

PREM19

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AUSTRALIA

(PM visit to

Canberra)

BRIEFING IN FOLDER
BEHIND FILE.

MT

W/b

Confidential Filing

Prime Minister's meetings with
Mr Fraser in Canberra, Policy.

AUSTRALIA

May 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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	14.6.79						
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Australia²



Foreign and Commonwealth Office

London SW1A 2AH

3 August 1979

PRIME MINISTER

*A most positive
report.*

MA 6/viii

Dear Nick,

I enclose a copy of Sir D Tebbit's
despatch of 6 July reporting on the Prime
Minister's recent visit to Australia.

*p.c. JSM
15/8*

*Jos ewe,
Stephe*

(J S Wall)

ans.

Nick Sanders Esq
10 Downing Street

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CANBERRA DESPATCH

SUMMARY

PRIME MINISTER'S VISIT TO AUSTRALIA
30 JUNE - 1 JULY 1979

1. The Prime Minister paid a short but highly successful visit to Australia from Saturday, 30 June to Sunday, 1 July. It was the first official visit by a British Prime Minister in office for 21 years.

(paragraphs 1-2)

2. The primary purpose of the visit was to emphasise the closeness and continuing relevance of Anglo-Australian relations.

(paragraph 3)

3. Full use was made of the two-day visit. In addition to substantive talks with Mr Fraser and his Ministers, the Prime Minister gave two television interviews and undertook a number of social and public engagements. Her talk and answers at the National Press Club, which were broadcast live across Australia, have been widely acclaimed as a tour de force.

(paragraphs 4-6)

4. The two Prime Ministers met for an hour of talks à deux and they were joined for two further sessions by other Ministers. The only really difficult topic was Southern Africa and Rhodesia. Mr Fraser is preoccupied with avoiding a split in the Commonwealth and sees himself playing a

/mediating



mediating role at the forthcoming Heads of Government meeting in Lusaka. He is anxious not to identify too closely with British policies on Southern Africa in order to allow himself room for manoeuvre. Even so, the two Prime Ministers were able to reach a broad understanding and I believe Mr Fraser intends to be as helpful as possible to us.

(paragraphs 7-9)

5. The visit was a conspicuous success and underlined the importance Britain attaches to the links and values which we share with Australia.

(paragraph 10)



BRITISH HIGH COMMISSION
CANBERRA

026/8

6 July 1979

The Rt Hon The Lord Carrington KCMG MC
LONDON

My Lord

VISIT TO AUSTRALIA BY THE PRIME MINISTER,
THE RT HON MARGARET THATCHER MP, 30 JUNE TO 1 JULY 1979

1. I am very glad to be able to report that the Prime Minister paid a short but highly successful official visit to Australia on Saturday, 30 June and Sunday, 1 July. I enclose, at Annex A, a copy of the programme.

2. It was on 1 June that I was instructed to inform the Prime Minister of Australia, Mr Fraser, that Mrs Thatcher saw the possibility of squeezing in a visit to Australia at the conclusion of the Tokyo Summit meeting. He immediately welcomed the proposal and extended a warm official invitation. Things moved so rapidly that he was able to announce the prospective visit to the Australian Parliament on 5 June. There it was welcomed on all sides. The Leader of the Opposition, Mr Hayden, said that it was rare for him to agree with Mr Fraser about anything, but this was the exception. The Press and the Australian public were clearly delighted that Mrs Thatcher had gone out of her way to find time to visit their country so soon after assuming office. Australians generally saw the visit

/as



as a great compliment, especially as the last official visit of a British Prime Minister to Australia was paid by Mr Harold Macmillan as long ago as 1958. (The brief visit by Sir Harold Wilson to attend the funeral of Mr Harold Holt in 1967 falls into a different category).

3. Both in London and here in Canberra, pains were taken to emphasise that the primary purpose of the Prime Minister's visit was to underline the closeness of the Anglo/Australian relationship and its continuing relevance. However, the meeting was also opportune in that it enabled the Prime Minister to brief Mr Fraser on the outcome of the Tokyo Summit and to discuss with him the prospects for the Lusaka Commonwealth Heads of Government meeting.

4. The programme for the visit was designed to make full use of two short days without, if possible, making them too much of a burden on the Prime Minister. But I cannot claim that the programme allowed the Prime Minister much respite. There were substantive talks with Mr Fraser and his Ministers on both days. In addition Mrs Thatcher was entertained to lunch by the Governor-General at Government House and to dinner by Mr and Mrs Fraser at The Lodge. She herself gave a return dinner at Westminster House. Around these central events, Mrs Thatcher was able to fit in two national television interviews and to address a gathering of unprecedented size at the National Press Club. She attended Divine Service at St John's Anglican Church, planted a Blue Spruce in the garden at Westminster House, laid a wreath at the National War

/Memorial



Memorial, surveyed Canberra from the vantage point of Mount Ainslie and inspected the Carillon, which was the British gift to Canberra on the occasion of its 50th anniversary.

5. I have no hesitation in reporting that the visit was a most striking personal and public relations success. The Prime Minister's talk and answers to questions at the National Press Club have been acclaimed on all sides as a tour de force. It may have been partly out of curiosity that an audience of 600 or more - huge by Canberra standards - crowded into the Press Club on a Sunday evening to hear the Prime Minister speak; but it was an unmistakable tribute to her knowledge, forthrightness and wit that her answers to a series of searching questions were received with such genuine and hearty acclamation. It is well known that the press corps of Canberra is basically antagonistic to politicians of the right but on this occasion even the ranks of Tuscany could not forbear to cheer. The Press Club proceedings were broadcast live across Australia and made a deep impact on many people. So too did the two television interviews. One of these concentrated on policy and the other on personal matters. In both cases it was a source of delight to most Australian viewers that the Prime Minister was much more than a match for her questioners. The directness and conviction of her answers have been widely noted and praised.



6. I am also most grateful to the Prime Minister for the vigour with which she threw herself into the minor events on the programme. These enabled her to be seen and photographed by many ordinary people. Even in these events the Prime Minister did not spare herself. For example, her manner of planting a tree made it much more than a token ritual; the onlookers were delighted with the vigorous professionalism with which she insisted on moving every spadeful of earth herself until a very large hole was filled and the tree was well and truly planted. Similarly, at the Carillon, the Prime Minister was not content merely to watch the campanologist perform but played several peals herself. Touches like this heightened the undoubted pleasure which the visit gave to many ordinary Australians.

7. The substantive business of the visit was conducted in three sessions of talks. The Prime Minister and Mr Fraser met à deux for an hour on the Saturday afternoon. After that they were joined by the Australian Foreign Minister, Mr Peacock, and three officials on each side for a further hour and a half. Then, on the Sunday afternoon, there were two hours of talks which were also attended by no fewer than nine Australian Ministers. (I enclose, at Annex B, a list of the participants).

8. The talks on the first day dealt mainly with Rhodesia and the Tokyo Summit, on which the Prime Minister briefed Mr Fraser. The second day's talks covered mainly Indo-China and refugees, the world energy problem, Soviet ambitions, the results of UNCTAD V, global and domestic inflation and

/Pakistan's



Pakistan's nuclear ambitions. Mr Fraser had set his heart on having a lengthy and detailed communique setting out his views on a wide range of subjects, domestic and foreign, and we had some difficulty in persuading him to drop this idea. But the only really difficult topic was Southern Africa and Rhodesia. Although Mr Fraser accepts that the recent Rhodesian elections and the installation of a government with a black majority under a black Prime Minister constitutes an important step forward and accepts also the goal of restoring Rhodesia to legitimacy, he has been preoccupied by the need to avoid a split in the Commonwealth and to achieve a settlement which will command at least the acquiescence of those who might otherwise be able to overthrow Bishop Muzorewa's Government with Cuban and East German military support. Even in this difficult area, it proved possible to reach a broad understanding on the aims to be pursued at Lusaka. The best hope, it was thought, lay in aiming to announce at Lusaka the outline of a process involving further constitutional change and consultations with Rhodesians and Southern African States to secure approval for, or acquiescence in, those changes so as to bring about a final and genuinely peaceful settlement as quickly as possible. Mr Fraser emphasised that the final statement would, in his view, have to be one which had adequate support from independent African States. Mrs Thatcher for her part emphasised that a balance would have to be kept and insisted that any constitutional changes should not be such as to risk destroying Bishop Muzorewa's Government

/or



or the progress which had already been achieved in Rhodesia. It was not envisaged at the Anglo-Australian talks that the whole process need be worked out in detail at Lusaka provided its general lines were clear.

