further enlightenment on DND's position, which I relayed, based on the views Mr. Healey had expressed to Wynne Potter on August 31.

The Senator also asked whether -- in the event that he was unsuccessful in persuading his colleagues to sign -- we could be ready to go to Cabinet, and in particular P&P next Tuesday.

You may wish therefore to get in touch with the Minister to determine the outcome of his discussions, and if necessary, to initiate the preparation of further documentation.

John McDowell
John McDowell





Atlantic Canada
Opportunities Agency

Ottawa Office
P.O. Box 3442, Stn. "D"
Ottawa, Ont.
Canada K1P 6N8

(613) 954-8060
FAX: (613) 954-0420

Agence de promotion économique
du Canada atlantique

Bureau d'Ottawa
B.P. 3442, Succ. "D"
Ottawa (Ont.)
Canada K1P 6N8

(613) 954-8060
FAX: (613) 954-0420



MEMORANDUM

September 23, 1988

TO: The Honourable Lowell Murray

FROM: Don S. McPhail

SUBJECT: Letter to Bear Head Industries attaching
"Understanding in Principle"

Please find attached for your signature a letter to Mr. Karlheinz Schreiber, Chairman of Bear Head Industries Limited, formally transmitting the Understanding in Principle from the Government to the company for signature. As the letter indicates, following signature by the company, the Understanding in Principle will be returned to you so that you may seek the necessary signatures of your colleagues.

As you may recall during your meeting with Mr. Beatty and Mr. Burney on September 14, Mr. Beatty insisted, as a precondition to signing, that the company be informed that the Understanding in Principle in no way compromise the ability of the Minister of Defence to recommend to Cabinet, a preferred bidder for the LAV project. Accordingly, in order to satisfy the request of their Minister, the Department of National Defence has inserted the second sentence, paragraph 3, page 2.

In addition, this letter has been reviewed by the Department of Justice to ensure its legal appropriateness, and the minor amendments suggested by Justice have been incorporated.

Don S. McPhail
Don S. McPhail

Attachments:

Canada

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Leader of the Government
in the Senate and
Minister of State for
Federal-Provincial Relations

Leader du gouvernement
au Sénat et
Ministre d'Etat aux
Relations fédérales-provinciales

23 September 1988

Dear Mr. Schreiber:

On behalf of the Government of Canada, I am pleased to acknowledge your proposal, submitted to the Atlantic Canada Opportunities Agency in March 1988, to establish a diversified heavy-industry facility in Cape Breton, Nova Scotia.

The Government considers that the Bear Head facility will make a very significant contribution to the long-run economic strength and diversity of Canada, and in particular, Cape Breton.

For your consideration, I am attaching a document entitled "Understanding in Principle", which I understand has been supported in discussions with you as an appropriate interim vehicle to advance the Bear Head initiative.

You will observe that the "Understanding in Principle" is to be signed, on behalf of the Government of Canada, by the Minister responsible for the Atlantic Canada Opportunities Agency, the Minister of Regional Industrial Expansion, and the Minister of National Defence.

.../2

Mr. Karlheinz Schreiber
Chairman
Bear Head Industries Limited
Suite 908 - 350 Sparks Street
Ottawa, Ontario
K1R 7S8

Ottawa, Canada K1A 0A4

109

96-3470

- 2 -

I believe that we have made quite considerable progress to this point, and I consider that this progress has been incorporated into the "Understanding in Principle".

The Government has reflected upon this document at some length, and in particular, has focussed its attention upon the manner in which it addresses your Company's request for involvement in future Canadian procurement contracts, should the Bear Head heavy-industry facility be established.

In this regard, it is the Government's view that the "Understanding in Principle" reflects, to the maximum extent, your request, in keeping with the Government's established procurement policy, and programming guidelines. I would emphasize that the Government of Canada, in so signing, can not, and does not, thereby commit itself to any military, or other, procurement projects with which you may have a present interest.

Moreover, while I am mindful of the difficulties you are experiencing in preparing exact financial details on your proposal, this information will, of course, be required in order to evaluate a formal application by Bear Head Industries, for assistance, under the Government's regional development, and other programs.

Having stated these points however, I trust that this document will prove successful in facilitating your investment in the Cape Breton heavy-manufacturing plant. I would ask you to signal your intention to proceed further, by signing both copies and returning them to me, by September 26, 1988.

Upon receipt of an affirmative response from Bear Head Industries, I will seek to obtain the required signatures of my colleagues.

Once all signatures are in place, a signed original will be provided to you.

I look forward to hearing from you.

Yours sincerely,

Lowell Murray

Lowell Murray

Attachment

130

96-34-20

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Government of Canada

Gouvernement du Canada

MEMORANDUM

NOTE DE SERVICE

TO
A

File
c.c. Don S. McPhail
Jaffray Wilkins
Wynne Potter

FROM
DE

John McDowell

SUBJECT
OBJET

THYSSEN: SEPTEMBER 25TH MEETING

SECURITY - CLASSIFICATION - DE SÉCURITÉ	
DRAFT "C"	
OUR FILE - N / RÉFÉRENCE	
JMC-949	
YOUR FILE - V / RÉFÉRENCE	
DATE	September 26, 1988

During the evening of September 25th, I met with Mr. Karlheinz Schreiber, Bear Head Industries Ltd., and Mr. Greg Alford, Government Consultants International, to deliver the proposed Understanding in Principle (UIP) from the Government to Bear Head Industries.

After a brief discussion, Mr. Schreiber signed the UIP. He observed that the covering letter of September 23th from Senator Murray (attached) was the first formal communication from the Government to Bear Head Industries. Mr. Schreiber stressed that the UIP, when signed by all parties, meant that Thyssen Industries would come to Canada, and that the document itself would be very helpful in initiating the release of funding for the Cape Breton plant from the Thyssen Board of Directors.

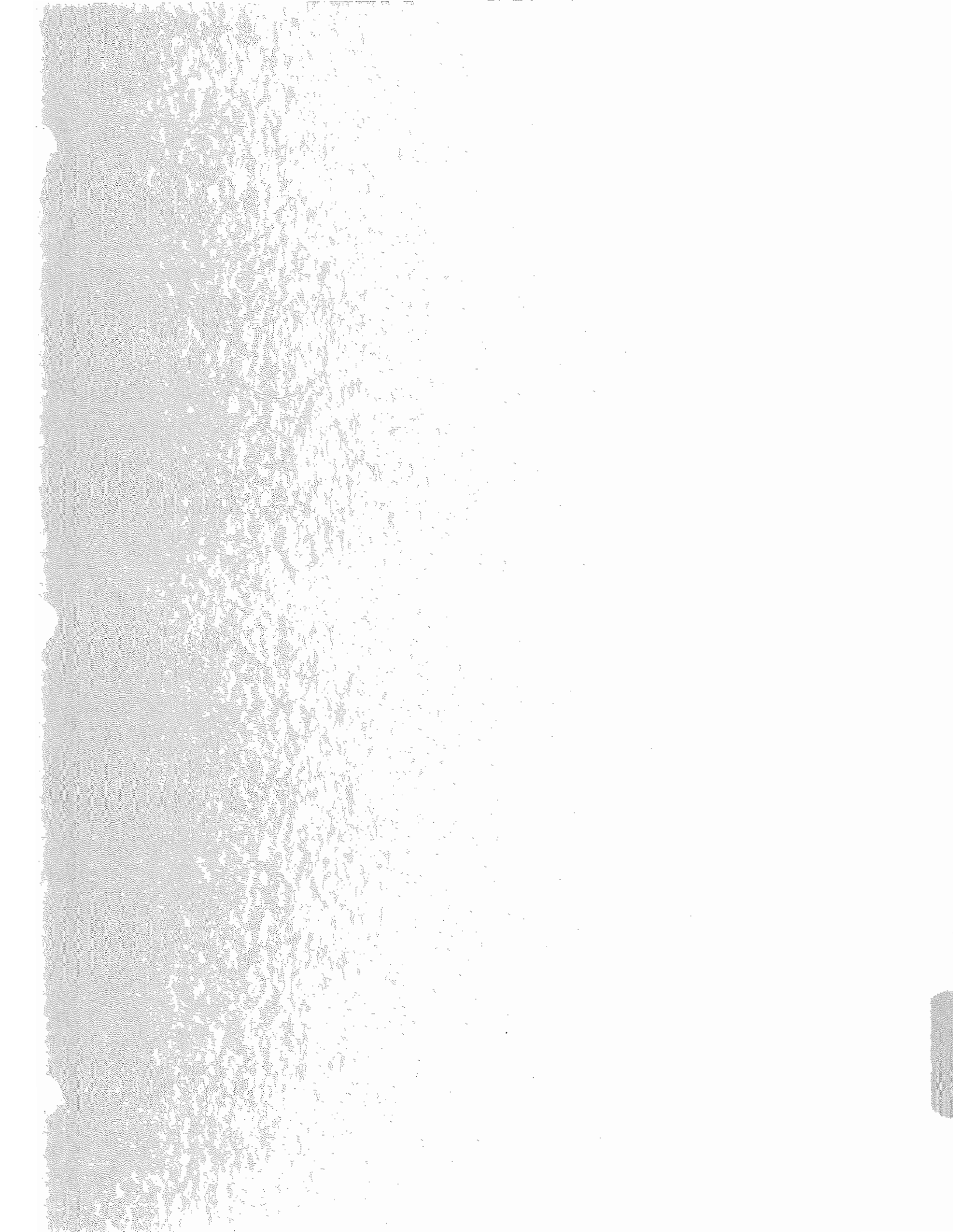
Mr. Schreiber read the letter from Senator Murray with considerable care. Mr. Alford pointed out that paragraph 3, page 2 was effectively a disclaimer because it indicated that in offering the UIP for signature the Government was not necessarily committing to proceed with the LAV project.

I observed to Mr. Schreiber that the UIP to be signed was identical to the version for which he had earlier indicated support, except that paragraph 4(a)(iii) now called for the company to submit its business plan by October 21, instead of September 15, the deadline in the earlier version. Mr. Schreiber understood this minor amendment and indicated that Bear Head Industries would work towards this date.

Attachment

John McDowell
John McDowell ACOA/APA
RECEIVED/RECU
11565
SEP 28 1988

Referred to / Référé à: 108
File / Dossier: 3080-2



UNDERSTANDING IN PRINCIPLE

This document signed this 27 day of September, 1988,
between:

THE GOVERNMENT OF CANADA, as
represented by:

i) the Minister responsible for
the Atlantic Canada Opportunities
Agency (hereinafter called "the
ACOA Minister"),

ii) the Minister of Regional
Industrial Expansion (hereinafter
called "the DRIE Minister"), and

iii) the Minister of National
Defence (hereinafter called "the
National Defence Minister); and

BEAR HEAD INDUSTRIES LTD., a
company incorporated under the
laws of Nova Scotia, a subsidiary
which is one hundred (100%)
percent owned by Thyssen
Industries A.G. of the Federal
Republic of Germany (hereinafter
called "the Company").

WHEREAS the Government of Canada desires
to foster the economic expansion and industrial
development of Cape Breton;

WHEREAS the Company must have in place a
North American heavy-industry manufacturing facility on
an urgent basis, and desires to establish such a
facility in the Bear Head peninsula region of Cape
Breton;

WHEREAS the Government of Canada
recognizes that the proposed Bear Head facility
represents an important economic development and
diversification of the industrial base of Cape Breton;
and

WHEREAS the Company is preparing financial details on its proposal, to meet the information requirements of the Government's established regional development capital contribution, and other assistance programs.

1. In accordance with this Understanding in Principle, the Company shall establish a diversified heavy-industry manufacturing facility in the Bear Head region of Cape Breton, Nova Scotia, which will:

(a) create in Cape Breton a new and diversified activity in the Canadian civilian and defence industrial base, with access to the North American defence markets, under the Canada U.S. Defence Production Sharing Agreement;

(b) transfer to the facility, all technology necessary for the construction of light armoured vehicles, and other heavy-industry products;

(c) source its requirements co-operatively from, and implement arrangements for joint-venture activities with, the Lavalin (UTDC) heavy-industry facility, in Trenton, Nova Scotia, in accordance with existing agreements between the Company and Lavalin;

(d) to the greatest extent possible, source its requirements from, and promote the establishment of, small business enterprises located in Atlantic Canada;

is 20 or 21 etc

(f) employ a minimum of 500 people on a permanent, full-time basis and, where necessary, train these individuals in required skills and knowledge, utilizing, where appropriate, local educational facilities.

2. In accordance with this Understanding in Principle, the Government of Canada, in order to facilitate the establishment of the Company's heavy-industry manufacturing activity in Cape Breton, will:

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(a) enter into negotiations with the Province of Nova Scotia,

D.200 (b)

and to use the Strait of Canso Industrial Development Subagreement as a source of funding;

(b) entertain an application by the Company to the Minister of National Revenue for assistance based on eligible project costs up to a maximum of \$68 million, under the provisions of the Cape Breton Investment Tax Credit, in accordance with the formal application for such assistance filed by the Company prior to June 30, 1988;

(c) entertain an application by the Company to the Minister of National Revenue for duty remission on the importation of machinery, parts, and components for the manufacturing of vehicles, under the Machinery and Equipment Tariff Program, consistent with this program at the time of such importation; and

(d) entertain an application by the Company to the Minister of Employment and Immigration for government participatory funding, for initial employee training.

3. In recognition of the need to proceed urgently, the Government of Canada and the Company agree to adopt a two-phased approach to the establishment of the Bear Head facility.

PHASE I

4. The Government of Canada and Company agree that in Phase I, the respective parties will undertake the following:

(a) the Company:

(i) the Company will proceed forthwith with the construction of an initial plant, as described in the document submitted to ACOA in March 1988, requiring an initial capital investment of \$58 million, to manufacture defence products for the North American markets;

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(ii) the Company will have submitted a formal application to Enterprise Cape Breton, in advance of June 30, 1988, seeking assistance under the Cape Breton Investment Tax Credit (CBITC); and

(iii) the Company will provide by October 21, 1988, financial and other details associated with Phase I, and, in the shortest time possible thereafter, the remaining information required in order to qualify for assistance under the Defence Industries Productivity Program (DIPP), and other government assistance programs, under which funding is sought.

(b) the Government of Canada:

(i) the ACOA Minister, and the DRIE Minister, will consider assistance to the Company, up to a maximum of fifty (50) percent of eligible project costs, under programs delivered by Enterprise Cape Breton, consistent with these programs at the time the Bear Head project becomes eligible for such assistance.

