

Item: 17818

Title: U.S.-Canada Defence Meeting; report.

Meeting Date: 1958-12-22

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Export and import area control list

37. The Minister of Trade and Commerce recommended that Hong Kong and Macao be removed from the export and import area control list. This would avoid unnecessary red tape. It had no effect on the strategic materials control list.

38. During the discussion doubts were expressed as to the proposal. It was thought that goods entering Hong Kong or Macao soon found their way into Communist China. The question was raised as to the necessity of maintaining an area control list at all and whether it would not be preferable to remove it entirely rather than in piecemeal fashion.

39. The Cabinet agreed that the Minister of Trade and Commerce consider removing the export and import area control list entirely and report later to Cabinet.

Export control list; amendment re Lacombe swine

40. The Cabinet approved the recommendation of the Minister of Trade and Commerce that, pursuant to the Export and Import Permits Act, the Export Control List of August 15th, 1958, be amended by adding swine of the breed known as Lacombe for all destinations, including the United States.

(An order in council was passed accordingly; P.C. 1958-1737, Dec. 22.)

(This action was considered necessary because enterprising Americans were buying up the breeding stock of this newly-developed strain of swine and shipping them to the States, thereby depriving Canadians of the benefits of the work that had been done by the Department of Agriculture in developing this breed.)

U.S.-Canada Defence Meeting; report
(Previous reference Dec. 9)

41. The Prime Minister invited the ministers who had attended recent meetings of the Canada-U.S. Ministerial Committee on Defence in Paris to report on the discussions.

42.

s. 13 (1)(a)

A short communique had been issued at the end of the meeting, which had lasted two hours.

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The main items on the agenda were those discussed in Cabinet at the meeting of December 9th.

s. 13 (1)(a)

The meeting had gone over the draft statement for possible use in the House of Commons, which had been circulated by the Canadian delegation.

He had indicated that the draft did not necessarily represent the definite views of the Canadian government.

s. 13 (1)(a)

It had been pointed out to him that the Canadian government wished to deal publicly, in the first instance at least, with such purely defensive nuclear weapons as might be required for use by Canadian forces. The government was, of course, aware of the interest of the U.S. government in the storage of weapons in Canada for strategic use, but no decision had been made as yet on this. The statement clearly emphasized the defensive use of nuclear weapons stored in Canada, and indicated that the Canadian government would continue to search for an acceptable agreement on disarmament. The action proposed would not in any way prejudice Canada's co-operation with its N.A.T.O. partners in the defence of Europe. The statement also made it clear that Canada shared the concern of the U.S. that nuclear warheads should not be spread to many countries, and that the ownership and custody of nuclear warheads should remain with the U.S. It was made clear that there was to be no change in Canada's responsibility for continental defence nor would there be any change in Canada's responsibility for regulating all over-flights of Canadian territory.

The Minister said that, with respect to paragraph 10 of the draft statement, it had been agreed that the present draft was tentative only and subject to revision. It covered the joint responsibility for the air defence of the United States including Alaska, and of Canada. This responsibility included the use of defensive nuclear weapons in accordance with the procedures governing NORAD's operations approved by the two governments.

He noted that the Lacrosse weapon had not been dealt with in the U.S. context. The U.S. Secretary of Defence had had some reservations about its inclusion in the statement. The last paragraph of the draft indicated that the custody and control of nuclear warheads for use by Canadian forces operating under the Supreme Allied Command, Europe, and the North Atlantic Ocean would be subject to negotiation with Canada's other N.A.T.O. partners and the Commander. In answer to a question, the U.S. representatives had been informed that the statement was intended to cover MB-1 air-to-air nuclear rockets. The U.S. delegates had not been ready to discuss

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storage of nuclear weapons in Canada for use by S.A.C. Mr. Dulles had noted that it was not the Canadian intention to press at the meeting for definite approval of the text which had been submitted. A revised draft might be discussed after further consideration.

43. The Minister of National Defence said, with respect to the question of increased states of military readiness, that the U.S. delegation had agreed to the Canadian suggestion. An aide-memoire would be drafted to record this agreement.

44. The Minister of Defence Production said in respect of integration of the Canada-U.S. defence production, that in the statement which he had made at the meeting he brought home to the U.S. delegates Canada's desire to share in the production of modern weapons and equipment. He had referred to the proposal submitted by Convair for an airborne early warning aircraft which would employ a Canadian airframe and also to the U.S. interest in the Cariboo aircraft. The U.S. Secretary of Defence had given assurances that every effort would be made by the U.S. authorities to see that Canada got a fair share in production; he would remove the need for the other two services, as well as the Air Force, to observe the Buy American Act in respect of Canada.