9. One reporter at the Press Club asked the Prime Minister whether she would be going to Lusaka with her options open on Zimbabwe/Rhodesia and what role she expected the Australian Prime Minister to play at Lusaka. The Prime Minister replied that she would go to Lusaka trying to persuade other nations to come along with us and added: "I am sure the Australian Prime Minister will help me in that objective". That reply, with its emphasis on the objective of a return to legality with maximum international support, was in my view justified; but it has given rise to comment and speculation in the Australian Press. Mr Fraser's publicists have been at some pains to make it clear that he is not committed to any particular method or timetable. In reality his object at present is to retain as much freedom of manoeuvre as possible. He foresees that he may be one of the few Commonwealth Prime Ministers able and willing to play some kind of mediatory role. He clearly hopes to be able to play a fairly major part in an operation designed (as he sees it) to save the Commonwealth from tearing itself apart on this issue. He is leaving no stone unturned to establish his credentials for this mission. For example, he gave a carefully planned pre-Lusaka dinner for all Commonwealth High Commissioners two nights after the Prime Minister left Canberra, and even spent a morning playing golf with the Acting High Commissioner of Nigeria in preparation for his pre-CHOGM visit to Lagos. Nevertheless, I believe that in practice

/Mr Fraser



Mr Fraser intends to be as helpful as possible to us. He cannot afford to forget that a substantial majority of the supporters of his Government look favourably on Rhodesia and with some impatience at his own stance against the early termination of sanctions or early recognition.

10. It is, I know, a besetting temptation for Heads of Mission to hail any and all visits by their own Heads of Government as outstanding successes. However, on this occasion I believe it can be stated without hyperbole that Mrs Thatcher's visit to Australia has been a conspicuous success. There was a wide range of agreement in the policy discussions and a complete identity of attitude on such matters as Vietnamese boat-people. Even on Rhodesia there was, as I have explained, a constructive effort to concert our different approaches to the mutual good and the good of the Commonwealth. But the visit achieved its greatest dividend by demonstrating to Australians that Britain and the British Government value the traditional links they have with them and want to keep them strong and bright. There are many Australians who have been highly encouraged and reinvigorated to hear the Prime Minister of Britain, still the country for which they have the greatest affection, extol the virtues of democracy and defend our common heritage of free speech, free elections and equality under the law against the assaults of communist tyranny. This, to many Australians, is what leadership is about; and they have been delighted to acclaim the Prime Minister of Britain as its standard

/bearer

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bearer. These were two proud days for Britain in the Antipodes. All in all the Prime Minister's visit has reinforced and revived the British position in Australia and I am most grateful to her for having undertaken it.

11. I am sending copies of this despatch to the High Commissioners at Wellington, Ottawa and Lusaka.

I am My Lord
Yours faithfully

(Donald Tebbit)

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VISIT BY THE PRIME MINISTER

SATURDAY 30 JUNE

8 am Arrive Fairbairn RAAF base
 Received by:
 The Right Honourable Malcolm Fraser CH MP
 Prime Minister of Australia and Mrs Fraser
 Artillery Salute of 19 guns
 General Salute
 Guard of Honour - Inspection
 Some presentations

Westminster House

11 am Briefing by High Commissioner

12 noon Record television interview ABC (Four Corners)

12.50 pm Plant tree in Westminster House garden

1 pm Private lunch Westminster House

2.40 pm Visit Mt Ainslie

3 - 4.30 pm Talks with Mr Fraser, Parliament House

7.45 pm Arrive Lodge Mr Fraser's dinner

SUNDAY 1 JULY

9.30 am Church Service at St John's

10.40 am Carillon recital

11 am War Memorial to lay wreath

11.30 am Westminster House

12.15 pm Arrive Government House and call on Governor-General

12.30 for 1 pm Governor-General's lunch

3 - 4.30 pm Talks with Mr Fraser and Ministers Parliament House

5 pm Press Club talk and questions

6 pm Record television interview, Channel 7 (Willesee at Seven)

7.30 for 8 pm Dinner for Mr and Mrs Fraser at Westminster House

11 pm Depart Fairbairn



PARTICIPANTS AT A MEETING BETWEEN THE PRIME MINISTER AND
THE PRIME MINISTER OF AUSTRALIA, THE RT HON MALCOLM FRASER,
HELD IN PARLIAMENT HOUSE, CANBERRA, ON SUNDAY 1 JULY 1979
AT 15.00

Present:

The Prime Minister	The Rt Hon Malcolm Fraser CH MP
Sir John Hunt	The Hon Ian Sinclair MP
Sir Donald Tebbit	Senator the Hon John Carrick
Sir Jack Rampton	The Hon Anthony Street MP
Mr H A Dudgeon	The Hon Peter Nixon MP
Mr C A Whitmore	The Hon John Howard MP
Mr D Wolfson	Senator the Hon Margaret Guilfoyle
Mr B J Cartledge	The Hon Eric Robinson MP
	The Hon Michael MacKellar MP
	The Hon Victor Garland MP
	Sir Geoffrey Yeend
	Mr Nicholas Parkinson
	Sir Gordon Freeth

Cabinet / Cabinet Committee Document

The following document, which was enclosed on this file, has been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES.

Reference: CC(79) 8th Conclusions, Minute 2 (extract)

Date: 5 July 1979

Signed Wayland Date 24 September 2009

PREM Records Team

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ULB.

AUSSIE

10 DOWNING STREET

From the Private Secretary

4 July 1979

Dear George,

Prime Minister's Visit to Canberra, 30 June/1 July 1979:
Plenary Session of Talks

Clive Whitmore sent you, with his letter of 3 July, a record of the Prime Minister's restricted meeting with Mr. Malcolm Fraser in Canberra on 30 June, which was largely devoted to Rhodesia. The second session of talks, on 1 July, took place in plenary session in the Cabinet Room in the Parliament Building: I enclose a record.

I am sending copies of this letter and enclosure to Martin Hall (H.M. Treasury), Bill Burroughs (Department of Energy), Tom Harris (Department of Trade), Tony Butler (Home Office) and Martin Vile (Cabinet Office).

Yours ever,

Bryan Cartledge

G. G. H. Walden, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

or

3. July 79.

THIRD REVISE

Australia

(final)

Ex Econ PR, May 79
Tokyo Policy.

With permission, Mr. Speaker, I will make a Statement about my visits to Tokyo and Canberra.

On the way to Tokyo we refuelled in Moscow and the Soviet Prime Minister, Mr. Kosygin, came to the airport to meet me. We had about one-and-a-half hours' discussion during the course of which I impressed on him our deep concern about refugees from Vietnam and asked him to intervene with the government of Vietnam. He did not give me much encouragement in this respect but I remain firmly of the view that the refugee problem must be tackled at its source as well as by resettlement. I also told Mr. Kosygin that Her Majesty's Government hoped that the SALT II Treaty would be ratified.

The Tokyo Summit met against a background of rising inflation and higher oil prices: and this was underlined by the decision which OPEC made during the course of the Tokyo Summit to raise oil prices still further. I am glad to report that the Summit faced this situation realistically. We were all determined not to print money to compensate for the higher oil prices and we were united in feeling that if we were resolute in restraining demand for oil in the short term we had all the skills and incentives to enable us to reduce our dependence on uncertain sources of supply in the longer term.

/We welcomed

We welcomed and took full account of the decisions reached by the European Council in Strasbourg the previous week: and we agreed upon action designed to align the decisions taken at Strasbourg with corresponding decisions taken at Tokyo by the United States, Japan and Canada.

The UK, France, Germany and Italy agreed to recommend to their Community partners that each member country's contribution to the Community objective of maintaining oil imports between 1980 and 1985 at an annual level not higher than in 1978 should be specified. The United States took as a goal their import level for 1977, and Japan and Canada goals relating to their particular supply position. There was also general agreement that domestic oil prices should be at world market levels.

We agreed on a number of measures to ensure that we are better informed about operations in the oil markets.

The Summit made it clear that the industrialised countries are ready to co-operate with oil producers in defining supply and demand prospects in the world oil market. I believe that such discussions could make a valuable contribution to the future stability of the oil market. We also discussed the position of the non-oil developing countries who will be hardest hit by rising oil prices.

/Finally,

Finally, we stressed the importance of developing to the full existing and new sources of energy as alternatives to oil. We saw a special need to expand, with safety, nuclear power generating capacity. Without this, the prospect for growth and employment would be bleak.

The Summit also issued a special statement about the plight of Indo-Chinese refugees.

This was rightly a Summit which concentrated mainly on energy and I believe that the fact that we could take these decisions together will contribute significantly to achieving our objectives in both the short and longer terms.

Apart from the formal business of the Summit, the presence of the seven Heads of Government in Tokyo provided the opportunity of more informal discussions on matters of mutual concern. I had bilateral meetings with President Carter and with the new Prime Minister of Canada: there were also discussions between the European Members of the Summit.

From Tokyo I went to Australia for two days and had talks with Mr. Fraser and his colleagues. The last time a British Prime Minister in office had paid such a visit was in 1958 and I was particularly glad to be able to visit Australia so soon after becoming Prime Minister myself. I was able to give Mr. Fraser an account of the Tokyo Summit and we discussed a number of other matters of mutual concern.

/During

During my return journey from Canberra to London I stopped at Bahrain and had a valuable discussion at the airport with the Prime Minister, Sheikh Khalifa, who welcomed the Declaration on the Middle East issued by the Nine EEC countries on 18 June.