(ii) The Minister of National Defence, in recognition of the excellent international reputation for quality and performance earned by Thyssen Industries A.G. in the military vehicle sector, and in the context of the major acquisition program for the upgrading of the Canadian Forces envisaged in the Defence White Paper, will consider the participation of the Company in the Light Armoured Vehicle Procurement Program, envisaged to occur in the early-to-mid 1990's, provided the Company:

(a) develops, designs, and manufactures, in its Cape Breton facility, these = vehicles from its entire technology range according to the operational requirements of the Government of Canada,

(b) meets the Government's requirements for quality, delivery, and logistic support, including personnel training,

(c) delivers and performs at internationally competitive prices, and

(d) provides acceptable regional and industrial benefits; and

4

(iii) the DRIE Minister will consider capital establishment assistance to the Company, under the Defence Industries Productivity Program (DIPP), consistent with this program at the time the Bear Head project becomes eligible for such assistance.

PHASE II

5. The Government of Canada and Company further agree that in Phase II, the respective parties will undertake the following:

(a) the Company:

(i) the Company will proceed not later than twelve (12) months after the commencement of production under Phase I, with diversification into heavy civilian manufacturing production targeted at Canadian and international markets;

(ii) the Company will provide within six (6) months after the commencement of production under Phase I, financial details including product and market projections associated with Phase II; and

(iii) should Phase II not be proceeded with, the Company will reimburse the Government of Canada for:

- (1) assistance as is provided by the ACOA and DRIE Ministers under paragraph 4 b(1) above, and
- (2) a portion, to be determined in subsequent negotiations, of the infrastructure assistance provided under paragraph 2 (a) above, in the event that the planned employment level of 400 people for Phase I is not sustained for 5 years.

(b) the Government of Canada:

the ACOA Minister, and the DRIE Minister, will consider assistance to the Company, under established regional and industrial development programming, consistent with such programs at the time the Bear Head project becomes eligible for such assistance.

6. This Understanding in Principle may be complemented by future Memoranda of Understanding.


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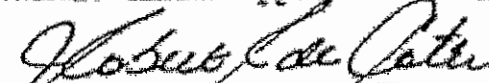
7. The understandings in principle set out in this Understanding in Principle do not create any enforceable, legal or equitable rights, nor obligations, but merely serve to document the:

- (a) parameters that have been set; and
- (b) areas on which discussions have been held, and understandings in principle reached.

Further clarifying negotiations and the requisite approval from all appropriate parties (including without limiting the foregoing, Treasury Board, and the Board of Directors of Bear Head Industries Ltd.) are needed before contractual documentation can be entered into.

THE GOVERNMENT OF CANADA


Minister responsible for the
Atlantic Canada Opportunities Agency


Minister of Regional Industrial
Expansion


Minister of National Defence

BEAR HEAD INDUSTRIES LIMITED


Mr. Karlheinz Schreiber, Chairman



05/14/89

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FROM ADM(CMAY)

-7 AM

~~VICTORIA~~

Minister of National Defence



Ministre de la Défense nationale

October 20, 1988

Mr. G.A. Paspples
President and General Manager
General Motors of Canada Limited
215 William Street East
Oshawa, Ontario
L1G 1X7

Dear Mr. Paspples:

Further to my letter of September 26, I am pleased to advise you that the evaluation of the General Motors Diesel Division Unsolicited Proposal for Light Armoured Vehicles has been completed.

As you are no doubt aware by now, officials of my Department met again last week with representatives of the Diesel Division in order to conduct a more detailed review of individual elements of the Unsolicited Proposal and its costs. During these meetings, it was determined that \$175 million for all elements of the proposal is the order of the magnitude of costs required for implementation of the proposal.

The purpose of this letter is to advise you that, on the understanding the 200 Light Armoured Vehicles and all other elements of your proposal can be delivered at a "not to exceed" cost of \$175 million, I am prepared to support the proposal to meet my Department's urgent requirement for Light Armoured Vehicles associated with our Land Reserve Modernization Program. Consequently, it is my intention to recommend to my Cabinet colleagues that a contract award be made to your company, subject to successful negotiation of specific terms and conditions and total costs by the Department of Supply and Services. I am confident, therefore, that a decision will be taken in sufficient time to ensure the viability of the General Motors manufacturing operation in London and the continuance of its contribution to Canada's defence industrial base.

.../3

- 2 -

I am also forwarding copies of this letter to my colleagues, the Minister of State, Finance, the Honourable Tom Heckin and the Honourable Otto Jelinek, the Minister of Supply and Services who have also agreed to support your proposal.

Sincerely,

Perrin Beatty
Perrin Beatty

C.C. The Honourable Tom Heckin, P.C., M.P.
The Honourable Otto Jelinek, P.C., M.P.



Atlantic Canada Opportunities Agency / Agence de promotion économique du Canada atlantique

SECRET

Cab 69

Minister / Ministre
Ottawa, Canada K1A0A4

*

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SECRET

The Honourable Perrin Beatty, P.C.
Minister of National Defence
Room 707, Confederation Building
House of Commons
Ottawa, Ontario
K1A 0A6

Handwritten notes:
240-8 205253
8905-11-86

My dear Colleague:

It was with great concern that I recently learned of your letter of October 20th to Mr. George Peapples, President of General Motors Canada (GM), which states your intention to recommend to Cabinet that GM be selected as the contractor for the upcoming \$175 million militia-vehicle contract. While of course, as your letter points out, such a contract award will require thorough consideration by Cabinet, I am disturbed that you proceeded in your arrangements with GM, without advance consultation with me, and our Atlantic colleagues, despite previous concerns of an Atlantic nature associated with the militia contract, expressed to you by my predecessor the Honourable Lowell Murray.

As you will recall, following discussions between you and Senator Murray he followed up with letters to you on May 18, and June 16, concerning a possible arrangement between Atlantic Defence Industries Limited (ADIL) of Nova Scotia, and U.S.-based FMC, which could result in considerable Atlantic benefits, particularly if the M113 FMC vehicle was selected under the militia contract. ADIL pursued discussions with FMC on the understanding, clearly expressed by your officials, that for operational purposes, the M113 tracked vehicle was the only vehicle which might be considered appropriate for militia-training.

In stating your intention to recommend to Cabinet that the GM wheeled vehicle be selected instead, it would appear that not only have the vehicles' operational requirements changed substantially, but, as I understand GM's proposal, you would be seeking approval for a proposal which promises minimal regional industrial benefits for Atlantic Canada. Indeed, the GM proposal, as submitted, offers only ten percent of the contract for Atlantic Canada and, under GM's scenario, this minimal benefit would not be provided directly, but instead would depend on future sales.

Canada

SECRET

.../2

Cab
69

SECRET

THIS FOLDER / DOCUMENT
CONTAINS / FIDENCES OF
THE QUEEN'S PRIVY COUNCIL
FOR CANADA WHICH ARE TO BE
PROTECTED IN ACCORDANCE
WITH TREASURY BOARD
CIRCULAR 1933-45 DATED
30 AUGUST 1993.

AVERTISSEMENT
CE DORSIER / DOCUMENT
CONTIEN / CONIEN DES
RENSEIGNEMENTS
"PRIVILÉGIÉ" DU CONSEIL
PRIVÉ DE LA REINE POUR
LE CANADA, LESQUELS DOIVENT
ÊTRE PROTÉGÉS
CONFORMÉMENT AUX
DISPOSITIONS DE LA CIRCULAIRE
1933-45 DU CONSEIL DU TRÉSOR
EN DATE DU 30 AOÛT 1993

X
-2-

Moreover, I am most interested in your views on whether a selection by the Government in favour of GM, under the militia program, will assist GM in its expected bid to supply the Government with vehicles under the much-larger light armoured vehicle (LAV) program, anticipated in the mid-1990s. Indeed, would it not be the case that a non-GM company participating in the competitive process for the LAV contract -- such as Bear Head Industries which proposes to meet the Canadian LAV requirement from its plant in Cape Breton -- would be prejudiced in submitting a bid based on an armoured vehicle of non-GM origin? Consequently, I am deeply concerned about the implications of your letter to GM, as I do not believe that there has been adequate consultation for this type of commitment on behalf of the Government.

In fact, I would like to refer to our Cabinet deliberations earlier this year, where we and our colleagues agreed upon a strategy for the consideration of government procurement, including its application to defence procurement. Specifically, I refer to the Record of Decision for the Canadian Annual Procurement Strategy (1-0159-88RD). Amongst other things, it was decided that federal procurement objectives embraced the pre-eminence of operational requirements, competition, fairness, and accessibility as well as long-term industrial and regional development. Additionally, it was agreed that in reviewing regional development opportunities, special provisions might be necessary to develop regional economies and the defence industrial base.

As I see it, the purpose of the whole exercise was to enhance the effectiveness of the procurement system as an instrument for long-term industrial and regional development. It was noted to Ministers that they would have an early opportunity to test the practical application of these objectives in their consideration of specific upcoming major Crown projects.

Finally, in ratifying the CAPS process, including defence procurement, it was directed that federal industrial and regional development procurement efforts include "coordinating the implementation of such policies and strategies in cooperation with the Ministers responsible for WED and the Atlantic Canada Opportunities Agency". It is in accordance with this policy that I am making an effort to assist in safeguarding the competitive position of Atlantic Canadian firms wishing to have a real opportunity to compete for the LAV program.

.../3

SECRET

69
CAB

SECRET

<p>WARNING</p> <p>THIS FOLDER / DOCUMENT CONTAINS CONFIDENCES OF THE QUEEN'S PRIVY COUNCIL FOR CANADA WHICH ARE TO BE PROTECTED IN ACCORDANCE WITH TREASURY BOARD CIRCULAR 10005 DATED 30 AUGUST 1953.</p>	<p>AVERTISSEMENT</p> <p>CE DOSSIER / DOCUMENT CONTIENT DES RENSEIGNEMENTS "PRIVILÉGIÉS" QUI SONT À LA DISPOSITION DU GOUVERNEMENT DU CANADA, LESQUELS NE DOIVENT PAS ÊTRE PRÉSENTÉS EN PUBLIC EN CONFORMITÉ DES DISPOSITIONS DE L'ARTICLE 10005 DU CIRCULAIRE EN DATE DU 30 AOUT 1953.</p>
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X
-3-

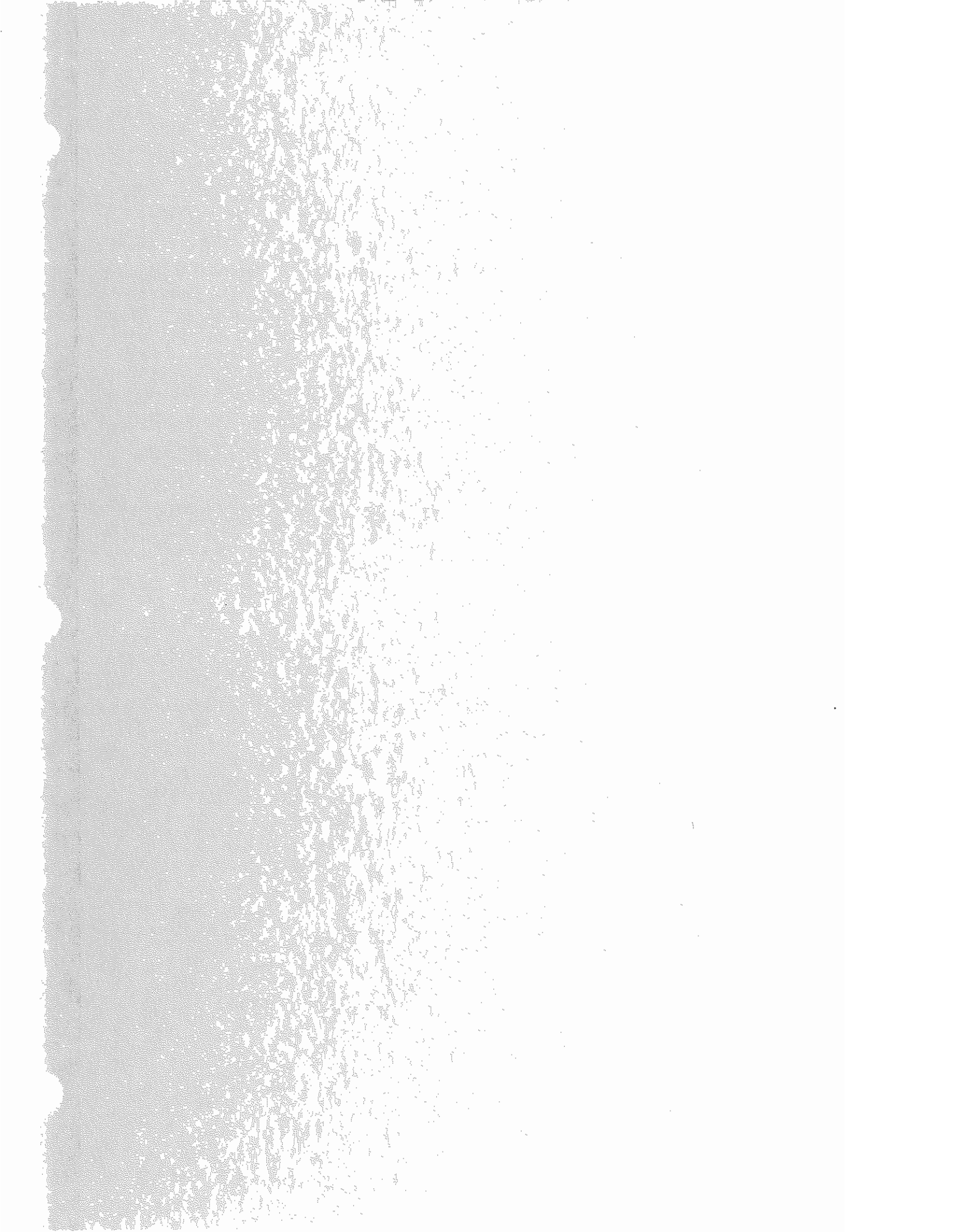
I am available to discuss this matter with you, prior to its formal consideration by Cabinet, at your convenience.

Yours sincerely,

Gerald S. Merrithew

c.c. Hon. Otto Jelinek
Hon. Robert de Cotret

SECRET



How one file set off Schreiber's string of mystery payments

Mulroney's Atlantic minister speaks out on proposed arms plant

-  Article
-  Comments 

GREG MCARTHUR
FROM FRIDAY'S GLOBE AND MAIL
MARCH 14, 2008 AT 7:46 AM EDT

It was Lowell Murray's first day on the job and his boss – Prime Minister Brian Mulroney – had one task in particular he asked the senator to tackle.

The two men were flying somewhere over Eastern Canada in the government's Challenger jet, bound for an afternoon news conference in St. John's.