45. The Minister of National Defence, with reference to the above, stressed that the U.S. representatives had made it clear that the U.S. government would not buy the CF-105.

46. Mr. Pearkes said, in connection with the cost-sharing arrangements for immediate programmes in the continental air defence field, that he had referred to the discussions between officials on the division of costs between Canada and the U.S. He recalled that he had been authorized by the Cabinet to confirm the functional division of costs reached at the official level which resulted in an amount of \$128.8 million for Canadian expenditure and \$249.2 million for United States expenditure. The U.S. Secretary of Defence had said that these figures were in the general range of U.S. estimates. He wished to confirm them again after his return to Washington. He had said, however, that this deal should not be taken as a precedent for other deals.

47. The Secretary of State for External Affairs said he had referred to the U.S. aide-memoire of last August suggesting the reactivation of the Combined Policy Committee, which had been established in 1943 but had lapsed into desuetude since the end of the war. He had said that the Cabinet had authorized Canadian participation in the reactivated committee and that a reply would be made in the near future to U.S. suggestions. The United Kingdom had given their blessing to this suggestion.

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It would permit Canada to sit in on discussions on research and development for both nuclear and non-nuclear military purposes, but not discussion on the making of nuclear weapons themselves.

48. The Minister of Finance said that, in connection with the date and place of the next meeting, he had pointed out that there were dangers involved in leaving meetings to be convened on an ad hoc basis. In order to avoid giving the impression these were called as a result of some special crisis, he had suggested that they be held on a regular basis. The U.S. Secretary of State had not been sure that the business of the committee would justify meetings at six-month intervals. It had been finally agreed that the next meeting would be held in "mid-1959" in Washington. A short statement had been issued to the press at the conclusion of the meeting, and general satisfaction had been expressed all around at its usefulness.

49. During the discussion the following points were raised:

(a)

s. 15 (1)(b), (c)

(b) As an indication that the U.S. were willing to do everything possible for Canada to have a fair share of production, 58 requests had been sent to Canadian manufacturers for prices on what they could build. If Convair obtained from the U.S. a contract for 200 aircraft, the Canadian share (35%) would be approximately \$400 million. The U.S. had a requirement for

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an aircraft to carry out standing patrols over the ocean. They were calling for tenders for this type. The Canadian type aircraft was in advance of others and closer to completion. If Canada could meet the price of other tenderers, the U.S. would help Canada compete on a fair basis.

(c) The government should consider what time would be most appropriate for making an announcement on the Arrow. The best time might be close to the opening of the session.

50. The Cabinet noted with approval the reports of the ministers who had attended the meeting of the U.S.-Canada Defence Committee in Paris, and agreed that a statement on the acquisition and control of nuclear weapons be made early in the session.

Report on North Atlantic Treaty Organization Ministerial Council meeting; Paris
(Previous reference Dec. 9)

51. The Secretary of State for External Affairs, referring to the recent meeting of the N.A.T.O. Ministerial Council in Paris, said that a formal report was being prepared. The Berlin situation had overhung the whole meeting. The Germans had adopted a tough attitude and wanted to get N.A.T.O. tied down to a statement that the Khrushchev proposals were unacceptable. The U.K. Secretary of State for Foreign Affairs, Selwyn Lloyd, had not been enthusiastic about the four-power statement. With all the talk about political consultation within N.A.T.O. it seemed that De Gaulle had got his way and the Big Four had settled it. None of the other members of the N.A.T.O. powers had raised any objections to the statement of which they had only become aware when it was published in the papers. The Canadian delegation had been inclined to bring up this matter at a meeting but the British delegation had said that this might only strike a jarring note in the discussions. The communique amounted to a flat no, and a statement that the terms of the Soviet statement were entirely unacceptable. The French Foreign Minister had reported to the N.A.T.O. Council in the name of the Big Four.

The Minister said that he had been the first to speak after the German delegate and had said that, while Canada was also rejecting Khrushchev's proposals of November 27th, it was believed that to accept the proposals would not mean that Berlin would become a non-militarized zone but a satellite. There was unanimity on this. He had pleaded in favour of a settlement in terms of reunification of Germany.