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cc 60



10 DOWNING STREET

From the Principal Private Secretary

3 July 1979

Dear George,

Prime Minister's Visit to Canberra: Rhodesia

I attach the record of the meeting the Prime Minister had on Saturday 30 June with Mr. Fraser. As you will see, most of the discussion was about Rhodesia and the Commonwealth Heads of Government Meeting in Lusaka. Mr. Fraser floated the idea that the British Government should launch at Lusaka what he called a "process" which would explain to those taking part how we proposed to build on what had already been achieved in Rhodesia by bringing forward further constitutional changes in the direction of greater Africanisation and which would make clear how we intended to involve all the parties to the problem, including the Front-line States and the Patriotic Front leaders, in the consideration of these changes. You will see from the record that the Prime Minister explained why we had reservations about this approach, particularly since Mr. Fraser seemed to think that we should seek formal endorsement for it at Lusaka.

The following day at a dinner given by the High Commissioner Parkinson, the Secretary of the Department of Foreign Affairs, (who had not himself been present at the meeting on Saturday) gave John Hunt the attached piece of paper which he said set out the essentials of what the Australians believed the Prime Minister and Mr. Fraser had agreed. In fact this was no more than a summary of the line Mr. Fraser had pursued the previous day, and John Hunt and I explained to Parkinson and to Yeend, the Secretary of the Australian Cabinet, why we could not accept their piece of paper as an agreed resume of the Prime Ministers' talk. We left it at that, and John Hunt and I do not feel that there is any need to take the Australian attempt to get an agreed piece of paper any further. But it is probable that the Australians will want to have further consultations with us during the run-up to Lusaka. If they do, we expect them to approach us through Freeth here in London. The Prime Minister is content for further consultations to take place.

There is a further aspect about the Australian activity on Rhodesia and Lusaka which does not come out of the record. Donald Tebbit believes that Mr. Fraser is seeking a role for himself as an intermediary between Britain and the black African states who is going to find a way forward in Rhodesia which will

✓ Rhodesia Sitr.

/forestall

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- 2 -

forestall an explosion at Lusaka which might wreck the Commonwealth. Mr. Fraser said nothing explicit about this possible role for himself at his meeting with the Prime Minister, but it seemed to us that his general approach to the issues he raised and a subsequent remark by Yeend to John Hunt lent support to Donald Tebbit's view. This is something which you will want to bear in mind if the Australians seek further consultations with us in the next couple of weeks.

I am copying this letter to Martin Vile (Cabinet Office).

Yours wv,

Howe.

George Walden, Esq.,
Foreign and Commonwealth Office.

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- . Acknowledgement of the gains that have been made and which need to be protected.

- . Acknowledgement also of the deficiencies.

- . Agreement in principle that there is a need for further changes to the constitution in the direction of greater africanisation.

- . Announcement at Lusaka of the process to achieve this further constitutional change, involving also consultations with Rhodesians and other African States.

- . The final settlement, which should occur as quickly as possible, needs to be one which will have adequate support of independent African States.

- . There should be further discussions on these points before CHOGM.



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01-211 6402

3 July 1979.

Clive Whitmore Esq.,
Private Secretary to
the Prime Minister,
10 Downing Street,
London SW1.

Dear Clive, *AW*

UK/AUSTRALIA BILATERAL SAFEGUARDS AGREEMENT

As requested today I attach additional
briefing on the UK/Australia Bilateral
Safeguards Agreement.

Yours sincerely

Bill

W.J. Burroughs,
Private Secretary.

Encl.

SUPPLEMENTARY BRIEF

UK/AUSTRALIA SAFEGUARDS AGREEMENT

Points to make

1. Very much regret that Commission still making difficulties about approving this Agreement despite the efforts you and we have made to meet their earlier objections in full. They are being quite unreasonable.
2. Have not given up hope yet of persuading them to lift their objections. We must both keep up the pressure on them.
3. May have to consider some cosmetic device, such as a UK/Australia review of the Agreement after, say three or five years, but leaving any decision on termination to the two parties above. Better if we can get by without this. But do you have any fundamental objection?
4. One conceivable option would be to conclude the Agreement in defiance of the Commission. Formidable legal risks to this. Very much a last resort.
5. It would harm our case to publicise the problems we are having with the Commission at this stage. Suggest we simply say in public that we are still hopeful of finding a way round the legal problems which arose last year.

URANIUM SUPPLY, NUCLEAR ENERGY AND NON-PROLIFERATION

6. Warmly welcome Australian approach to sell Ranger Uranium to UK. Official level talks next month very timely.
7. UK will look to Australia in the years ahead as a major source of supply for uranium. Nuclear energy is a necessity for the industrialised world: and the UK, for all its North Sea oil, is going to need a substantial nuclear element in its energy supplies.
8. Hope our two Governments can keep in very close touch in the months ahead over our shared concerns for non-proliferation. Believe our views are very close.

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FM FCO 011831Z JUL 79
TO FLASH SINGAPORE
TELEGRAM NUMBER 152 OF 1 JULY

From Minister
Kal

FOLLOWING PERSONAL FOR WHITMORE, PRIME MINISTER'S PARTY
FROM SANDERS, 10 DOWNING STREET.

PRESS INTEREST IN THE PRIME MINISTER'S TOUR HAS BEEN VERY GREAT FOR THE WHOLE FIVE DAYS AND HAS CONTINUED THROUGHOUT SUNDAY. THE NEWS STORY TODAY HAS BEEN THE PRIME MINISTER'S APPARENT COMMITMENT AT HER NEWS CONFERENCE IN CANBERRA TO THE LIFTING OF SANCTIONS AGAINST RHODESIA FROM NOVEMBER 1979, AND TO EVENTUAL RECOGNITION OF THE MUZOREWA GOVERNMENT. HER OTHER REMARKS ON RHODESIA ARE BEING PLAYED DOWN IN COMPARISON, AND A DIPLOMATIC ROW WITH THE UNITED STATES AND A POLITICAL ROW AT HOME ARE BEING FORECAST. MR PETER SHORE HAS ALREADY ATTACKED THE PRIME MINISTER FOR PREJUDGING THE ISSUE WHILE LORD HARLECH IS STILL CONSULTING OTHER GOVERNMENTS.

THERE IS ALSO CONTINUING INTEREST IN THE PRIME MINISTER'S REMARKS ABOUT THE QUEEN'S SAFETY IN LUSAKA. ITN REPORT THAT THEY UNDERSTAND THAT THE QUEEN WILL NOT BE ADVISED TO GO UNLESS BRITISH SECURITY MEN CAN TAKE THE MAIN RESPONSIBILITY FOR HER SAFETY BUT THAT THE PRIME MINISTER WILL GO TO LUSAKA HERSELF IN ANY CASE.

THE MAIN DOMESTIC NEWS TODAY IS THAT THE OIL COMPANIES ARE TO INCREASE THE PRICE OF PETROL IMMEDIATELY IN THE LIGHT OF THE OPEC DECISION. THE PRICE IS EXPECTED TO GO UP BY 6 PENCE PER GALLON WITH EFFECT FROM MONDAY 2 JULY IN THE CASE OF ESSO. THE OPPOSITION ARE ACCUSING THE OIL COMPANIES OF PROFITEERING. YOU MIGHT ALSO LIKE TO KNOW THAT ARTHUR SCARGILL HAS TODAY DESCRIBED AN INCREASE IN NUCLEAR POWER AS QUOTE MADNESS UNQUOTE AND HAS CALLED FOR DEMONSTRATIONS ON THE GERMAN PATTERN AGAINST NEW NUCLEAR POWER STATIONS.

THERE IS ANOTHER FUSS BLOWING UP ABOUT THE FOREIGN SECRETARY'S DECISION TO ALLOW BP TO SELL NORTH SEA OIL TO OTHER COMPANIES UNDER SWOP ARRANGEMENTS WHICH WOULD ENABLE THEM IN TURN TO SUPPLY SOUTH AFRICA. THE GOVERNMENT IS BEING ACCUSED OF REDUCING THE OIL SUPPLY TO EUROPEAN MARKETS, AIDING SOUTH AFRICA AND POSSIBLY AIDING RHODESIA. SIR IAN GILMORE HAS REPUDIATED THE SUGGESTION OF ANY IMPROPER CONDUCT, BUT THE STORY SEEMS SET RUN FURTHER.

SO THE PRIME MINISTER IS LIKELY AT HER RETURN TO FACE QUESTIONS ABOUT RHODESIAN SANCTIONS, THE QUEEN'S SAFETY IN LUSAKA, UK OIL SUPPLY AND DISTRIBUTION AND PETROL PRICES THE TIMING AND NATURE OF DECISIONS ABOUT NUCLEAR POWER AND NUCLEAR SAFETY, THE PRIORITY TO BE GIVEN TO OIL, AND FINALLY OUR POLICY TOWARDS ADMITTING MORE VIETNAMESE REFUGEES.

WE LOOK FORWARD TO SEEING YOU ALL TOMORROW.

CARRINGTON

NNNN

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FM FCO 011003Z JUN 79

TO IMMEDIATE CANBERRA

TELEGRAM NUMBER 291 OF 1 JULY HDE

FOLLOWING PERSONAL FOR WHITMORE, PRIME MINISTER'S PARTY, FROM SANDERS, 10 DOWNING STREET.