It was June 6, 1987, the day Mr. Mulroney announced the creation of the Atlantic Canada Opportunities Agency and Mr. Murray's appointment as its inaugural minister. At some point during the three-hour flight, Mr. Mulroney reached over and handed a single file folder to Mr. Murray.

"Here's something you want to have a look at," Mr. Murray recalled Mr. Mulroney saying.

Internet Links

- **Audio Slideshow:** Reporter Greg McArthur takes you through the paper trail 



Inside there was a single letter – a proposal for a light-armoured vehicle factory that Thyssen Industrie AG, a German arms manufacturer, wanted to build in Cape Breton.

It's been more than 20 years since that flight, and until now it has not been understood how this factory became such a priority for the Mulroney government. Speaking for the first time publicly about the proposed factory, Mr. Murray, a Progressive Conservative senator, played down the significance of that handoff. "I didn't attach any greater importance to it," he said.

However, when Mr. Mulroney gave Mr. Murray that file, it set in motion a chain of events that resulted in some of the former prime minister's friends and political allies getting paid hundreds of thousands of dollars by German-Canadian lobbyist Karlheinz Schreiber.

There's no evidence to suggest Mr. Mulroney knew his associates stood to profit from the Thyssen file he handed Mr. Murray in 1987. What is clear is that after receiving that assignment, Mr. Murray spent the next 15 months trying to make the factory, known as Bear Head Industries, a reality, and he helped persuade three ministers to sign an "understanding in principle" to support the project.

Those signatures prompted \$2-million to take a circuitous route from Thyssen's headquarters in Germany to shell companies in Liechtenstein, on to Mr. Schreiber's Swiss bank accounts, until a portion of that money made its way into Canadian pockets. The factory was never built.

Mr. Murray, who still serves as one of three Progressive Conservatives in the Senate, says he was shocked to discover through recent news reports who was paid as a result of that document being signed 21 years ago. He also expressed bewilderment that Thyssen would pay so much for a document that, he says, didn't force the government to do much of anything.

"Incredulous. That's all I can say. Absolutely incredulous. But of course I don't know what [the money] was for," Mr. Murray said, later adding, "I'd like to know."

In his interviews with *The Globe*, Mr. Murray said the recipients of those commissions – only two are still alive – should publicly explain what work they performed for the money.

"It's important at a minimum because it's become a public issue. It's out there."

Mr. Murray insists that his intentions were pure; he wanted to make the agency a success and bring a potential 500 manufacturing jobs to an economically depressed area of Cape Breton, he said.

Others who were close to Mr. Mulroney also saw an opportunity. And documents originally obtained by CBC's *the fifth estate* – including Mr. Schreiber's Swiss banking records show just how much money there was to spread around.

Pushing the proposal

Ten days after receiving the Thyssen file from the Prime Minister, Mr. Murray's phone rang.

On the other end of the line was Fred Doucet, Mr. Mulroney's former chief of staff and long-time friend, Mr. Murray said. The senator says he made a note of the conversation in his agenda book. Mr. Doucet, who had recently left the Prime Minister's Office to become Canada's ambassador of international summits, congratulated Mr. Murray on his new post and encouraged the senator to get moving on his first assignment, Mr. Murray said.

"[He] also told me that the Thyssen thing was important," Mr. Murray said. "The idea was that it would be of great political advantage, that it was extremely important, that the Prime Minister thought it was important."

"I didn't consider that untoward. [Mr. Doucet] had been a political assistant in the PMO and he came from Cape Breton and he was interested in the political fortunes of the party."

The very same day, Mr. Murray says he received a call from Mr. Doucet's brother, the lobbyist, Gerry Doucet. Gerry Doucet was one of the partners of Government Consultants International, the firm made up of prominent Tories such as Frank Moores, the late former Newfoundland premier, and Conservative organizer Gary Ouellet, who has also died. The firm represented Mr. Schreiber and Bear Head Industries and Gerry Doucet called to make sure the senator was

"moving the project forward," Mr. Murray said.

In the latter half of 1987, Mr. Murray would go on to have more than a dozen conversations with the Doucet brothers – three with Fred and 10 with Gerry – about the proposed factory, Mr. Murray said. The senator also recalled Fred Doucet urging Mr. Murray to promote the project with Perrin Beatty, who at that time was defence minister.

(When contacted by The Globe, Fred Doucet declined to comment on any of his conversations with Mr. Murray. Gerry Doucet did not return messages.)

Across the Atlantic, Karlheinz Schreiber and his accountant Giorgio Pelossi were plotting to ensure that lots of money would be available if the federal government made its support for the factory more official.

A series of 1987 letters between Mr. Pelossi and Thyssen show that the arms manufacturer gave Mr. Schreiber \$1.9-million to support his lobbying efforts, and the company agreed to give him another \$2-million if he delivered a "letter of intent" from the Canadian government.

On Christmas Eve, 1987, Mr. Pelossi sent Thyssen the good news – such a letter was just around the corner.

"On the part of the responsible government offices, we have been assured that this letter of intent will be granted to you at the beginning of next year," Mr. Pelossi wrote.

Back to the drawing board

It took a little longer. On Aug. 30, 1988, Mr. Murray spoke with Fred Doucet again, and again, Mr. Murray says, the former PMO staffer was calling about the proposed factory – but this time in a different capacity.

Mr. Doucet had left the government just weeks earlier and became a lobbyist. Mr. Murray says Mr. Doucet called to let him know he was now representing the Bear Head project. He would go on to speak with Mr. Doucet three more times in September about the project, Mr. Murray said. With hindsight, it was a good time to be associated with the project. A windfall was on the horizon.

A federal election was imminent, and Mr. Murray said he wanted something in writing to make sure the proposal wasn't left behind when all the campaigning was over – especially if there was a change in government. His agency started to pursue a "letter of comfort," Mr. Murray said.

The only problem was, the defence department was firmly against the idea – and had already rebuffed Mr. Schreiber's proposal on numerous occasions. The only way Mr. Beatty was going to sign anything, the former defence minister told The Globe in an interview, was if "there was no obligation to choose" the Thyssen vehicles.

Mr. Murray went back to the drawing board.

"So we then started drafting and redrafting and drafting and redrafting," the senator said. "Originally we thought agreement in principle and this thing was lawyered and lawyered and lawyered again. And the Department of Justice, I think it was, probably came up with 'understanding in principle' to make the commitment even less serious on the part of the government," Mr. Murray said.

Finally, on Sept. 27, 1988 – just days before Mr. Mulroney called a federal election – the ministers signed the document. Thyssen issued a press release and the Nova Scotia media ran with stories about a potential 500 jobs for Cape Breton.

But back in Ottawa, at least one high-ranking defence official was still in the dark, saying it was the only occasion he could recall not being informed about his minister, Mr. Beatty, signing such an agreement.

"It wasn't processed in normal channels," said the official. "We were not interested in this deal because we just didn't have the money or the priority... and that position was taken quite consistently."

"I frankly, to this day, don't know what the [understanding] in principle was supposed to achieve."

Invoices roll in

After the document was signed, one of the first invoices to arrive for Mr. Schreiber was from Fred Doucet, whose new company was Fred Doucet Consulting International.

It was dated Nov. 2, 1988, which was less than three months after Mr. Doucet left his government job and about a month after the document was signed. His invoice was for \$90,000.

Other invoices started rolling in. The law firm of Gerry Doucet, Mr. Doucet's brother, also billed for \$90,000. Gary Ouellet's consulting company billed for a further \$90,000. Frank Moores sent his \$90,000 invoice and his lobby firm, Government Consultants International, issued an invoice for \$250,000.

All of the invoices used similar language to describe the work that was performed: "professional services," "services rendered" and "consulting services."

And sure enough, over a period of 20 days, money started winding its way from Germany back to the lobbyists. Thyssen sent \$2-million to one of Mr. Schreiber's Liechtenstein shell companies. That was transferred to another shell company, which in turn sent \$1-million to one of Mr. Schreiber's Swiss bank accounts. Then, \$610,000 was transferred out of the Swiss bank account – codenamed "Frankfurt" – the same day Fred Doucet invoiced Mr. Schreiber.

After the money made its way through another Liechtenstein company, Mr. Schreiber paid all of the parties – a total of \$610,000 – on Nov. 15, 1988, from one of his Calgary companies, Bitucan.

(Neither of the former ministers interviewed for this story – Mr. Murray and Mr. Beatty – said they had any knowledge of the commissions that were set to flow as a result of that document being signed. Mr. Beatty said he never received "any pressure" to sign the document.)

Mr. Murray said he couldn't recall speaking about the factory with Mr. Ouellet, and he said he has a vague recollection of meeting with Mr. Moores, but said he couldn't remember the exact date.

Fred Doucet's only public comments about his role with the Bear Head project came in February when he testified before the House of Commons ethics committee. In his sworn testimony, the former Mulroney staffer was asked when he started working for Mr. Schreiber. His answer – "I believe I got on the payroll in February

of '90" – was 14 months after he issued his \$90,000 invoice to Mr. Schreiber. When the contradiction was exposed in the media, Mr. Doucet's lawyer sent a letter to the committee apologizing and explaining that his client was "mistaken" – but neglected to explain how Mr. Doucet came to make that mistake.

Questions about what Mr. Mulroney knew about the commission deal, and why he selected the Thyssen file as the only file to hand Mr. Murray during his first day on the job remain unanswered.

The public relations firm handling inquiries for the former prime minister declined to comment.

In December, Mr. Mulroney testified before the House of Commons ethics committee that he was "supportive of the project" but was never asked about the money that was funnelled back to Canada as a result of that document.

TIMELINE

Behind the Bear Head project

Feb. 23, 1982: A 42-year-old Brian Mulroney sends a Telex to German businessman Karlheinz Schreiber, congratulating him on becoming a Canadian citizen.

January, 1983: Progressive Conservative Leader Joe Clark announces a leadership race after receiving only 66.9 per cent support from delegates at a Winnipeg convention. Mr. Schreiber later reveals that he paid to fly anti-Clark delegates to the convention.

Sept. 4, 1984: Brian Mulroney, who replaced Mr. Clark as Progressive Conservative party leader, becomes Canada's 18th prime minister.

June 6, 1987: During a flight to St. John's to announce the creation of the Atlantic Canada Opportunities Agency, Prime Minister Brian Mulroney hands his new minister, Senator Lowell Murray, a single file folder, Mr. Murray says. Inside is a proposal from Thyssen Industrie AG, a German arms manufacturer, to build a light-armoured vehicle factory in Cape Breton known as Bear Head Industries, Mr. Murray says. There's no evidence to suggest that Mr. Mulroney knew his associates stood to profit from the Thyssen file he handed Mr. Murray.

June 15, 1987: Mr. Murray says he receives a phone call from Fred Doucet, the ambassador of summits and Mr. Mulroney's friend. Mr. Doucet tells Mr. Murray the Prime Minister considers the project "important," Mr. Murray says. The same day, Mr. Murray gets a phone call from Mr. Doucet's brother, Gerry Doucet, a lobbyist with Government Consultants International, the firm representing Bear Head, Mr. Murray says.

Nov. 26, 1987: In a letter, Thyssen informs Karlheinz Schreiber that the German-Canadian middleman is entitled to millions of dollars in success fees if he can deliver a "letter of intent" from the federal government for the proposed factory.

Dec. 24, 1987: Mr. Schreiber's accountant informs Thyssen that a letter is on the way.

July 13, 1988: Mr. Murray says he starts drafting a "letter of comfort" to solidify the government's support for the project.

Aug. 30, 1988: Mr. Murray gets a phone call from Fred Doucet, who informs the senator that he's now working as a lobbyist and representing Mr. Schreiber and the Bear Head project.

Sept. 27, 1988: Three of Mr. Mulroney's ministers sign an "understanding in principle" with Bear Head Industries.

Oct. 25, 1988: Thyssen sends \$2-million to the Liechtenstein bank account of Mr. Schreiber's shell company, half of which later flows into Mr. Schreiber's Swiss bank accounts.

Nov. 15, 1988: Mr. Schreiber's Alberta company, Bitucan Holdings, issues \$90,000 cheques to Fred Doucet's consulting company, Frank Moores, Gerry Doucet's law firm and Gary Ouellet's consulting company – as well as a \$250,000 cheque to Government Consultants International.

1993-1994: Mr. Mulroney accepts at least \$225,000 in cash from Mr. Schreiber in hotels in Montreal and New York.

-  Article
-  Comments 
- .

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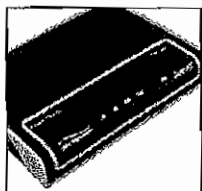
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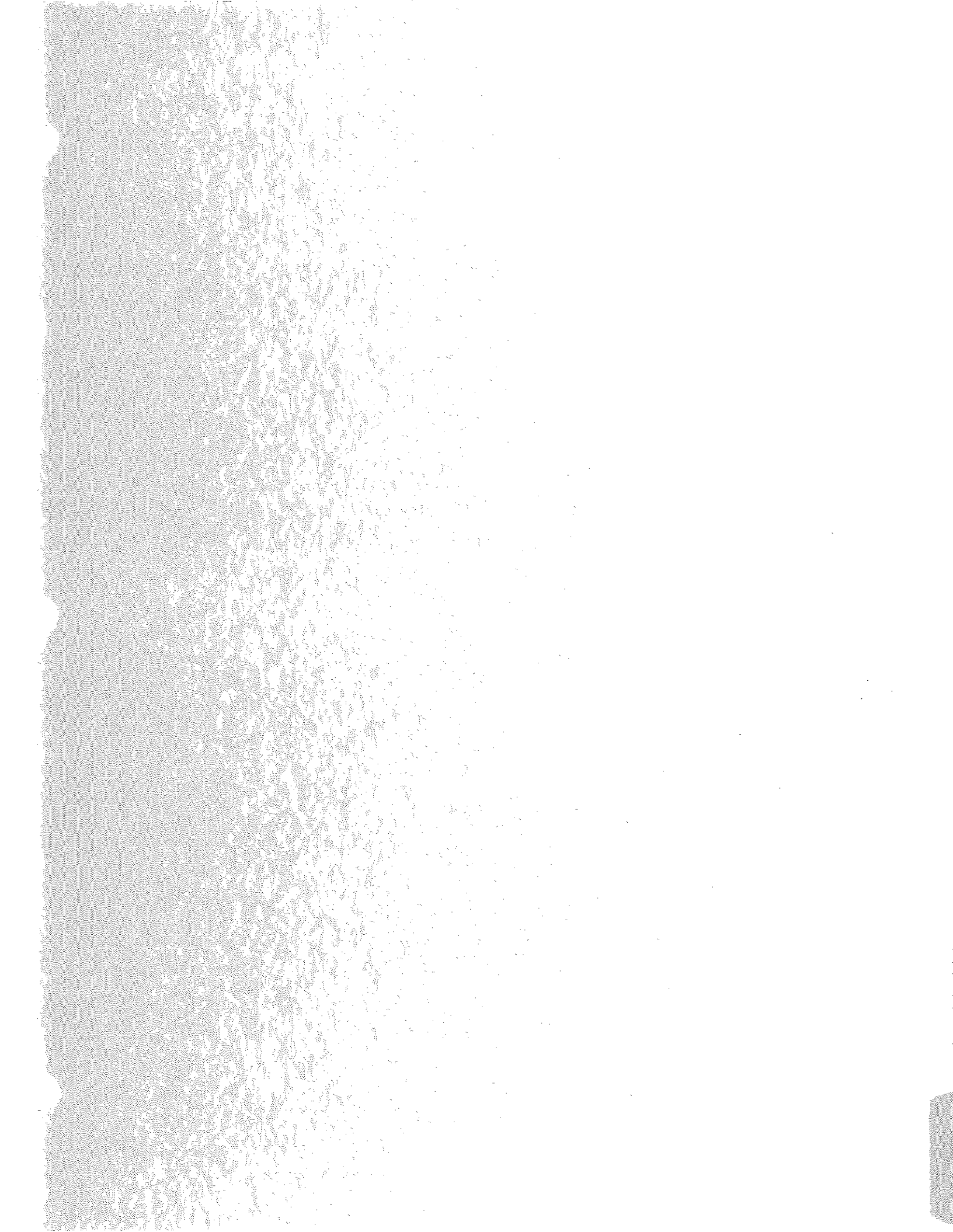


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Phillip Crawley, Publisher



1987

Bell

1987

June

25 Thursday

8 am

8 SCC absent 323-5

9:00 Careers nat'l 253-D

10 Harry Hear 275-S

11 Senate Careers

12 noon Epp, Shugart, Spector 275-S

12:30 Dr.

1 pm

1:30 GP Strat, Michal

2 Senat

3

3:30 Mag, Beatty 203-S

4

5:15 Ott - Halifax RC 138
ARR 19h40

Reminders

26 Friday

8 am

8:45 Halifax - Charlottetown

9 RC 1811

10 P. Shiz

11

12 noon Charlottetown Chamber
of Commerce

1 pm

2

3:30 Charlottetown - Halifax
CP 797

4

5

Reminders

27 Saturday

8 am

14h40 - Halifax - Quebec
(Sheerwater)

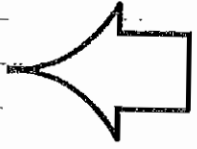
18h Reception

19h Discours - FFHQ
(Hôtel Le Concorde)

28 Sunday

8h Quebec - Halifax (Sheerwater)

Reminders



July	August	September	October	November	December	1987
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July

1987

20 Monday

Week 30

21 Tuesday

22 Wednesday

8 am

8 am

7:30 am

Charl. - Hal. CP III ARR 8:00

9

9

Murray Coolican Halifax

10

10

10

11

11:15 Hal - Charlottetown

11 Chronicle Herald Halifax

RR 1813 ARR. 11:50

Editorial Bd, D. McPhail

12 noon

P. Buchanan Halifax

12 noon

D. McPhail, J. Wilkins

12 noon

1 pm

E. Mackay

1 pm

1 pm

2

2

2

3 N.S. Caucus M.P.s Halifax

3

Senators, D. McPhail

3

4

4 D. McPhail Charlottetown

Bd of Governess APEC

5

5 through dinner

5 Halifax - Baddeck

Reminders

Reminders

Reminders

January

1987

February

March

April

May

June

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1987 September

10 Thursday

8:30 am

SEC

323-5

9:30 Cabinet

323-5

10

11

12 noon

12:30 Lunch - Dave Todd

1 pm

2

3

4

5

Reminders

11 Friday

8 am

9 Derek Burney

10

Greg Alford 501 PSB

11

12 noon

1 pm

2

3

Press Conf. 130-5

4

5

Reminders

12 Saturday

13 Sunday

6h Briefing, PM Conf. Centre
Sussex Rm

Reminders

July

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September

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December

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30	31					

1987

September 1987

21 Monday

Week 39

8 am _____

9 _____

10 _____

11 _____

12 noon _____

1 pm *News conf re
Speyer - Transit Rev*

2 _____

3 _____

4 30 - *Don McPherson*

5 *Atl. Min. 256-S
D. McPhail, D. Camp.*

Reminders

22 Tuesday

8 am *Trade Exec Cttee 323-S*

9 _____

9:30 *P&P 323-S*

10 _____

11 _____

12 noon _____

1 pm _____

2 _____

3 _____

4 _____

5 _____

Reminders

23 Wednesday

8 am _____

8:30 *Trade Exec Cttee 323-S*

9 _____

10 *Caucus 253-D*

11 _____

11:45 *H. Corneau 275-S*

12 noon _____

12:30 *H. Doucet, H. Alford 275-S*

1 pm _____

2 *Jaffray Wilkins 275-S*

3 _____

4 _____

4:30 *Trade Exec Cttee 323-S*

5 _____

Reminders

January	February	March	April	May	June
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4 5 6 7 8 9 10	8 9 10 11 12 13 14	8 9 10 11 12 13 14	5 6 7 8 9 10 11	3 4 5 6 7 8 8	7 8 9 10 11 12 13
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25 26 27 28 29 30 31		29 30 31	26 27 28 29 30	24 25 26 27 28 29 30	28 29 30
				31	

September 1987

28 Monday

Week 40

8 am

9:30 Doug Lewis 275-5

9:30 Ops 414 Lang

10

11

12 noon

1 pm

1:30 Ott-Mctn Challenger

2 ARR 16h

3

4

5 J. Hannigan-Sher ACOA
M. MacDonald Conf. Rm

Reminders
6h30 Dinner Cy's
ACOA Bd of Directors

10h Mctn-Ott Challenger
ARR 10h35

29 Tuesday

8 am

9

9:30 PIP 323-5

10

11

12 noon

12:50 Trade Exec Otter 323-5

1 pm

1:30 Michael, QP Strategy

2 Senate

3

4 PIP 323-5

5

Reminders
ACOA Bd of Dir. mtg
(not attending)

30 Wednesday

8 am

9 Mag. Beatty 208-5
re: Thyssen

10 Caucus 253-D

11

12 noon

12:30 Ott-Sydney Challenger

1 pm ARR 15h30

2

3

4

4:30 J. Schwartz et al EOB

5

Reminders
6h30 Speech Holiday Inn
APEC Sydney

January 1987	February	March	April	May	June
S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S
4 5 6 7 8 9 10	1 2 3 4 5 6 7	1 2 3 4 5 6 7	1 2 3 4 5 6 7	1 2 3 4	1 2 3 4 5 6
11 12 13 14 15 16 17	8 9 10 11 12 13 14	8 9 10 11 12 13 14	8 9 10 11 12 13 14	5 6 7 8 9 10 11	7 8 9 10 11 12 13
18 19 20 21 22 23 24	15 16 17 18 19 20 21	15 16 17 18 19 20 21	12 13 14 15 16 17 18	12 13 14 15 16 17 18	14 15 16 17 18 19 20
25 26 27 28 29 30 31	22 23 24 25 26 27 28	22 23 24 25 26 27 28	19 20 21 22 23 24 25	17 18 19 20 21 22 23	21 22 23 24 25 26 27
		29 30 31	26 27 28 29 30	24 25 26 27 28 29 30	28 29 30
				31	

October 1987

19 Monday

Week 43

20 Tuesday

21 Wednesday

8 am

^{9:30} D. Camp, D. McPhail 501 PSB

10

11

12 noon

1 pm

2

3

⁴ Atlantic Min.,
Camp, McPhail

5

Reminders

8 am

9:30 P&P

10

11

12 noon

1 pm

^{1:30} Michael, OP Strat

2

Senate

3

⁴ Frank Morris, E. Mackay,
P. Bernier

5

Reminders

8 am

⁹ Lyndon McEntyre 275-S

10

Caucus 253-D

11

Bob Coates 312 WB

12 noon

Senate Caucus 263-S

1 pm

^{1:30} Michael, OP Strat

2

Senate

3

³ Hurgitz, S. Beatty, M. O'Brien

^{3:15} CCSD 323-S

4

⁵ 1987 Persons Award
Ceremony

Reminders

January 1987

S	M	T	W	T	F	S
			1	2	3	
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May

S	M	T	W	T	F	S
				1	2	
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

1987

October

29 Thursday

30 Friday

31 Saturday

8 am Mazankowski et al. 203-S
 re: Thyssen, SRAT, MIB (P. Bernier)
 9:30 Privatization 340-S
 re: Eldorado Nuclear

8 am

9

10

10

11

11

12 noon

Flory H. H. -

12 noon

1 pm

1 pm

1:30 Michael, OP Strat.

2

Senate

2

3

3

4 Amb. David MacDonald 275-S⁴

5

5

Reminders

Reminders

Reminders

July

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

October

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

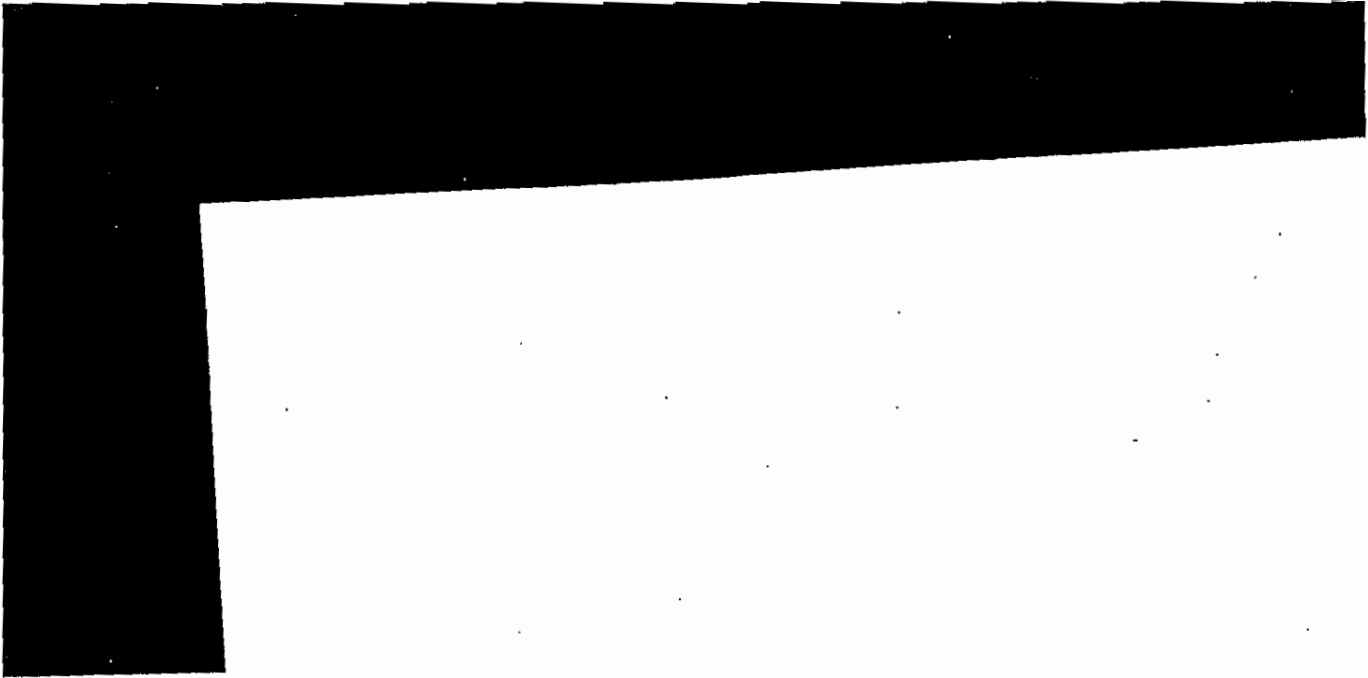
November

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

1987



DIARY

Appels & phonsique
1987

AGENDA

11 JUNE
JUN

jeudi

Place

2h05	J. Spector	
3h55	Michael Sabia	5-2942
4h05	Dan Laguer	957-5350
4h20	Adèle Desjardins (M-Landry)	2-2659
4h40	Sen. Phillips	
4h50	Jim Mitchell PCO	957-5492
5h30	Bernard Roy	

Regu

9h45	J. Spector	
12h15	Sen. Phillips	
1h40	Elmer Mackay	
4h25	Pat Binns	2-4587
5h05	Simon Reisman	2-1133
6h00	Albert Girard, député	

15 JUNE
JUN

Rundi

Place

9h25 Graham Scott (416) 865-7111
9h45 Dalton Camp 957-5543
10h13 N. Spector
5h00 Doug Lewis
5h50 N. Spector

Recu

9h35 Ambassador Doucet 957-7807
10h05 Dan Skaling 0-6881
10h28 Rich Willis (416) 323-5806
10h50 Frazer Webb (514) 744-1511
11h00 Michael Coates 238-4371
11h10 Tom Van Ousen 957-5542
11h40 Gerry Doucet (402) 429-1640
4h50 N. Spector

23 JULY
JUILLET

Jeudi

Reçu

Brian Young H - (902) 794-4393
Min of Labour, NS O - (902) 424-6647

Michael Hatfield, Epp's Hf 957-1514

Pat Binns, M.P. O - (902) 838-2113

Sen. John MacDonald 4 - (902) 794-2390

O - (902) 794-3802

Chris Speyer H - (519) 623-5579

O - (519) 623-6031

Fred McCain, M.P. (506) 392-6184

Elmer McKay (902) 923-2896

Ray Anetysheyn London 01 - 629-8888

27 JULY
JUILLET

lundi

Recus

Norm Spector

Tom McMillan

Irving Schwarty

Fred Dorset

Dave Macdonald (maire de North Sydney) (902) 794-7213

John Crosbie

(902) 539-3100

957-9807

(709) 772-4600

mardi 11

AUGUST 11
AOUT

Place

9h15 Adrienne Malloy (RtP, Business) (902) 420-1957
12h25 Derek Burrey 957-5582

Recu

10h35 H. Spector
11h30 Perry Doucet 236-7001
12h00 Tom Van Dusen 957-5542
11h55 Rich Willis (416) 323-5806
12h10 Judith Laroque
11h5 H. Spector

14 AUGUST
AOUT

Vendredi

Place

~~10h05~~ ~~Sen Dobby~~

Recu

Sen Cogger
Kerry Buck

(514) 243-6423
(902) 429-1040

mardi

SEPTEMBER 8
SEPTEMBRE 8

Place

h55	Finlay MacDonald	29
h40	Jaffray Wilkins	(613) 272-2140
h55	Loeff Norway	957-5503
h45	Pat Blanchard	(506) 857-6141
55	H. Spector	
05	Fred Doucet	957-9807
00	Michael Coates	

Recu

h45	H. Spector	
0h40	Michael Coates	238-4371
1h10	Judith Sarague	
2h10	Derek Burney	
h20	Ron. Baxter	(506) 453-2451
h45	Jim Reagan	(506) 546-2492
h05	H. Spector	

Jendo.