THE PRIME MINISTER'S REMARKS TO THE PRESS ABOUT BEING ABLE TO TAKE ONLY A FEW MORE VIETNAMESE REFUGEES BECAUSE OF OUR EXISTING NUMBER OF IMMIGRANTS ARE BEING WELL PUBLICISED ON SUNDAY MORNING HERE. THIS MESSAGE IS BEING PUT OVER TOGETHER WITH LORD CARRINGTON'S WELCOME FOR THE HOLDING OF THE UNITED NATIONS CONFERENCE ON 20 AND 21 JULY.

COMMENTS IN THE SUNDAY PAPERS ON THE TOKYO SUMMIT STILL CONTINUE THE BALANCE BETWEEN A MEASURED SCEPTICISM ABOUT THE RESULTS AND PERSONAL TRIBUTES TO THE PRIME MINISTER FOR HER IMPACT ON HER COLLEAGUES AND, MORE GENERALLY THE PEOPLE OF JAPAN.

*From: Muri
JW*

THE MOST CONSPICUOUS SOURCE NOTE IS THE FEATURE IN THE SUNDAY EXPRESS BY GEORGE BROWN, DRAWING THE EXPECTED COMPARISON WITH GUADELOUPE AND ARGUING FOR EARLY ACTION ON THE POST OFFICE DIFFICULTIES. SIR KEITH JOSEPH WILL BE MEETING THE CHAIRMAN OF THE POST OFFICE ON MONDAY MORNING, BUT I AM DOUBTFUL WHETHER HE WILL ENTIRELY SATISFY THE COMMONS WHEN HE MAKES HIS STATEMENT ON MONDAY AFTERNOON. WE WILL ENSURE THAT MR. WHITELAW IS CONSULTED ABOUT ITS TERMS.

THE PRIME MINISTER IS CERTAIN TO BE QUESTIONED ABOUT THE STORY IN THE TELEGRAPH TODAY THAT DEFINITE PLANS TO GO AHEAD WITH PWRs ARE BEING MADE AND THAT AN AMBITIOUS NUCLEAR POWER PROGRAMME IS BEING PREPARED.

THE NORTHERN IRELAND OFFICE HAVE DONE THEIR BEST TO EXTINGUISH THE PAISLEY STORY I REFERRED TO YESTERDAY. THEY SAY THAT THERE IS NO TRUTH IN HIS SUGGESTION THAT THE ARMY AND THE POLICE WERE NOT WORKING TOGETHER.

CARRINGTON

NNNN

1.7.79

Mr. President,

I am grateful for this opportunity to address the National Press Club and through you a much wider audience of Australians, to all of whom I ~~wanted to~~ send my greetings and those of my countrymen in Britain.

I have been asked why I have come to Australia within ^{two}~~three~~ months of taking office as Prime Minister.

There are two reasons.

First, and most important, I believe that Anglo/Australian relations matter: and, secondly, you in Australia and we in the UK have a shared interest in many international problems which I was glad to have this opportunity of discussing with your Prime Minister and his colleagues.

To take our own relationship first; the purpose of my visit is to underline its closeness, its importance and its continuing relevance to the issues we both face.

/I have come

Phila. road.

Phila. entire

5 units.

2nd Madison ..

→

17-4
Phila

I have come to show that we value the strong ties we have with Australia, ties which embrace so many aspects of our lives.

We have historical, democratic, ethnic, legal and cultural ties - and also family ones.

How often does a Prime Minister visit another country and find her own daughter among the professional local audience at such an occasion as this?

~~I confess that I see the UK/Australian relationship almost as much in personal as in political terms.~~

This is my third visit to Australia.

I came here first as Minister for Education, then as Leader of the Opposition and now I come as Prime Minister. Although I like my present job best, I find that, regrettably, as my visits increase in frequency they diminish in length.

As a result there are many people and places in Australia that I have not been able to see this time. A Prime Minister does not have it all her own way. But although my visit has to be brief, I was at any rate able to insist on coming and in this way to show that I do not take our partnership for granted.

/ So I hope

* ← Ink Committee →

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So I hope that Australians will see in my visit an earnest of ^{the British} ~~my~~ Government's determination to continue that effort and remain true to our old friendships. I have every confidence that our specially close relationship can be maintained.

/Our links

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free elections // and equality under the law //
And if anyone is disposed to be sceptical about ^{^ agreed //}
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One important example is uranium.
We in Britain already have an important nuclear
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We wish to diversify and buy from assured and
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Of course there must be reasonable safeguards
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Australia now has a chance at one and the same time
to make a major contribution to meeting the world's
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as a whole.

~~CONFIDENTIAL~~
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This leads me to the many pressing international problems which I am very glad to have been able to discuss with your Government in the talks we have had yesterday and today.

As you know, I came to Canberra straight from the Economic Summit Meeting in Tokyo.

I should like to tell you a little about it.

This was the Energy Summit.

It was ironic that the OPEC countries should have announced their plans for a further major increase in the price of oil while we were still in session in Tokyo.

This put into sharp focus the problems and the dangers of the energy situation in a world economy which is in any case slowing down.

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Now, as we approach the 1980s, our pre-occupation is with beating inflation and with coping with the energy shortage.

This calls for new solutions and strong nerves: but the economy of the free world is resilient: it can adapt and adjust to this new challenge if we are patient.

- Second, the Seven governments whose Heads met in Tokyo are very conscious that the new situation damages everybody, producer and non-producer countries alike.

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The developing countries will suffer most of all, suffer from the risk of greater instability in the world.

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We knew that if we left the impression that we were failing to face up to facts, or that we were taking refuge in pious platitudes, our meeting in Tokyo could easily have done far more harm than good.

Inevitably, every multilateral negotiation must involve an element of compromise: but I think the Tokyo Declaration largely achieved our objective of combining realism and candour, spelling out the targets and the goals at which we shall be aiming between now and 1985 in order to bring the demand and supply for oil into better balance.

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In the field of overseas policy we share membership of the Commonwealth, and, in this connection, I want to pay tribute to Mr. Fraser's initiative in calling the first Commonwealth Regional Conference in Sydney last year. I also welcome the successor conference planned in New Delhi in 1980.

We both see the Commonwealth as a unique bridge, a bridge which spans so many of the chasms that normally divide the world - divisions of colour, creed, climate and economic opportunity.

One regional concern that we share is our common indignation and distress at the tragic problem of refugees in this part of the world.

We are concerned by its cause and we are concerned in its cure.

We are appalled by the sufferings of the thousands of refugees who have been cast adrift in South-East Asia.

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We have embarked on a programme of intensive consultations.

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We have a senior official in Salisbury, based in London, to keep in touch with Bishop Muzorewa, to provide him with encouragement and support in his difficult tasks.

There will be further consultations at the Heads of Government Meeting in Lusaka - and that will not be the end of the process.

We are taking full account of the views of our friends and partners in the Commonwealth and outside.

But our first responsibility must be to the people of Rhodesia - it is their future which is at stake.

I should like to end by telling you something of the aspirations and visions I hold for Britain because I know many of you have for Britain the sort of affection that I and many of my countrymen and women hold for Australia.

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This will not be easy.

But the turn has begun and the British people have seen and responded to the new course we are taking.

This will help us to achieve our second aspiration, which is to enable Britain to play her proper part in the world, after years during which our economic weakness severely limited the extent to which we could play a constructive role in the world's affairs.

We shall do so now as a whole-hearted member of the European Community and as a Commonwealth partner committed to its ideals.

A more prosperous and a more internationally effective Britain will be in Australia's interests as well as in those of our own people.

We intend to achieve it.

Mr. President,

I am grateful for this opportunity to address the National
Press Club and through you a much wider audience of
Australians, to all of whom I ~~would~~ send my
greetings and those of my countrymen in Britain.

I have been asked why I have come to Australia within ^{two} ~~three~~
months of taking office as Prime Minister.

There are two reasons.

First, and most important, I believe that Anglo/Australian
relations matter: and, secondly, you in Australia and
we in the UK have a shared interest in many
international problems which I was glad to have this
opportunity of discussing with your Prime Minister and
his colleagues.

To take our own relationship first: the purpose of my visit
is to underline its closeness, its importance and
its continuing relevance to the issues we both face.

/I have come

I have come to show that we ^{in fact} value the strong ties we have with Australia, ties which embrace so many aspects of our lives.

We have historical, democratic, ethnic, legal and cultural ties - and also family ^{ones} ~~ones~~. - *social can be very*

~~How often does a Prime Minister visit another country and find her own daughter among the professional local audience at such an occasion as this?~~

I confess that I see the UK/Australian relationship almost as much in personal as in political terms.

This is my third visit to Australia.