SEPTEMBER 10
SEPTEMBRE 10

Place:

12h30 N. Spector

Reçu

1h20 Sir J. MacDonald

2h55 Sir Bill Kelly

3h40 Sir Tremblay

(416) 362-5032

12h35 John Sinclair

12h45 N. Spector

5h00 Gerry Doucet

236-7001

5h10 Barbara Walker

(902) 423-1955

5h25 N. Spector

5h45

17 SEPTEMBER
SEPTEMBRE

juridi

Place

9h10	T. Spector	
10h	Barbara Walker	(902) 421-6826
12h05	Jack Kincaid	(514) 331-7423
12h20	Sen. Phillips	2-5432

Reca

10h55	Dj. Mackskill	
11h00	Libby Burnham	(416) 923-8892
12h50	PM Hatfield	
1h45	T. Spector	
5h00	Jack Kincaid	(514) 331-7423
5h05	T. Spector	
5h10	Gerry Doucet	236-7001
5h20	J. Wilkins	

jeudi

SEPTEMBER 24
SEPTEMBRE

Place

2h45 Judith Laroque
3h H. Spector
3h10 Allan Gregg (416) 483-1724
3h30 Gaffray Wilkins
3h45 Margaret Martin
4h47 Gaffray Wilkins
3h55 Ray Stanley 5-7838
400 Pat Blanchard (506) 857-6438
4h15 Norm Spector

Requy

12h25 Dalton Camp
12h50 Flora MacDonald (902) 566-7369
1h25 Hon Thornhill Halifax
2h15 Elmer MacKay 5-2960
4h16 John Sinclair

29 SEPTEMBER
SEPTEMBRE

mardi

Place

11h50 M. Spector

Recu

9h25 Robert Starfield

12h05 M. Spector

12h35 Judith Laroque

3h10 PM This

3h25 John Grant

3h35 Michael Coates

3h50 Fred Doucet

(902) 368-4400

(902) 421-6262

238-4371

957-9807

5 OCTOBER
OCTOBRE

lundi

Place

9h10	M. LeBreton	957-5535
9h25	Sen. Duddy	825-1699
9h40	Sen. Hurgitz	(204) 984-2433
9h55	Jed Wallace	957-5666
12h25	Gaffray Wilkins	(604) 656-6067
3h20	Sen. Van Roggen	6-0378
4h50	H. Spector	

Recu

11h00	H. Spector	
12h30	Gerry Doucet	
3h00	Mr. Manion	PCO
3h05	Joe Ylin	
3h40	Keith Hamilton	232-8244
4h25	Libby Burnham	

jeudi

OCTOBER 8
OCTOBRE 8

Place

11h25 Dalton Camp 957-5543
11h50 J. Speeter
12h05 Paul Bernier
~~2h40~~ Dalton Camp
4h10 P. Blanchard (506) 857-6141
4h15 P. Bernier
~~4h20~~ 4h20 D. McPhail
4h25 G. Merrithew
6h05 Pat Blanchard (m) (506) 388-1117
6h10 G. Merrithew
6h30 Marjorie LeBreton

Recu

9h00 Greg Kerr (902) 424-5720
9h20 Judith Laroque 2-4621
11h30 PM Hatfield
12h10 Marjorie LeBreton 957-5535
12h30 G. Merrithew 990-6821
3h20 Sen. Charbonneau
4h35 Bob Shear ADIL (902) 423-9271
5h40 J. Speeter
5h41 D. Camp
5h44 Gerald Comeau 2-3176
6h20 Perrin Beatty
6h40 ~~Ma~~ Tom Creary
~~6h40~~

13 OCTOBER
OCTOBRE

mardi

Place

1h00	J. Wilkins	(506) 536-0170
3h50	Chris Tiller	746-2035
3h55	Angus Gardner	(902) 564-6343
4h50	Jack Manion	957-5390
5h05	Libby Burnham	(506) 392-5275

Recu

4h10	Murray Cotican	(902) 421-1108
4h25	Gerry Dorset	236-7001
4h35	T. Spector	

mercredi

OCTOBER 14
OCTOBRE 14

Place

8h50 Sen. J. MacDonald
9h25 Sen. Doody
11h40 Ambassador Gordon Ritchie, TND 992-1133
~~19100~~ Sen. Molgat
3h45 Jerry Welner 953-0925

Recu

9h10 Rich Willis
9h30 Sen. Murgitz
10h20 Dalton Camp
1h00 J. Wilkins
1h35 Sen. Molgat
6h00 Frank Morris 236-7001

15 OCTOBER
OCTOBRE

Jendi

Place

9h55	M. LeBreton	957-5535
3h35	Karen Mosher	
4h50	Derek Burney	957-5582

Regu

9h05	H. Spector	
9h30	Dr. J. MacDonald, St FX	(902) 867-2396
9h40	Mayor J. Walker, Bridgetown NS	(902) 665-4704
11h40	Elmer MacKay	995-2960
12h50	Senator Duddy	
5h40	Peter Doherty	
5h55	Stewart McInnes	8-0948

29 OCTOBER
OCTOBRE

Jendi

Placé

8h00 n. Spector
10h20 n. Spector
11h00 Jack Manow

Recu

11h00 David Dyer
5h30 Frank Mobres

236-7001

quidi

NOVEMBER 5
NOVEMBRE

Halifax

Recu

Don Mc Guinness	Place Bay	(902) 849-9592
Larry Domet		236-7001
Elmer MacKay		5-2960

lundi

NOVEMBER 9
NOVEMBRE 9

Place

Min Thornhill (902) 424-5790
E. Mackay (902) 923-2722
J. Wilkins, Halifax
Fred Dickson
W. Camp

Recu

Sir. Phillips 2-5432
Sir. Atkins (416) 863-2942
John Baker (416) 665-8650
Ross Reid 957-5545
Paul Bernier
5715 Jaffray Wilkins
5730 Elroy Doucet (902) 420-0254
5740 Don McPhail (506) 455-3371 ch. 205
5755 Bob Shear (617) 720-2800
6715 Elmer McKay 5-2960

10 NOVEMBER
NOVEMBRE

mairdi

Place

12h05	Ross Reid	957-5545
12h10	J. MacDonald	957-5558
3h40	Bob Coates	(902) 895-1386
5h40	Stewart McInnes	(m) (902) 423-4320

Regu

2h30	George Cooper	(902) 425-6500
2h55	Paul Bernier	(902)
3h00	J. Wilkins	(902) 426-8364
3h25	Rich Willis	(416) 323-5806
3h30	Elmer McKay	(912) 539-6750 Km 275

jeudi

NOVEMBER 19
NOVEMBRE

Placé

1h50

Sen. Smith

5-1984

Recu

9h25

Duff Roblin

2-2266

4h58

H. Spector

5h00

E. MacKay

5-2960

5h15

Donald Satrie

3-5215

lundi

NOVEMBER 23
NOVEMBRE

Placé

3h00 J. Spector
5h50 E. Mackay
Jake Epp 957-4884

Reçu

2h45 J. Spector
5h55 Elmer Mackay (902) 755-4480
6h00 Glen Shortidge 957-5418
Sini Charbonneau 2-4416

30 NOVEMBER
NOVEMBRE

lundi

Place

10h20	Jack Manion	957-5390
10h30	Gen. Hurgitz	(204) 475-8693
11h35	Marjorie LeBreton	957-5535
4h10	Geoff Horquay	957-5503

Recu

10h55	Don McPhail	(506) 857-6128
2h50	John Abbass	(902) 539-2355
4h00	Purdy Crawford	(514) 937-9111
4h05	Gerry Donnet	(902) 429-1040
4h10	Geoff	
6h10	D. McPhail	(m) (902) 835-8661

DECEMBER 7
DÉCEMBRE 7

Place

10h Sen. M. Kiel (514) 397-3014
10h30 Arthur Nightingale
12h30 Line
12h30 G. Wilkins
2h05 H. Spector
2h15 Geoff Norquay
2h30 Bill Musgrave D-6886

Recu

9h50 D. McPhail
10h10 Elmer MacKay
12h15 Pat Carney
12h45 Michael Wilson
1h10 Elmer MacKay
1h40 Teresa MacNeil (962) 564-2805
1h55 Perry Doucet (902) 429-1040
2h00 Norman Kiddel (306) 787-7034

22 DECEMBER
DÉCEMBRE

medic

Placi

3h 40 Ross Reid

4h 00 Elmer McKay (902) 923-2896

Reçu

4.15 J. Wilkins

30 DECEMBER
DÉCEMBRE

mercredi

Recu

Otto Keimer

(709) 576-5003 (b)

722-6254 (m)

Paul Dick

2-6580 / 592-5412 (m)

Place

Gerry St-Germain

Perlin Beatty

(519) 843-3355

1988 DIARY

Jeudi, 21 juillet 1988 (203/163)

Thursday, July 21, 1988

9h30 D. McPhail

275-S

10h30 Eli

12h00 Platform Process Cttee

503 PSB

1h30 Michael

2h00 Senate

4:00 - Kaczmarek / Bunnery / McPhail - Thompson

~~5h00 Jim MacEachern~~

275-S

Mardi, 6 septembre 1988 (250/116)

Tuesday, September 6, 1988

2h00 Norman Letterly

275-5

2h30 Fred Doucet

275-5

Lundi, 12 septembre 1988 (256/110)

Monday, September 12, 1988

12h00 D. McPhail, M. Collette, D. Camp 275-5

1h15 R. de Cotret, D. McPhail 333 WB
re: Jhyssen

3h00 Senate

4h30 Eli

6h30 Advisory Group Ch. Laurier

Mercredi, 14 septembre 1988 (258/108)

Wednesday, September 14, 1988

9h00 Caucus du Senat 263-5

10h00 Caucus national - absent 253-D

11h00 H. Near, G. Stratton, B. Neville, J. White 275-S
K. Jamieson, J. Jory, D. Camp

1h00 Barbara McDougall 275-S

1h30 Michael

2h00 Senate

3h30 R. Natyshyn, B. McKnight, N. Spector, H. Swach, 340 S
M. Dawson, D. Jacobucci, J. Daroque, R. Van Loan
re Abi Const. Affairs - absent

4h45 P. Beatty, D. Burney 231 Lang

Jeudi, 15 septembre 1988 (259/107)

Thursday, September 15, 1988

8h30	SCC	303-S
8h15	E. Mackay, B. Coates	275-S
9h30	Ops	414 Lang.

1h30 Michael

2h00 Senate

4h00 Nancy Jamieson

Mardi, 27 septembre 1988 (271/95)

Tuesday, September 27, 1988

9h30 PEP

323-5

12h00 Ad Hoc Cttee on Refugee Backlog

323-5

1h30 Michael

2h00 Senat

4h00 G. Merrifield, R. de Cotret

333 ED

5h00 P. Cadieux, J. Allen, N. Spector

275-5

the Senate of Canada
(613) 995-2407

APPELS TÉLÉPHONIQUES

1988

DIARY/AGENDA

mardi

january **12** janvier

Place

Recu

Rick Logan
Elmer Mackay

563-1467

995-2960

mercredi

january

13

janvier

Placé

11h45 Sen. J. MacDonald 5-2150
12h00 Elmer Mackay (comte) (402) 752-0654

Recu

4h10 Derek Burney 957-5582

jeudi

february 25 février

Place

Recu

Don McPhail

Elmer Mackay

(506) 857-6128

lundi

may 9 mai

Place

3100 Mel Glass (902) 675-2062 (m)

Recu

2110 Peter Harder 6-9209

2115 Elmer Mackay

jeudi

June 30 juin

Place

10h55 Perrin Beatty

3h05 H. Spector

3h15 J. Wilkins

954-0425

3h40 John Douglas, Winnipeg Free Press

236-2711

Recu

10h45 Flora MacDonald

993-7468

12h50 Jean Bouffali

"

2h25 Stewart McInnes

2h55 Jean McPherson

232-3774

3h40 D. McPhail

mardi

august **30** août

Place

Recu

3h30 Fred Doucet

3h50 Nancy Jamieson (416) 963-9595

mercredi

august **31** août

Place'

1h25 Derek Burney

Recu

10h15 H. Spector
10h30 Marcel Côté
Bill Neville

Jendi

september 1 septembre

Place

9h45 Don McPhail

10h30 Harry Near

Regu

10h15

Hugh Segal

263-5267

10h40

~~Don~~ McPhail

10h42

~~Harry~~ Near Fred Dorcut

Vendredi

september 2 septembre

Placé

9h00 Karen (416) 595-1975 ch 2535
11h05 P. Beatty
11h50 Bruce Hatfield (506) 453-7771
4h30 Robert de Cotret

Recu

10h55 Marjorie LeBreton
1h45 Ray Anatyshyn

mardi

september 6 septembre

Place

Pat Blanchard

Derek Burney

Dalton Camp

3h45 John McDowell

954-0434

4h15 Robert de Cotret

995-9001

Recu

4h30 Michael Coates

Vendredi

september 9 septembre

Place'

9h35 Derek Burney

9h45 Don McPhail

506) 857-6128

Recu

12h00 H. Spector

1h55 Frank McKenna
Dalton Camp

lundi

september 12 septembre

Place

12h00	Fred Doucet	233-8040
2h40	Allan Gregg	(416) 483-1724
5h05	Dalton Camp	

Recy

2h15	Joe Clark	5-1851
5h15	Fred Doucet	238-8040
5h25	Don McPhail	238-8858 #1109
6h35	Harry Near	238-6111
5h45	Richard Hatfield	(506) 450-3893
5h55	Derek Burnley	957-5582

mercredi september **21** septembre

Places

Regus

12h05 Robert de Cotret

12h25 Sen Phillips

1h30 Bill Morrissey (506) 454-9118

vendredi^o september **23** septembre

Placis

9h30	Sen. Tremblay	(418) 523-1707
11h00	Derek Burney	957-5582
	Lin Lord	
12h45	Libby Burnham	(416) 923-8892
	m. LeBreton	
	Flora MacDonald	
	Jan MacKinnon, Decima	(416) 483-1724
4h05	Peter Harder	526-0053

lundi

september **26** septembre

Place's

9h25 Sir, Sherwood (506) 485-2234
9h20 Derek Burney 957-5582
2h10 N. Spector

Regus

9h00 Graham Scott
9h15 Gerald Beaudoin 564-4951
9h30 Mardi Cockburn (506) 457-0563
1h40 Elmer MacKay 5-2910
1h55 Finlay MacDonald
Barbara McDougall
Alan Gregg
Paul Jellies
2h30 Bill Neville

FRED DOUCET
AGENDA
1988

24 MARCH

88

thursday
84-282

S	M	T	W	T	F	S
	1	2	3	4	5	
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		



8

9

10

11

12

13 12:30 - lunch with Frank Mages.

14 Place

15

16

17

18

19

20

88

Friday
85-281

S	M	T	W	T	F	S
	1	2	3	4	5	
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27	28	29	30	31		



9

(Phillips birthday)

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1 pm

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5 2:10 - flight arrived

6 photo to exto

7

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4 AUGUST

88

thursday
217-149

S	M	T	W	T	F	S
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7	8	9	10	11	12	13
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Phonics/orthography

88

friday
218-148

5 AUGUST

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Call Benoit Baucher's
Eric Baucher (OTA)

~~Merry - Merry Reason
Project I.
American Express~~

~~P.M. → Natwide for mail
24 Sussex~~

~~Alina's job situation max. 30
Aug 15 - Announcing Party
- Job Training's school~~

~~2:30 → 24 Sussex~~

Call your parent tonight

8 AUGUST

88

Monday
221-145

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28	29	30	31			



6 → ~~Patricia~~
 30 → ~~Patricia~~
 9 → ~~Patricia~~
 30 → ~~Patricia~~
 10 →

30 ~~Check with VAF re. Business~~
 11 ~~Patricia~~
 30 ~~Check with VAF re. Business~~
 31

30 ~~Call Benoit Bouchard in Eric Bouchard~~
 14 ~~Benoit Bouchard~~
 30 ~~Benoit Bouchard~~

15 ~~Patricia~~
 30 ~~Patricia~~
 16 ~~Patricia~~
 30 ~~Patricia~~
 17 ~~Patricia~~
 30 ~~Patricia~~

18 ~~Patricia~~
 30 ~~Patricia~~
 19 ~~Patricia~~
 30 ~~Patricia~~
 20 ~~Patricia~~
 30 ~~Patricia~~
 21 ~~Patricia~~

88

Tuesday
222-144

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6 → ~~Patricia~~
 30 ~~Patricia~~
 7 ~~Patricia~~
 30 ~~Patricia~~

8 ~~Patricia~~
 30 ~~Patricia~~
 9 ~~Patricia~~
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 21 ~~Patricia~~
 30 ~~Patricia~~

18

AUGUST

88

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thursday
231-135



-°C

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Call Jean Charest
(819) 563-0115

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See Bob Veleoff - Commonwealth
Olympic Forum

1961-1969

Cable Mounted Cattle 983-4131

Table To Mary re Chicken questions

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friday
232-134

88

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AUGUST

19



-°C

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8:20 Traxmill
& Physio

F.M. re Resurrection

Peter Neerman to call me today.

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Setup appts with Montreal CEO
for Thru Swinson - C.P.
Demerica - Pawan
Bunben?
Transport?

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To have heard from Stan Fisher by today
Walter to call me.
Sponsors should provide in.

Call Charast to prep him reported
→ Senab 2155

Call Alan G...
[Large vertical scribble]

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25	26	27	28	29	30	



Both changed to call me.
Wang Campbell to call me
today to fix date for Toronto meeting

Best phone number for C.P. is 416-882-6826
M.W. Stinson (CEO of C.P.) is back
today. Call him at 995-6826
Spent week from holiday

403-260-7910
Prime Meloni's acct to call today
to fix time place for Sept 15
meeting in Toronto
Brian Cash.

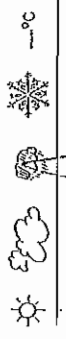
→ Henry.

28 SEPTEMBER

88

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18	19	20	21	22	23	24
25	26	27	28	29	30	

wednesday
272-94



8 Call Grandpa's friend.
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9 ~~Call Grandpa's friend~~
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10 ~~Call Grandpa's friend~~
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11 ~~Call Grandpa's friend~~
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12 ~~Call Grandpa's friend~~
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13 Call David's son (Bill)
30

14 (514) 499-7070
364-4734
30

15 Check with Christ re Dr. Albert's samples
30

16 Which Call in my diary
30 1979 a month for 4 years with 100 pages

17 → Tamon Epton to call me.
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REBLINE

thursday
273-93

88

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SEPTEMBER 29



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31 ~~Call Grandpa's friend~~
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8:00 P.M. briefing of Messerman
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9:00 P.M. briefing of Messerman
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10 ~~Call Grandpa's friend~~
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11 ~~Call Grandpa's friend~~
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OCTOBER

88

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23	24	25	26	27	28	29
30	31					



30 ✓ Call John Biltone

30 ✓ Call Chevron Florida Federal purchase cards convention & delay

30 Call John Young re Tyson

30 ✓ Call Norm Spector → to call me
 Brian Wilby → Angelo Landi

30 ✓ Bon Landers P.O. → 11
 to call me → to call me Thurs.

30 ✓ By the way

30 ✓ Winston & Co. Head

wednesday
293-73

88

S	M	T	W	T	F	S
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23	24	25	26	27	28	29
30	31					



30 ✓ Call John Biltone

30 ✓ Call Chevron Florida Federal purchase cards convention & delay

30 Call John Young re Tyson

30 ✓ Call Norm Spector → to call me
 Brian Wilby → Angelo Landi

30 ✓ Bon Landers P.O. → 11
 to call me → to call me Thurs.

30 ✓ By the way

30 ✓ Winston & Co. Head

thursday
294-72

88

S	M	T	W	T	F	S
2	3	4	5	6	7	8
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23	24	25	26	27	28	29
30	31					



30 ✓ Tim to call me.

30 Call Peter Puck re "Alliance" re Trade

30 Sanders Canada Inc. (Jack Keaton)
 in officialdom visit to Lockheed.

30 ✓ Tim Reenes.

30 Call Nick La Pan. 519 229-3555.

3 207

30 ✓ Brian Stolley

25 OCTOBER

4/6/3



tuesday 299-67

S M T W T F S
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9 10 11 12 13 14 15
16 17 18 19 20 21 22
23 24 25 26 27 28 29
30 31

☀ ☁ ❄ -°C

John's ...

7:30 Herold Vailent 4 ...
Breakfast.

Call Charles Brantman today
re Richman's

12 Call Norm Simon's 592-2113 ...
re + Hydro.

13 ~~Paul Henderson~~ (3:00)
Paul Henderson 922-1172

15 2:30 - Queens Quay Terminal
8:15 file
7:00 office

17 Trevor Elyton.

Norm Mc ... (10000)

OCTOBER



wednesday 300-66

S M T W T F S
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16 17 18 19 20 21 22
23 24 25 26 27 28 29
30 31

☀ ☁ ❄ -°C

~~Will ...~~
Norm Simon's 592-2113

5:00 ~~...~~
7:00 Lucia Ave
Ont Hydro 1945 10
11:00

7:00 ...
Norm Simon's

6:00 8333
2:50 4833
1:30 3500
4833

Annie Nielson
~~Bob Elyton~~
Julian Hoising re Tyson
Paul Robinson re Sandra ...
in application with Lockheed

Call Nando Le Penn

S	M	T	W	T	F	S
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27	28	29	30			

wednesday
307-59

NOVEMBER 2

°C

Brain Card

D.S. meeting (Brain Card) 30
Hypnosis Place de Portage 30

Seymour J. Rosenberg - D.G. Bureau of Phase 3
Newman Rosenberg - D.G. Bureau of Phase 3
Seymour J. Rosenberg - D.G. Bureau of Phase 3
Seymour J. Rosenberg - D.G. Bureau of Phase 3

Apr. Cotton - D.G. Bureau of Phase 3
Apr. Cotton - D.G. Bureau of Phase 3
Apr. Cotton - D.G. Bureau of Phase 3

12 30
11 30
10 30
9 30

Paul Kennedy (Port Office)
Su. Alexander Campbell Bldg 2

Riverside & Heron
9th floor.

Next Typo on line (Hollow) in Brain Card 59.
Montreal

A.M. Room
- Privileged
- Bombardier
- Social: Sefte
- Domban
- Dupont.

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NOVEMBER

°C

Call Louise Barland re Eric Barouard.
Dr. Thomas by.
360-5700

Alan Lewis back today. (A closed out
a meeting with Kevin)

Alan Lewis will call me.
Call Leo Kolber (re Robinson's)

13 30
12 30
11 30
10 30
9 30

Alan Lewis
Call Leo Kolber (re Robinson's)

Call Paul Henderson. Tell him to visit first
The Hendersons to do nothing until they
learn how to use

7500
9000
6400
900

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4 DECEMBER

SUNDAY
339-27
Henklich

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☀ ☁ ❄ -PC

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12 Peter White - for interviews - printer's stuff

13 Bill for

14 - Norm Jay Lucille this week in office

15 Wendy John Maria

16 - Lucille

17

18 John Wendy

19 John Wendy?

20 Wendy John

21

88
441-7821
Monday
340-26

5 DECEMBER

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☀ ☁ ❄ -PC

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12 Ken Edwards

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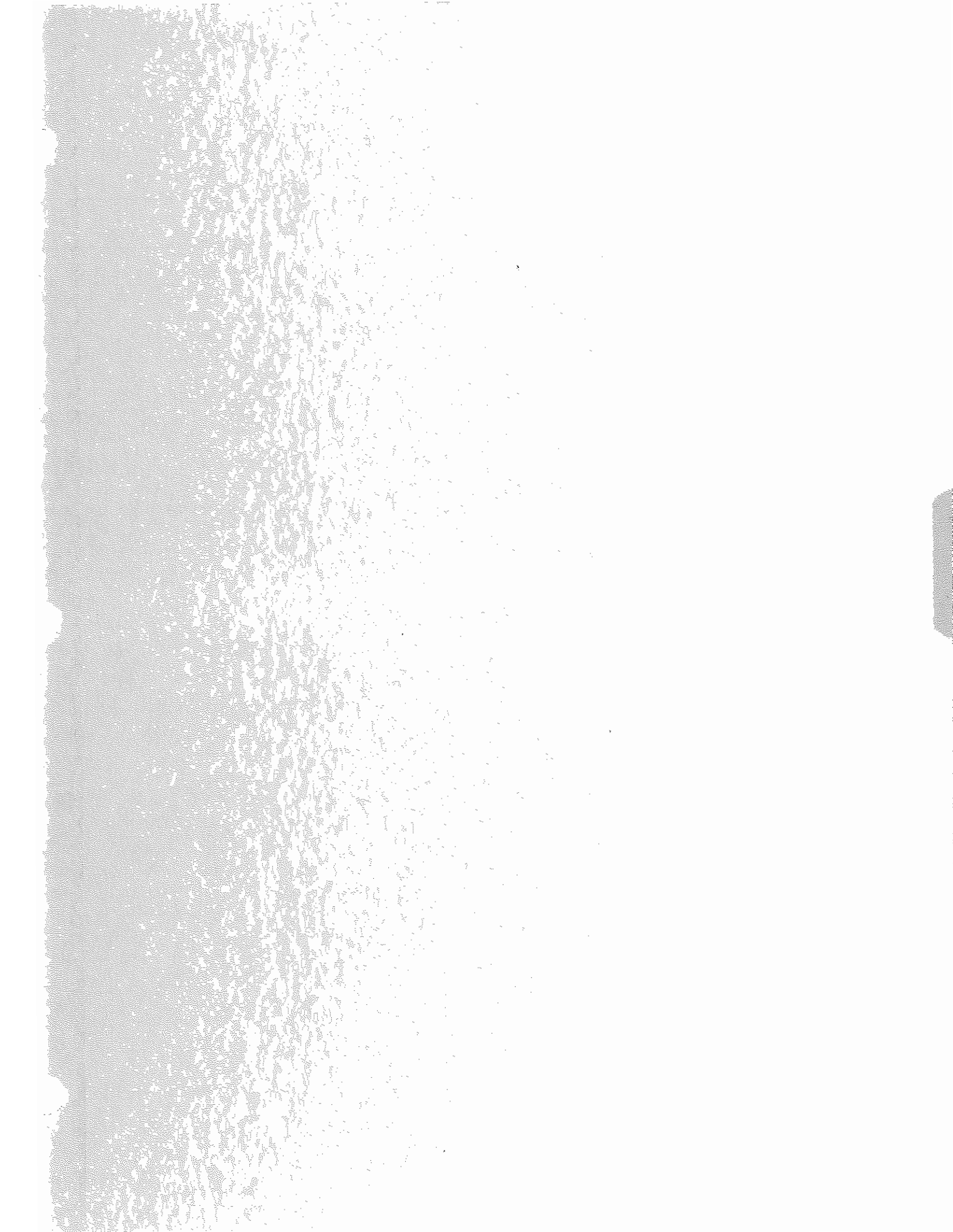
96

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15-06-87

Fred Doucet

Re Venice. Only chance we'll ever have at Summits -
no way Cdn media will carry a fulsome story
unless they read it first in another country's
press.

MtM got the SAfr. issue done.
Got Thatcher & Kohl on-side.

② Calling re - ACOA

Reaction from "between" in Atl very good to
my appt.

Another document coming to me.

PM strongly endorses Thyssen project.

No project has come

* * Key is the early order from WND (\$20 million)
Maz has spoken to Beatty - didn't get ~~on~~ unfavourable

I should speak to Beatty
Tell him it's a must.

We're talking about sales to Cdn & U.S.

Thyssen re. bd. apprd project last Thursday

Conditional only on WND.

need decision by July of this year

June 15 '87 - R

Everything else is sgd sealed & delivered.

Dalton Camp

Horskin said at CCERD that 17m drop agreement.

- ✓ Bill creating the agency in the fall
- ✓ Francophone

Drop agreement. \$17 million.

Dan Sealing

Had been talking to Borzoli
Expressed interest to McPhail - Camp.

- Thought id join Agency in N.B.
- One of the more sr. positions on
pym. delivery side.
- Vacancy P&I
- Has given a couple of names to DRC
Via Rexten Ude of
" " Shippagan campus

Norman Specter

Had been holding off calling provinces.

Has call into Bernard
Had 1 discsd - re staffer

Try to get some time to pm-
pm should talk to Bourassa
BC / Sask / nfld / P&I.

Niles lunch
- stability of country
- call Derek re trade.