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RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND THE PRIME MINISTER OF AUSTRALIA, THE RT. HON. MALCOLM FRASER, HELD IN PARLIAMENT HOUSE, CANBERRA ON SUNDAY, 1 JULY, 1979, AT 1500

Present:

The Prime Minister	The Rt. Hon. Malcolm Fraser
Sir John Hunt	The Hon. Ian Sinclair, M.P.
Sir Donald Tebbit	Senator Carrick
Sir Jack Rampton	The Hon. Anthony Street, M.P.
Mr. H.A. Dudgeon	The Hon. Peter Nixon, M.P.
Mr. C.A. Whitmore	The Hon. John Howard, M.P.
Mr. D. Wolfson	Senator Guilfoyle
Mr. B.G. Cartledge	The Hon. Eric Robinson, M.P.
	The Hon. Malcolm MacKellar, M.P.
	The Hon. Victor Garland, M.P.
	Sir Geoffrey Yeend
	Mr. Nicholas Parkinson
	Sir Gordon Freeth

After formally welcoming the Prime Minister, Mr. Fraser observed that she was only the second serving British Prime Minister to visit Australia. He much appreciated that she could come even for two days, so soon after assuming office and introducing her first budget. They had had very useful discussions on a range of subjects, particularly on the forthcoming CHOGM at Lusaka. He expected the meeting to concentrate on other topics.

UK/AUSTRALIAN RELATIONS AND UK POLICIES

Mr. Fraser said that Australia wanted to begin selling its uranium and hoped that the difficulties with the EEC Commission over the Euratom Treaty would soon be overcome. As part of developing Australia's relationship with the Community, Mr. Fraser had written to Mr. Jenkins to propose that there should be annual

/ consultations

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consultations at ministerial level. Commissioner Gundelach had seemed receptive to this idea. Australia was also reassessing her representation in Europe.

Turning to civil aviation matters, Mr. Fraser said that if British Airways were at all susceptible to influence from the British Government, he hoped that a Concorde service could soon begin between Singapore and Melbourne. All the necessary clearances had been given on the Australian side, and there would be no question of curfews or other restrictions.

Mr. Fraser warmly congratulated Mrs. Thatcher on her electoral victory and the courage of her first budget; he wished her all good fortune.

The Prime Minister said she was grateful for the opportunity to come to Australia so soon after assuming office. The British Government had tried to profit from Australia's experience in introducing an early budget and tackling industrial relations. Her own first budget reflected a determination to make an early start on cutting expenditure and following a different path on incentives and taxation. The budget had not applied sudden brakes; but it was a firm and determined start. Britain had come to a belated realisation of her decline in relation to Europe. There was now a determination to emulate the success of some European countries. The years during which the British people had become accustomed to looking to government for solutions to their problems would be replaced by a period in which they would be encouraged to look to their own efforts. People must be as sensitive to their obligations as to their entitlements. Governments could only distribute wealth when it had been created. In the next four years the Government was determined to effect a change in public attitudes. A central objective would be to change attitudes in industrial relations where enormous power was not always entirely matched by responsibility. It would be necessary to make some changes in the law, as well as to encourage changes in traditional Trade Union attitudes:

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the unions thought they were fighting the bosses and governments whereas in fact they were just fighting people.

The Prime Minister went on to say that it was important to strike a balance between one's international and domestic responsibilities. A Prime Minister's first job was to look after the home base; but the standard of living of people at home depended to some extent on success at these international meetings, such as those which she had just attended at Strasbourg and Tokyo.

The Prime Minister said that Britain had not been, recently, a very loyal member of the Community. Genuine partnership in an enterprise brought greater benefit from it, and would enable the UK to exert greater influence, particularly in the direction of making the Community more outward looking. Problems within the EEC would be solved more easily if the UK were known to be a friend of the Community. There was at present a serious danger of protectionism, which had been accentuated by the energy crisis.

ENERGY (I)

The Prime Minister told Mr. Fraser that the central issues at the Tokyo summit had been world economics and the effects on the West of developments in the energy field. Ironically, OPEC had been meeting at the same time and had raised oil prices very significantly. Australia had considerable relevance to the long-term energy situation. The UK would need very much more uranium. There was not much time in which to plan alternative sources of energy before Britain's ten years of fuel self-sufficiency in oil ran out. The world was very vulnerable to price increases, largely arising from political events in the Middle East. The West was now more reliant than ever before on a small group of countries. Through their decisions, member countries of OPEC could enforce both political and economic decisions on others.

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The Prime Minister pointed out that the current world oil shortage was comparatively small - 5% (1.5 - 2m barrels a day). An effort was made at Tokyo to find means of depressing demand so as to bring it into line with available supply. Some of the oil exporting countries were in certain respects susceptible to influence: their revenues were invested in the West, and their regimes were vulnerable and dependent on Western support. The danger was that some OPEC members would reduce their output so that their oil could appreciate in the ground.

The short term (five - six years) problem, the Prime Minister said, was how to achieve a realistic pricing mechanism which could help to balance supply and demand. This could be done through an increase in domestic prices; restrictions in public service use of oil; and tax incentives to economise. In the longer term, it was necessary to develop alternative sources of energy. For many countries coal resources would last for some time, but the production of oil from coal was expensive. Others had gas resources, but this, too, was expensive and finite. The conclusion at Tokyo was that, in order to maintain the West's standard of living, greatly expanded nuclear programmes were necessary. The Prime Minister recognised the fears of environmentalists and others. But it was important to educate public opinion to be as much at ease with the concept of radio-activity as with that of electricity. Uranium was as God-given as the waves and the wind, and no one had yet died as a consequence of nuclear power, while many had died from gas or oil explosions. One way of reducing the dangers of a nuclear programme was the use of fast breeder reactors which would burn up a high proportion of plutonium.

The Prime Minister repeated that all countries were vulnerable to OPEC's decision. Their price rises affected Australia, primary producers and, most acutely, the developing countries. Since the latter had to pay far more than before for their oil, they had less money to buy products from the developed world.

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When the price of oil was last substantially increased, the western countries had tended to accommodate it by printing money. The Prime Minister stressed that, in the UK at least, the battle against inflation would continue. Otherwise confidence would be destroyed, and the poorest people, who had their savings in bonds, would suffer most.

The Prime Minister said the Commonwealth could become an increasingly important group. It must not simply be a conglomerate of countries. It must stand for something and that stand must be for democracy. Choice, exercised in a free economy, was one guarantee of political freedom and a bulwark against Communism, the modern form of dictatorship and tyranny.

The Prime Minister said that she looked forward to hearing Mr. Fraser's views on economic issues, industrial relations and bilateral matters. Our interests on uranium were complementary. As for Europe, the more closely Australia developed her relations with the EEC, the better for both. The Prime Minister said she would look again at the Concorde question.

NORTH/SOUTH DIALOGUE

Mr. Fraser said that over the years the developing countries had come to see themselves as one bloc. Now, however, they were divided between oil producing and non-producing countries. Mr. Fraser saw a need for the North/South dialogue to develop beyond fixed and rigid positions. Australia had advanced a number of views on the Common Fund. There had been some agreement at UNCTAD on principles of the Fund, but less on commodity programmes. During his recent visit Mr. Gundelach had said that the EEC would probably join the international sugar agreement if the United States did. If in fact the EEC did not do so, the Common Fund would be seen as a sham. The Common Fund was important because it would ensure more stable trade for producer and consumer. Australia had supported a Common Fund because she was a primary exporter (particularly of wool, wheat and sugar) and because a number of developing countries (many on a standard of living of US\$200 a year) needed the prospect of improvement.

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Aid was not enough. They needed trade on reasonable terms. Protectionism denied the right to developing countries to sell their goods to developed countries. The developing countries would consider the developed world as hypocritical if the Western system of trade and payments gave benefits only to those who had already "arrived". Not simply out of altruism but from hard-headed self interest, Europe and North America should recognise that industrial "take-off" of countries like Korea, Hong Kong and Taiwan would ensure growing markets for developed countries and would also, of course, reduce unemployment. Group B should not regard the developing countries as a threat. They provided an opportunity for growth. Some progress had been made in UNCTAD but there was much more to be done. If the developing countries were impeded in their growth by OECD countries, there would be increasing bitterness. If the West were not seen to help, they would look elsewhere.

Mr. Fraser added that he knew Britain would take resolute action over inflation although, paradoxically, measures in the recent budget would, in the short term, put up the official inflation figures. He very much hoped that Britain together with Japan and others would seek to influence the United States to attack her domestic inflation.

VIETNAMESE REFUGEES

Mr. MacKellar said the actual situation in South East Asia was very serious, and the potential refugee problem very worrying indeed. The key was to get Vietnam to abandon the policies which caused the problems. If not, one could expect a further 1-2 m refugees out of Vietnam and Kampuchea. Dr. Waldheim had called a conference for 20/21 July largely to deal with the humanitarian problem. But Mr. MacKellar said it was as important to tackle the source of the problem as to resettle those who were leaving. In the Australian view international pressures should be placed on Vietnam to change her policies. Like-minded countries should work together to this end. Of those leaving Vietnam, Mr. MacKellar noted that although a majority were of

/ Chinese

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Chinese origin and had paid to get out, there were large numbers of ethnic Vietnamese who presented a different challenge. Mr. MacKellar said that the communique of the ASEAN Prime Ministers (issued 1 July) condemned Vietnam but not sufficiently strongly. There was a commitment for ASEAN Foreign Ministers to act together not to accept more "illegal immigrants" from Vietnam or Kampuchea. Australia favoured bringing the problem to an international conference though he would have preferred a conference to deal with its political as well as its humanitarian aspects. Perhaps Australia and Britain with the United States and Canada could work together towards a longer term solution?

The Prime Minister said the international community must condemn Vietnam, Kampuchea and Laos in no uncertain terms. Vietnam was a cold, callous, communist tyranny. International condemnation could achieve results. Even Communist countries were susceptible to public opinion, as the Soviet Union's release of dissidents had shown. She had asked the Russian Ambassador in London for Soviet help over refugees and had raised the matter with Mr. Kosygin when she passed through Moscow. It was clear that the Soviet Union would not help. Their approach was dominated by their concern over China. The Prime Minister of Singapore had said that Moscow was concerting action with Vietnam with the objective of destabilising South East Asia. Many of the refugees were talented and industrious, hence their unpopularity in some communities. The Prime Minister told Mr. Fraser that at the EEC Summit at Strasbourg, it had been suggested that some current-account aid to Vietnam should be switched to help the refugees. Britain's bilateral aid involved only the heavily subsidised construction of four ships; unfortunately it would cost as much to cancel the order as to complete it.

The Prime Minister said that Britain's large merchant fleet had picked up and would continue to pick up a considerable number of refugees since under the Law of the Sea, internationally agreed in a quite different situation, Captains were obliged to pick up those in danger of drowning. British Captains would, in any case, pick up refugees whose lives were in danger from humanitarian

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motives alone. It was also international custom, not always now observed, for a ship's next port of call to take off those who had been picked up and give them help. The Prime Minister emphasised the difficulties of Hong Kong, which had already taken 55,000 refugees. The problem of refugees was exacerbated there by the number who came over direct from China. In order to control the flow, the British Government had sent a fifth battalion of troops to Hong Kong to guard the frontier. The Prime Minister hoped the Chinese would now monitor their outflow. Britain herself found it difficult to absorb a substantial number of refugees from Indo-China because she had in recent years already taken in 1½ - 2m immigrants from the new Commonwealth. It was important to apply continuing pressure on those who supplied Vietnam - to pillory them every day. The problem must be jointly tackled by the rest of the world. One possible expedient was to buy an Indonesian or Philippine island, not only as a staging post but as a place for settlement - but the Prime Minister recognised the fear voiced by Singapore that such an island might become a rival entrepreneurial city. The Prime Minister said that she would be glad to hear of the Australian approach to the problem.

Mr. Fraser said that Australia had stopped aid to Vietnam of all kinds, not only because of the refugee outflow but also because of Vietnam's attack on Kampuchea. Perhaps Japan was reluctant to reduce its food aid programme to Vietnam because she did not wish to prejudice a future market in Vietnam for her products. But Vietnam would not respond to "love and kisses". It was important to deter other countries from giving aid to Vietnam and to fulfil their humanitarian instincts by giving it to the refugees instead.

Mr. MacKellar said that Australia was trying to contain the number of illegal entrants. So far, 51 boats had arrived with 2011 refugees. While public opinion was strongly opposed to the resettlement of illegal arrivals, it was more tolerant of those who arrived after official processing. Contrary to popular

/ belief,

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belief, Australia did not have in the short term an unlimited capacity to absorb and resettle refugees. A marked increase in numbers could cause real stress, not only on Australia's infra-structure but on the readiness of the Australian people to accept refugees at all. Mr. MacKellar agreed that continuing pressures must be maintained against Vietnam.

The Prime Minister re-emphasised that today's Vietnam was a stark example of communism in practice.

Mr. Fraser suggested that Britain and Australia should, together with like-minded countries, try to agree a concerted plan on refugees. The Prime Minister agreed. Australia was Britain's link with this part of the world. Mr. MacKellar hoped Britain and Australia could seek to arrive at a common approach before the conference called for 20/21 July. The Prime Minister said there was not much time but she would ask the Foreign Secretary to consider the question urgently. Mr. MacKellar suggested that the United States and Canada might also be associated with a joint approach to the problem. He wondered whether France should be asked to participate?

Mr. Fraser, reverting to the question of a cutting of aid to Vietnam, said the question could be argued in two ways. Some felt that if the West cut off aid, Vietnam would become the more dependent on Russian aid. On the other hand, Vietnam perhaps would not wish to become totally dependent on Russian aid and therefore a total cut in Western aid might have a real effect.

The Prime Minister commented that the whole issue of refugees seemed to revolve round three points - condemnation of Vietnam; switching aid from Vietnam to refugees; and resettling refugees.

ENERGY (II)

Mr. Robinson asked whether the United States would move to parity prices for oil. The Prime Minister replied that the United States had said that by the end of 1981 they would move to world

/ parity

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parity prices (which were much below what consumers actually paid in Britain because the greater part of the cost of petrol in Britain was revenue tax). Mr. Fraser said that Australia taxed petrol. Should not the United States move to world parity prices but tax petrol to act as a deterrent to over-consumption? The Prime Minister said that by 1985 Mr. Carter was aiming for the United States' level of oil imports to be no more than the 1977 figure. The pressures at Tokyo would help him to pursue this policy at home. His difficulty was that people in the United States thought the crisis was a synthetic rather than a real one. They did not realise that, for example, Mexico, which they saw as an answer to their problems, would absorb a good deal of its production as the standard of living increased of its own large population. Unfortunately because of low prices, the United States was guilty of profligate petrol consumption.

In answer to a question from Mr. Garland, the Prime Minister said that the sale of North Sea Oil was being linked with imports of crude oil supplies. The oil majors had observed this linkage; BNOB had not. Ironically although we were an oil producer, we had a greater oil shortage than Italy, France or Germany; we had not been buying on a highly expensive market. In answer to a question from Mr. Nixon, the Prime Minister said that she felt that something positive would emerge from Tokyo. But Japan's consumption was rising. Europe was aiming to stick to the 1978 import figure. Reduction in consumption could be achieved through price mechanisms, some Government regulation and indirectly through world recession.

INFLATION

Mr. Fraser asked whether there had been at Tokyo an enhanced determination to avoid inflation. What about Germany in particular? The Prime Minister said that at the Bonn Summit Germany had been asked to expand her economy. She had done so. Now she had additional inflation and an extra demand for oil. It was not her fault. She had simply done what had been asked of her. Perhaps

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Britain, because we were reducing our imports of oil, could make up for the difficulty which Germany would now face in reducing her imports. A great difficulty for us all was imported inflation as a result of all the extra money floating around in the world. In answer to a question from Mr. Fraser, the Prime Minister said she thought the United States would have to take action against inflation in the next 18 months, regardless of the forthcoming presidential election.

EAST/WEST RELATIONS

Mr. Sinclair, referring to the Prime Minister's stopover in Moscow, asked for her thoughts on Soviet intentions. The Prime Minister said that 13% of Soviet GNP was being spent on very sophisticated and accurate armaments. It was only in electronics (especially micro-electronics) that the Soviet Union lagged behind the United States. The latter had slipped from; great superiority to equality in ballistic missiles. And Russian naval strength, including surveillance vessels, had increased at a remarkable rate. None of this was surprising to the Prime Minister. Soviet aims never changed: the aim was world Communism. This could be achieved through Moscow being so powerful that no shot need ever be fired; by proxy (e.g., Cubans in Africa and, more worryingly, - because they combined a Nazi past with a communist present - East Germans in such countries as Zambia); and subversion. There had been no discussion of this at Tokyo. But when she had raised the question with Mr. Kosygin a few days before in Moscow, he had stressed that the Soviet Union was "very ~~peace~~-loving" and that there was not a tank round every corner. The Prime Minister replied that he was being too modest about Soviet power.

Mr. Fraser said that when Mr. Kissinger was Secretary of State the United States had sought to apply counter pressure whenever the Soviet Union had achieved success in a particular area. What counter pressures was the Carter Administration now prepared to apply? The Prime Minister said that the counter

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balance now was Russia's great fear of China, a country which was unique in that not only could it use nuclear weapons, but, with 800 to 900 million people it would be less hesitant in pressing the button. Answering a question from Mr. Street, the Prime Minister said that Chinese communism was just as bad as the Soviet variety although the Chinese were at present more concerned about developing their own internal standards of living.

The Prime Minister went on to describe the worrying situation in the Middle East where Egypt had fallen out with all other Arab countries and was now obtaining aid from the United States instead of from Saudi Arabia. A lasting wide agreement with Israel would be more difficult to achieve in the light of the continuing Palestine problem. All of this would have effects on oil.

Pakistan and nuclear weapons

In answer to a question from Mr. Fraser, the Prime Minister said that many countries were trying to prevent Pakistan from acquiring nuclear weapons. She did not know how successful international pressure would be. There was little one could do if a country was determined to obtain nuclear weaponry. Mr. Fraser observed that Pakistan wanted to get ahead of India. If she acquired nuclear weapons this would have a cumulative effect and the whole non proliferation regime could break down. Was enough concerted pressure being exerted on Pakistan? He would be inclined to trust India rather than Pakistan over the development of a nuclear weapon.