June 15 '87 ~~R~~

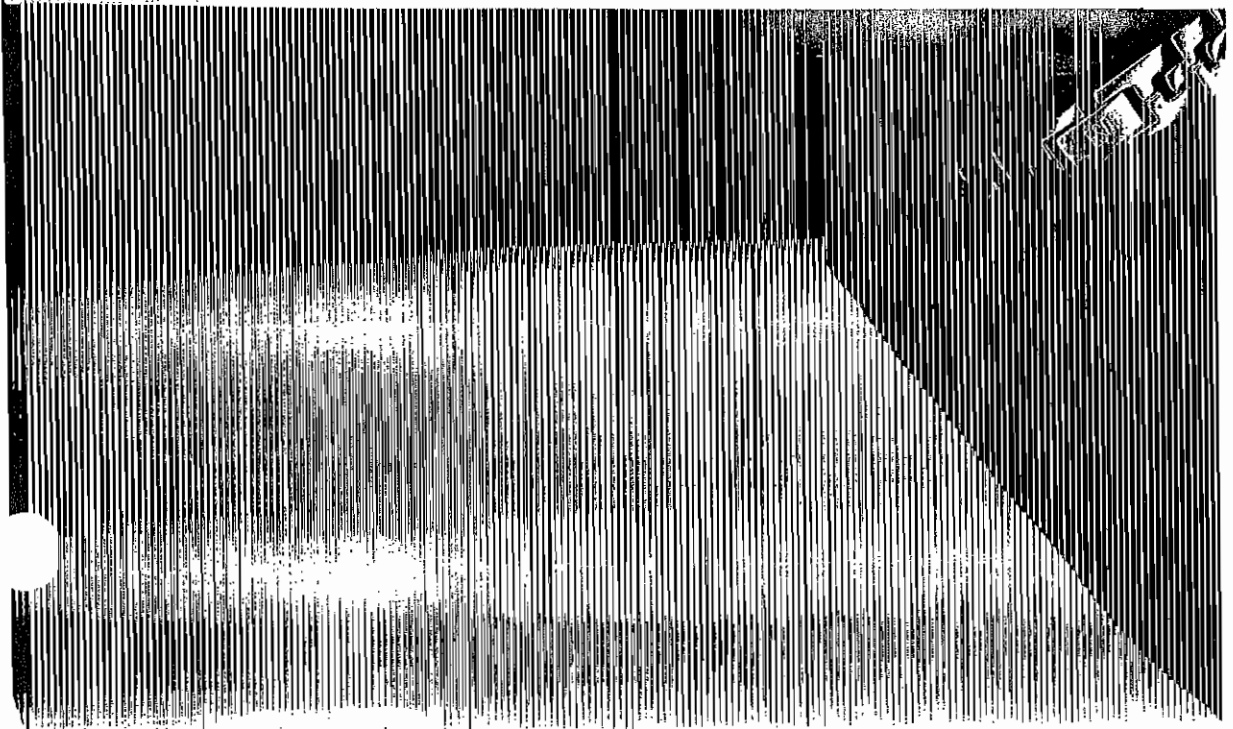
Berry Doucet

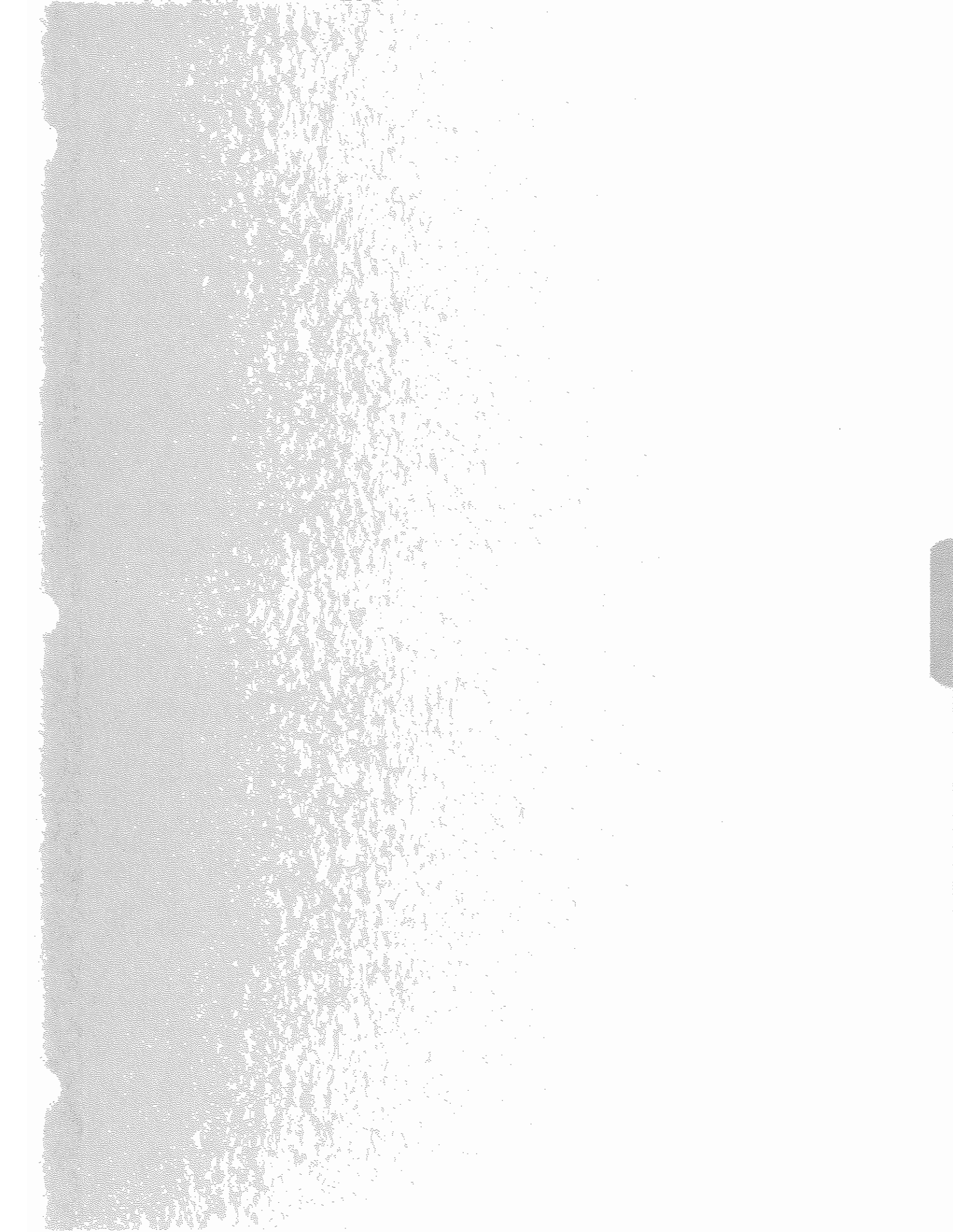
1. NCI assisting Thyssen
- return baggage: Côté went to Germany
a yr ago. Didnt tell anyone -
Thyssen + German govt ppl didnt
give him a welcome -

236-7001

Then Côté declined, -
Gary Doucet trying to reach re this case
wanted to sit down with re -

- 2) Jeremy Aierman - underemployed at Province
opp to me -





September 12 '87 R

Fred Doucet -

B. Re Thyssen -

whether cd. do conf. call to Batty, -

Don McNeil -

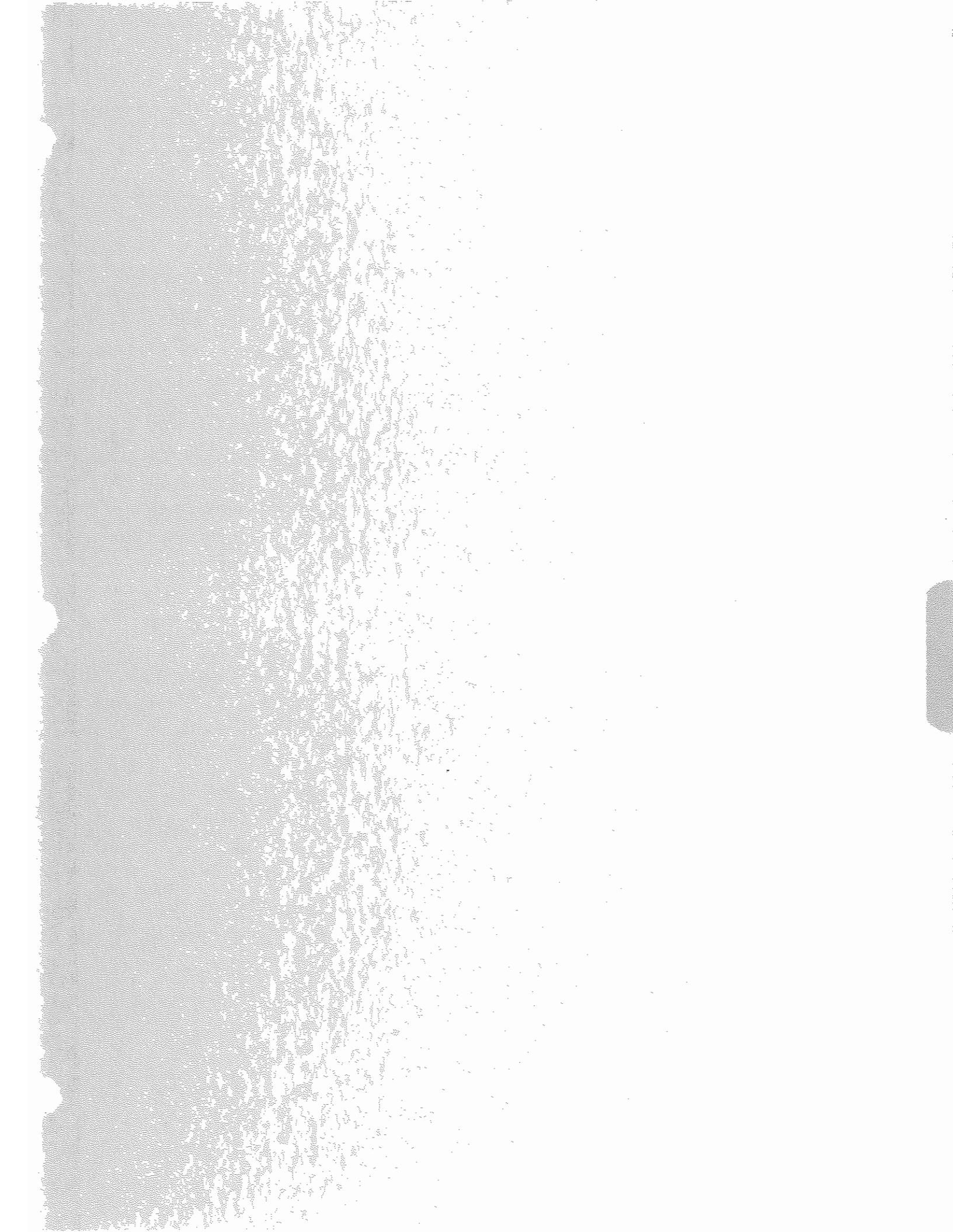
Talked to Len Good - tried to impress him we are not helping ministers much, the way things going or not going -

Good wd. take it up to Feiler when he's available in the a.m.

D. H.P. referred to com to del. street.
My suggestion to try to sort it out -

gave ministers opp to look at the composite.
He wondered whether they

Pressure to have the items on came from Naz



September 29 '87 *

Fed Doucet

N.B.

Read & interest press accts Mackenna re H/L

Came to concl here's an issue to force Mackenna to be forthcoming in his analysis

Another

His reading - largely disic & Academic Levesque
what's hurting is lack of an issue
LBT leadership: no home
Nation - bldg.

Ch. nationbuilding

~~Wade orchestration~~
~~Prime Minister~~

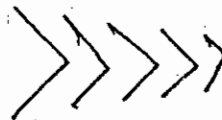
How he'd

Valcourt recommending

all NB MPs trek to 7th
PC NB caucus

Lambaste Mackenna destructive inter.
Lauach

6 frigates + 6 avn -





October 2 '87 R

02-10-87

Jamie Burns

Htz. tested only 10 more mins.

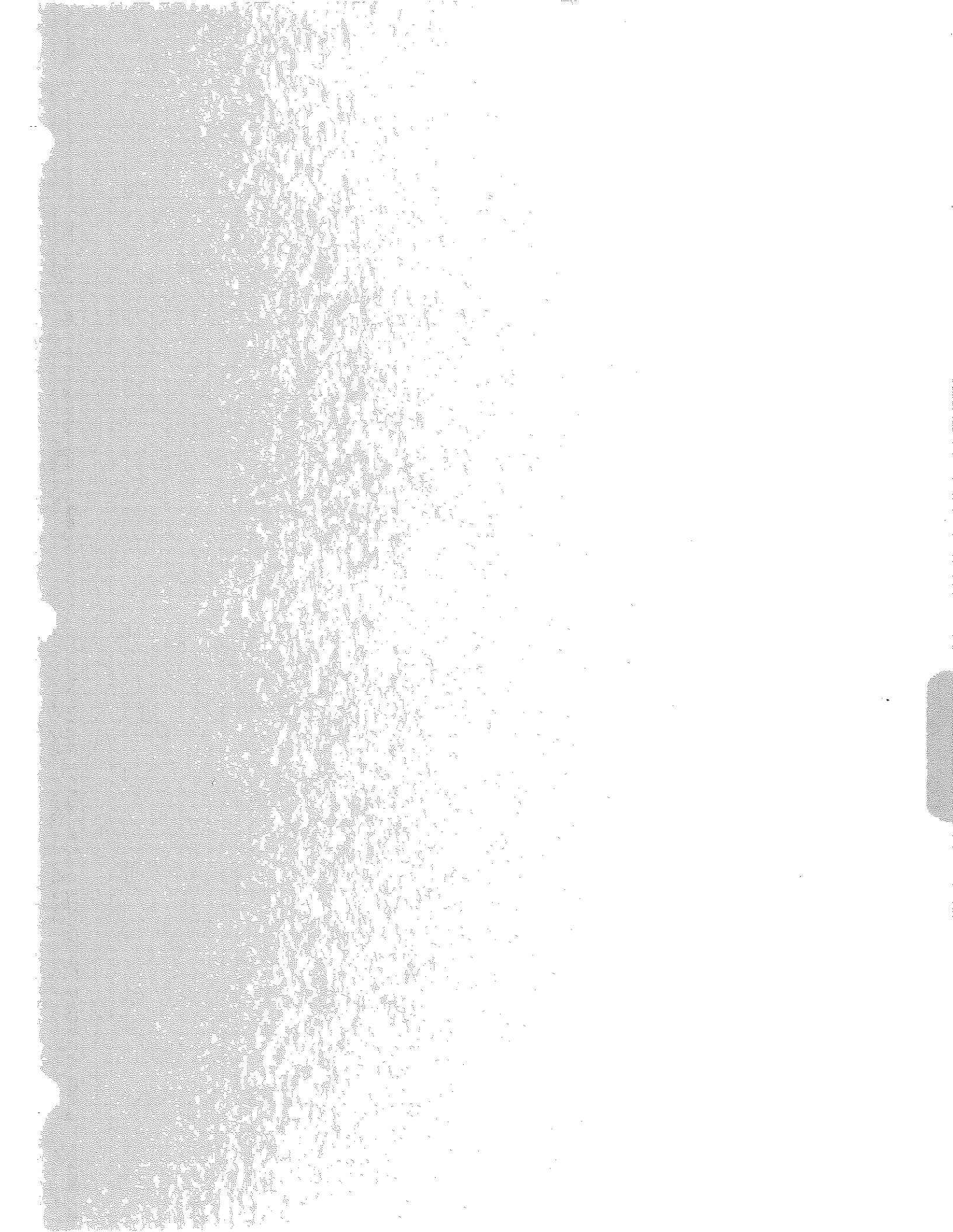
Talked to Reed, Sweet, ~~Thyssen~~ ^F ~~Thyssen~~ Thyssen, Mackay

Bottom line - "J's idea" - Defense bureaucrat doesn't even know what they want to buy -

3 or 4 man delay so U

Solve the \$ get the reprofile -
then give O&D men time to get their designs

To tender Jan '88 rather than sole source. -
Condition must be built in A&L Cda. -



October 5 '87

N. Specter

I'm suggesting a compromise.
If

Moving it out of CAP was the
Achilles tendon of the deal. —

J. Wilkins

Re crisis in Nucor. Deros will buy out AHC Venture Fund
Thyssen.
If we don't do something, they'll go to U.S.