Domestic inflation

The Prime Minister asked whether Mr. Howard had any advice to offer on how to tackle inflation. Australia seemed to have been more successful than Britain in the fields of inflation and control of wages. Mr. Howard said that the British general approach was not markedly different from that of Australia. The most difficult thing was restraint of expenditure, particularly when people had developed unreal expectations.

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One of the most difficult areas to reduce was social benefits. Senator Guilfoyle said that she agreed with the Prime Minister that it was impossible to withdraw a benefit once given. The Prime Minister said that she often emphasised there was no "pot of gold"; the money must be earned before benefits could be given. Asked whether the British Government had agonised long over their "tax mix" the Prime Minister said that decisions had had to be taken quickly. It was necessary to cut public expenditure heavily in the first year (following Australian experience), and to reduce borrowing. The British Government had switched from a tax on the pay packet to a tax on goods sold. In answer to a question Mrs. Thatcher said there was a differential in profits tax for small and large companies. To avoid abuses careful drafting of tax legislation was necessary.

Envoi

The Prime Minister expressed particular gratitude to Australian Ministers for sacrificing a Sunday for discussions with her and hoped that both sides could soon again be in contact. Mr. Fraser thanked the Prime Minister for putting herself out to come to Australia for discussions which the Australians had found very valuable. He looked forward to meeting again soon.

The discussion ended at 1635.

BM.

2 July, 1979.

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND THE PRIME MINISTER OF AUSTRALIA, THE RT. HON. MALCOLM FRASER, HELD IN PARLIAMENT HOUSE, CANBERRA, ON SATURDAY 30 JUNE, 1979 AT 1600

Present

The Prime Minister	The Rt. Hon. Malcolm Fraser, M.P.
Sir John Hunt	The Hon. Andrew Peacock, M.P.
H.E. Sir Donald Tebbit	Sir Geoffrey Yeend
Mr. C.A. Whitmore	Sir Gordon Freeth
	Mr. R. Holditch

* * * * *

Rhodesia

The Prime Minister said that she and Mr. Fraser had devoted most of their tête-à-tête discussion, which had begun an hour earlier, to the problem of Rhodesia. It had been one of the first tasks of her Government to convince black African countries that the UK was not holding up the recognition of Rhodesia until after the Commonwealth Heads of Government Meeting at Lusaka only to recognise Bishop Muzorewa's Government and to lift sanctions immediately the Conference was over. To dispel this suspicion the Government had sent Lord Harlech to visit the Front Line states, Nigeria and Malawi, and he seemed to have made good progress in convincing the Governments of those countries that we were genuinely trying to find a way forward. Lord Harlech had emphasised that the election in Rhodesia had been based on one man one vote, had been fought by four parties and had brought out 65 per cent of the electorate. Such an election was a factor in the Rhodesian situation which could not now be ignored. The critics had not, however, been disarmed and they were now arguing that the constitution on which the election had been conducted was unsatisfactory because it embodied a continuation of white power. But this was a misrepresentation of the constitution which contained no more than a blocking mechanism in favour of the whites. Even so there was a need for some development of the constitution for otherwise there was very little chance that the

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Extracts to
 ✓ Rhodesia Situation
 ✓ Econ Pol, May 79, Tokyo Summit
 ✓ Defence, Pt 2, Salt/CTB
 ✓ Middle East, May 79 Situation

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new Government in Rhodesia would win widespread international recognition. Lord Harlech had made his first report to the British Government and he was now going to Salisbury the following week to see whether Bishop Muzorewa recognised the need for some changes in the constitution and to assess the prospects of getting such changes accepted in Rhodesia. If the constitution was amended too drastically there was a risk that white confidence would be lost and this could lead to a large-scale exodus of whites. On the other hand, it was important to get Bishop Muzorewa to acknowledge the need for some movement on the constitution if his Government was to gain international recognition. The British Government's public position at present was that we were still engaged in consultations with the Governments most directly associated with the Rhodesian problem, but we were also exploring privately how the constitution might be changed, drawing upon the provisions of the constitutions of some of our former colonies.

We had also been taking soundings of the Francophone countries, with an eye on the OAU meeting on 7-8 July, and there were signs that some of these countries accepted that the Rhodesian election was now a major factor that could not be overlooked. President Moi of Kenya had also taken a similar line during a recent State Visit to London, though he had made the point that the constitution was not yet adequate.

The British Government also had its own domestic constraints. The renewal of sanctions in November was out of the question. There were those who argued that even if the conditions were not right by then for recognition, sanctions could be treated separately because they were something quite different from recognition and could be dropped in isolation. But there was also a good deal of pressure on the Government to go ahead now and recognise the Muzorewa Government. Those who took this line pointed out that the Government had recognised the new regime in Ghana almost immediately it had come into power, though, subsequently, it had executed two former Heads of State and a number of other senior officials. We had also recognised the Governments of Mozambique and Angola, even though democratic elections had never been held in those countries. It was suggested

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that if we were prepared to extend recognition in such cases, there was no reason why the same should not be done for the new Rhodesian Government. It was possible to argue in response that the regimes in Mozambique and Angola had never been illegal, but the question of recognition remained a highly sensitive one. Democracy was about the internal form of government which the people of a country wanted. The present Rhodesian constitution might not be perfect but the fact that 65 per cent of the electorate had voted showed that a majority of blacks had confidence in the constitution. It was therefore impossible for the British Government to accept that the bullet had the right of veto over the ballot. To take any other line would be to acknowledge that democracy could be subject to terrorism. Nonetheless, if it proved possible to go forward with proposals for changing the present constitution, efforts should be made to involve the Patriotic Front as well as the other parties in the Rhodesian situation in the consultations on the proposals. We could not however let Mr. Nkomo and Mr. Mugabe have any kind of veto. It was likely in practice that the Patriotic Front would accept only those proposals which would lead to their assumption of power. If they adopted an intransigent line of this kind, it would be important to put them on the wrong foot in relation to their front line hosts. They might of course refuse to discuss any constitutional change, but this too would weaken their position in relation to their hosts.

Mr. Fraser had suggested during their tête-à-tête discussion that no firm proposals for constitutional change should be made at Lusaka but that a procedure for bringing forward proposals for further political progress in Rhodesia should be launched before Lusaka and an effort made to get the black African governments to accept it. A factor in the pre-Lusaka situation was that Bishop Muzorewa was visiting the US and then the UK in the first two weeks of July, and we would be seeking to establish with him what constitutional changes he could accept.

Mr. Fraser said that there was no question of trying to reach agreement at the Lusaka meeting, which was now only four weeks away, on precise changes in the Rhodesian constitution. To attempt to do so would risk outright rejection of whatever proposals the UK put forward. Rather, the aim at Lusaka should be to gain acceptance of the general proposition

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that the constitution should be changed in the direction of greater Africanisation and that all the parties concerned, including Mr. Nkomo and Mr. Mugabe, should be involved in this process. If the Conference could agree on this broad approach of building on what had already been achieved in Rhodesia - and he acknowledged that the present constitution was a big step forward - it would give the people of that country and the rest of the Commonwealth confidence that solutions could be found. At the same time, once the black African countries could see that the UK was actively seeking constitutional changes and they could see the process by which such changes would be agreed, the heat would be taken out of the Rhodesian issue at Lusaka. He wished to re-emphasize, however, the importance of avoiding formal and detailed proposals for constitutional change at the Conference.

Mr. Peacock added that he did not believe that the UK could go any further than this. But many African countries and especially Nigeria, who was particularly inflexible, would not regard what Mr. Fraser was suggesting as going far enough.

The Prime Minister said that we should not underestimate what had already been achieved in Rhodesia: there was a black majority in the Rhodesian Parliament, and a majority of Ministers were now black. Bishop Muzorewa was in charge of the Government, though it was worrying that he was not doing more to exert his power in a practical sense and that there was so much dissension amongst the African politicians in Salisbury. What mattered now was that Bishop Muzorewa should move quickly to establish the authority of his Government. There was a narrow path to be trodden between finding the right measure of further constitutional change and undoing what had already been achieved to a point where the whites lost confidence and started to leave Rhodesia. Early progress in Rhodesia would also be needed to help justify the ending of sanctions in November. Her main aim at Lusaka would be to try to win support for recognition of Bishop Muzorewa's Government.

Mr. Fraser said that his Government believed that although Bishop Muzorewa could give orders, it was doubtful whether they would be carried out by the whites in executive positions. A good

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deal of power still remained in white hands. If we defended the present constitution too strongly this would be interpreted by the black African Governments as meaning that there would be no change in the constitution. This would risk serious difficulties at Lusaka. Yet he believed that the African countries wanted to see a way forward. Despite the strength of their feeling about Rhodesia, not even Nigeria could want war. He was therefore hopeful that the African countries would be ready to accept the kind of process for advance that he had described. If the Commonwealth supported the process but Mr. Nkomo and Mr. Mugabe still refused to participate in it, this would expose them. If, on the other hand, the UK were to recognise Bishop Muzorewa's Government without black African agreement, the outcome would be increased support for the Patriotic Front, perhaps even extending to greater direct military involvement by the Front Line states. If that happened Bishop Muzorewa would not last 12 months. There must be an adequate measure of acceptance by African Governments of whatever further constitutional and political changes in Rhodesia were put forward. If that were made clear, we might get through Lusaka without an explosion.