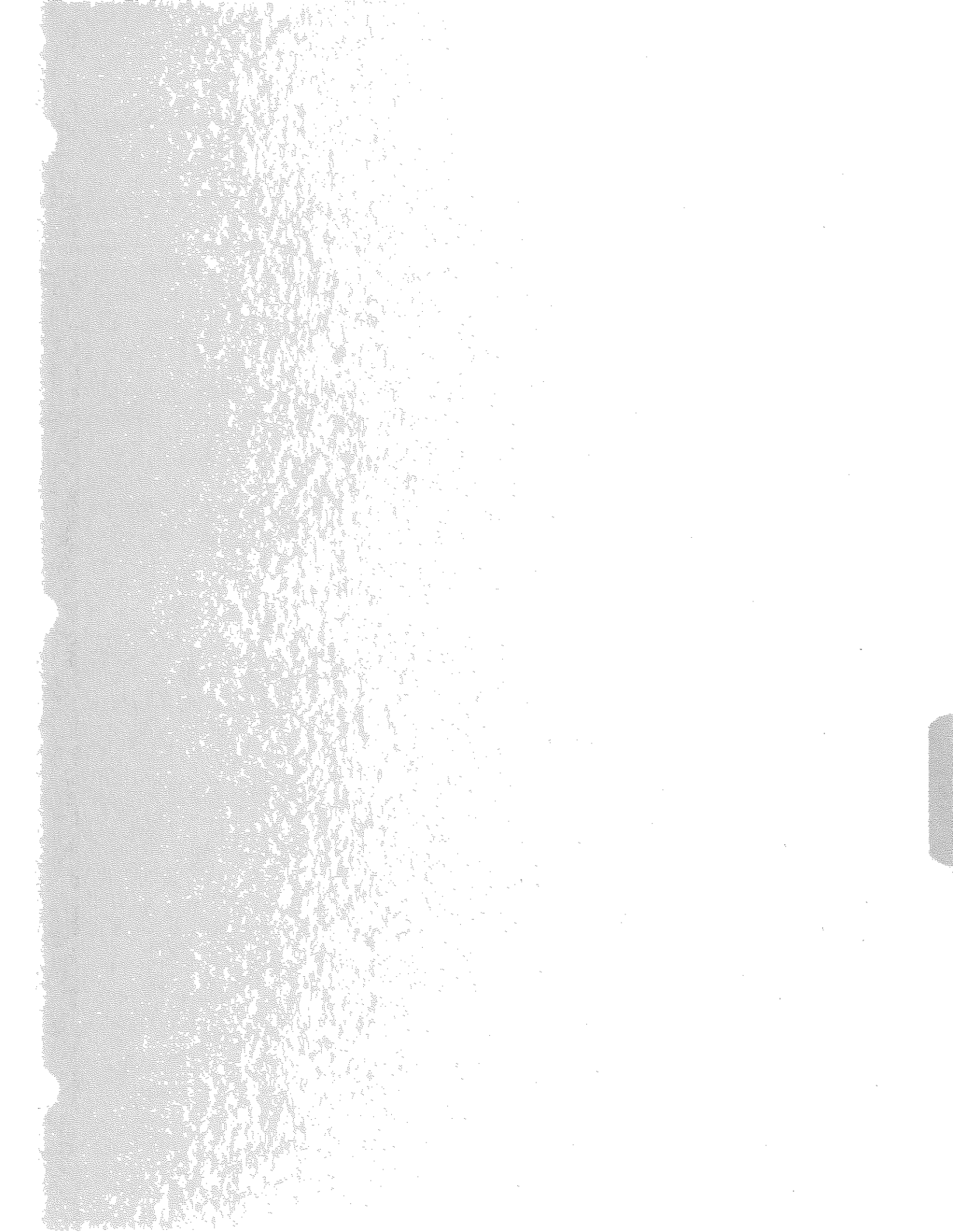
Wilkins will talk to Healy & D.

M-113. Andy MacArthur. ≡

Gerry Drouot ≡

- 1) Offer from ECB new fish plant Cheticamp
has been accepted. Lawrence Dheil wants
annexment. this Friday. —
- 2) ADIL. — American partner becoming
impatient. Andy MacA. fears ADIL
might lose F.M.C.

Front pg. article in Chr. — Herald



November 9 '87 - R

Elmer Mackay

Concerned about movement to re-examine Syd. Steel -

- i

Cadieux had called re POWA proposition

"If we go ahead to a Trenton deal
without settling POWA in U.S.

Asked JB re general route on POWA
Joe Clarke had been in touch &

According to Schrecker Thyssen wd come
to support CRBM during Nova Scotia

K
K

II

Elmer Mackay

Chatted * - need general POWA

(2) Telling them re - 6 travels into
Rm

Paras 5 hrs -

(3) Thyssen: Burrey asked what my view

November 9 '87 ✖

Why interested in ~~the~~ C Breton?

Mtg w Perin:

Thinks Perin may still

→ WMD relentless

Elmer has call into Busham -

Log for Sydney tomorrow -



November 12 '87 - A

Derek Boney

wd be specific regional be - in Atl for LAs

- Encourage Thyssen

Can't sole-source for something that hasn't been defined
Don't exclude it for later.

Talked to people in C. Nova

Message to Moores - put away pol. pressure pts. -

Section on Agency

Needs to be some evidence of action

Decisions re Central Nova ← ✓✓

(Stewart had said)

- dec. specific to C. Nova.

Raised a bigger one last night.

Scotburn Dairy Skellerton
dec. yesterday on an
expansion \$15 million -
generate 175 jobs (they have
200 jobs already - -

With help of ACOA, Dairy wd be -

Foot diff reading from Cameron

Chrom

485-8689

Jim ^{to} Cornell ←



August 28 '88 A

28-08-'88

(613) 233-8040

Fred Doucet -

Trying to earn his living these days -

Thyssen

This the week of dawn.

2 variables

amt of cigarette LK
Lawrence us a us Louisiana

Derek fear unless I insist,
they'll take the easy way out

Find language in Thyssen HQ
will be presented to Justice tomorrow

"pm told me of that more done
new steps will be to get 3 mins
Only recalcitrant is Beatty
The rest is for L to decide -

Language is out

Latest language is fresh for this weekend.

New language is compact -

" 3 people need to hear from you -

Kerrin
Derek
Mac



06-09-88

Perrin Beatty -

Next week returning,

His mom. tomorrow -

Healywright called him to speak

Had been trying to get Healy

Had a staff note - They agree with his advice
not to touch it with a
10 ft. pole

Perrin wants to talk to him personally.

Concerns

29 Aug Justice memo says Dep Gen letter

04 Aug should Cda enter,

Asst Genl Counsel

Asst Genl Counsel - "slightly reduces the

"consider the part" risk"

View of Asst Genl Counsel Aug 29 ←

Reality of announcement cd lock us in

Potential

Legal Division 981101m

⊙ GM's concern for the future of FHC Corp. -
be other

Bottom line in memo "don't sign it!"

Healy will be in office tomorrow
I want to talk to her

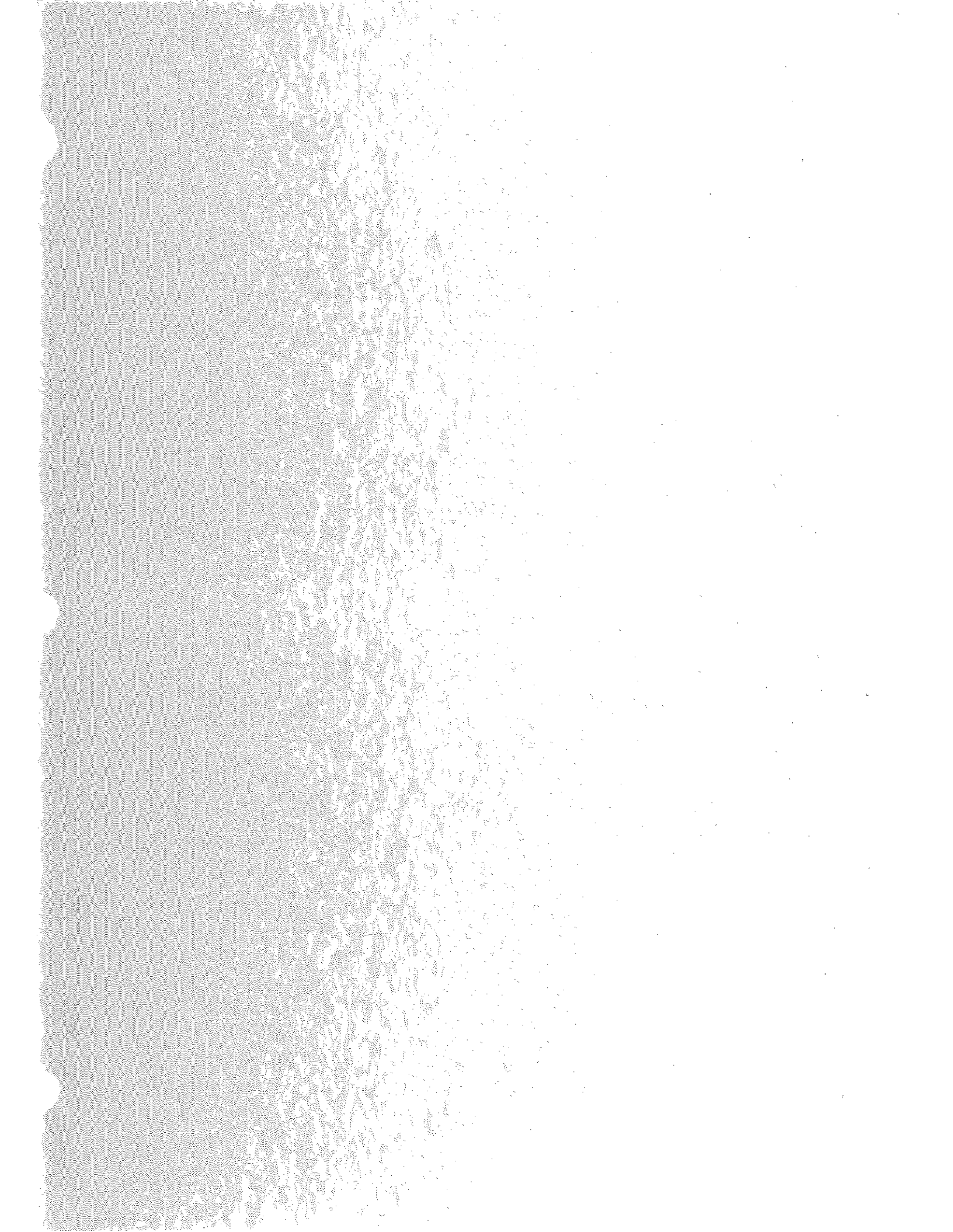
2) Do they or will they ever ~~not~~ have equipment
we need -

3) Are we creating excess capacity to
shut down jobs elsewhere.

- If all we're saying is well
let you bid - not asking
much -

wd we be doing the best
company (Dresel Adv BSM)

weakening ^{deb} ind base -



12-09-88

Perrin Beatty

Talked to Ed Healy. Said to keep in terms of the legal arguments,

Obj is to guarantee competition
Question as to appropriate

Outstg aspect

defence - ind base
+ we'd be setting ourselves up to
exert pressure on us.

Not under any real
Early + up front pressure to direct a military contr.

C^r to unhook no more c^h.
No \$ in budget. -

Cd bring an Am. military contr
likely Amos will compete then contr

Pol. concern paper trail general diff depts
advice of officials negative. -

Returning

Get Supply & Servs Min. to sign!
More appropriate, as contracting minister

Whether advice from Privy Council had changed.



Lomell,

Status of the U.S. Army NBC Vehicle Program

→ A contract for the first 6 units is now in place with THYSSEN HENSCHEL.

→ Procurement of 48 units for the USAERU (US Army Europe) is expected to follow by Spring, 1989. This is already approved within the US Army and no further congressional approval is required.

The larger 522 unit production run will be tendered in the near future. Specification will be for non-development item (NDI) and given that the THYSSEN TPZ Fox NBC is the only vehicle in existence that meets the US Army operational requirements for NBC, (as demonstrated by the US Army in placing the above mentioned order for the first 6 units) the specs will be closely based on the THYSSEN TPZ Fox NBC vehicle and thus give THYSSEN HENSCHEL a structural advantage in the competition.

Furthermore, under the NDI rules in the U.S. no monies will be made available for developments on other competitors equipment which may not be up to U.S. specifications and requirements.

Thyssen's U.S. team partner to bid on this 522 unit production run is General Dynamics Land Systems.

fld.

P.S.

It's obvious to me that the Reference establishment has decided to "dig in"! As you can see from the above Healy is selectively briefing his minister. In any event the case rests not on the U.S. References to Otto signing this instead of himself is a cop out. It's like asking the "best-man" to sign where the "groom" should. Reference obviously has no good & valid arguments for them to be advocating the above. I hope you'll not give in or give up!

MPD