The Prime Minister said that President Nyerere and President Kaunda were in considerable difficulties and would probably welcome an agreement on Rhodesia. But they were committed to supporting Mr. Nkomo and Mr. Mugabe: President Kaunda, for example, did not dare withdraw his support for Mr. Nkomo. African involvement in and acceptance of any further changes in Rhodesia could not be tantamount to giving the Patriotic Front a veto on changes in the Rhodesian constitution. If Mr. Nkomo and Mr. Mugabe could be brought to a conference on constitutional change, there was a real danger that far from agreeing to the kind of process Mr. Fraser had in mind, they would seek to manoeuvre the consultations into deadlock, since they still believed that they would win power by force. But the British Government could not conceivably let itself appear to back the Patriotic Front against the mass of the Rhodesian population whom the guerillas were terrorising and who were the people who elected Bishop Muzorewa's Government. This was the weakness underlying the process suggested by Mr. Fraser.

/Sir John Hunt

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Sir John Hunt said that we might be able to get through Lusaka on the basis of African acquiescence that there had been change in Rhodesia, that there would be further constitutional advance and that this advance would need to be accepted within Rhodesia and, as far as possible, by the international community. But it was not clear what Mr. Fraser meant by the working out of a process. If he had in mind that the whole Commonwealth should be involved, this was impracticable and certainly would not produce agreement in Lusaka.

Mr. Fraser said that he doubted whether this would be a sufficient basis on which to get through Lusaka. He believed that the UK should work out how further change in the direction of increased Africanisation of the constitution was to be accomplished and how consultation was to be carried out with the parties. This should be explained at Lusaka and if the Conference accepted what was proposed, this would be a very big step forward. The African states would not support Bishop Muzorewa unless they could see in advance how further change was to be brought about. If their support was secured, Mr. Nkomo and Mr. Mugabe would have the choice of participating in the process or of isolation but if the African states did not give Bishop Muzorewa their support but on the contrary backed the Patriotic Front more actively, he would be lost, for the UK could not give him military protection.

Sir John Hunt said that we might be able to convince some members of the Commonwealth that the British approach was a genuine attempt to reach a solution. But many of them would want to leave the ball firmly in the UK's court. It would be very difficult to get them positively to accept the steps Mr. Fraser was proposing. The most we probably could hope to win was tacit understanding of how we were planning to play matters.

The Prime Minister said that the political difficulties of some of the black African leaders meant that we were unlikely to gain their active support for our way of making progress: acquiescence ex poste facto was the best we could expect. We should avoid crystallising the position too much, since this

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could force the hand of the Front Line states. But we could not take too long: the longer we delayed, the more Soviet weapons would get into the hands of the terrorists and the longer we should be denying the Rhodesians the means to fight back. The Cubans and East Germans were becoming more and more strongly entrenched in Africa. The Soviet strategy was to establish a zone of influence right across Africa extending from the Horn of Africa through Zambia and Rhodesia to Angola. This would make it easier for them to shape events in Southern Africa, which was a vital source of raw materials for the West and which lay across the West's oil lifeline. Lee Kuan Yew had told her when she had met him recently that a factor which weighed with the Africans was that the Russians stood by their friends when they were in trouble, whereas the West did not.

Mr. Fraser said that he regarded the preservation of Western influence, and specially of British influence, in Africa as the paramount objective. If this could be achieved with British-style democracy, so much the better. But because a country had a black African type of Government, it did not necessarily mean that British influence need be diminished. This broad objective was more important than what happened to Bishop Muzorewa. He did not want to see terrorism win in Africa. But there was a choice of means of defeating terrorism. It could be done by superior force but this was very costly; or it could be done by undermining the terrorists' support. The latter course, however, required the support of African states. If it was eventually possible to devise a package of change for Rhodesia which was negotiable with both the Front Line states and Rhodesia, it would be easier to move Rhodesia in the direction of the Front Line states than vice versa, in order to win acceptance of the package and to obtain a constitution that would survive. He did not believe that he and the Prime Minister differed over their objectives, but there were differences of emphasis over how to reach those objectives. There should be further consultation between their two Governments before Lusaka. Mr. Peacock would be seeing the Foreign and Commonwealth Secretary in London on 22/23 July.

/The Prime Minister

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The Prime Minister said that the British Government was moving cautiously and we might not be much further forward when Mr. Peacock came to London. They were moving forward on stepping-stones. They could see the next two or three stones but not yet those beyond them. They were not seeking confrontation with anyone over Rhodesia and after consultations the acceptance of the African states for what was proposed should not unreasonably be withheld. But it had to be borne in mind that Mr. Mugabe was a Marxist, and Marxists never changed their philosophy. Rhodesia, on the other hand, could reasonably claim that she had done all that could fairly be expected of her and could ask what more was required of her. One reason why the black leaders in Salisbury were falling out was that we had given no hint that Bishop Muzorewa would eventually have our full support and so emerge as the winner. We should take care not to throw away what had been accomplished already in Rhodesia for a gain we might not in the end achieve.

Tokyo Summit

The Prime Minister said that the Economic Summit had begun with a discussion of the general world economic situation. This was now worse than it had been a year ago because of the recent increases in oil prices: the prospects for growth, world trade and inflation were now worse. It was most important that countries did not try to accommodate the growth in inflation by printing money: rather, they should adopt policies designed to fight the new situation.

The greater part of the Summit Meeting had been devoted to the problem of energy. It was ironic that while the Meeting was going on, the news had arrived of the OPEC decision to increase the price of oil. It was OPEC that was putting a strain on the world economic system. For example, Saudi Arabia could supply another 1½ MBD more than now but refused to do so. There was a real risk that the free world would become a hostage to the oil producing Arab States. This development had made those attending the Summit Meeting all the more determined to try to bring oil supply and

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demand into balance, and this required the emphasis to be put more on reducing oil imports than on oil consumption as such. With this objective in mind, France, Germany, Italy and the United Kingdom had gone from the previous week's meeting of the European Council in Strasbourg with a general commitment for the Community as a whole not to import more oil in 1985 than they had done in 1978. When the other three nations attending the Tokyo Summit - the United States, Japan and Canada - had been asked whether they would match the commitment of their European partners, their response had been that they could do so only if the Europeans were treated not as an aggregate but as separate countries. This approach presented problems for the smaller members of the Community, like Holland, whose room for manoeuvre was rather less than that of the bigger members of the Community. On the other hand, the fact that the UK would not need to import oil from 1981 onwards gave the Community as a whole a margin within which to work. Nonetheless, the United States had held out and had said that they could not accept an individual target unless the European countries did the same. It was, therefore, agreed that the four European countries should recommend to their Community partners that each country's contribution to the annual levels of imports should be specified. In return, the Americans agreed to adopt as a goal for 1985 import levels not exceeding the levels either of 1977 or the adjusted target for 1979, i.e. 8.5 MBD. This undertaking might well cause difficulties for President Carter. American oil production was falling by 6 per cent per annum, despite the Alaskan Slope, and they would have to try not to import additional quantities to offset this fall in domestic output. Further, despite the fact that many Americans still refused that there was a genuine oil crisis, he would try to cut down subsidies on consumption. President Carter had been attacked during the Summit Meeting for his \$5 a barrel subsidy on heating oil but he had explained that he had been compelled to take this step in order to bring back to the United States traditional supplies from the Caribbean which had been diverted by higher prices elsewhere. The Japanese had accepted a 1985 target of between 6.3 and 6.9 MBD. Their present consumption was 6.5 MBD, and they had to allow some headroom in their target

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for future economic growth. Japanese per capita consumption was in any case relatively low. Canada was in a particularly difficult situation because her domestic oil production would decline sharply between now and 1985 before it began to rise again as supplies from the Yukon became available. In the short term, therefore, Canada would be making a rather greater demand on the world oil market than previously. Nevertheless, she had agreed to maintain her imports in 1980 at a level not higher than those in 1979.

All the countries attending the Summit Meeting agreed that the most effective means of achieving these targets for oil import levels in the short term would be by letting the price mechanism work in full. Moreover, they all accepted that they must act together, since to do otherwise would simply be to transfer the problem to other countries. In the longer term it was agreed that the free world must make itself less vulnerable to restrictions on its oil supplies. This meant introducing alternative sources of supply. The most important of these would be nuclear energy, the use of which would need to be expanded considerably. It would, however, be essential to ensure that the requirements of safety were properly met. There would probably be a greater use of coal, though it was wrong to think that coal was free of environmental problems. President Carter was anxious that there should be international collaboration on the extraction of oil from coal, but this was likely to be a very costly road to follow.

Mr. Fraser said that it was clear that the oil situation would result in unemployment remaining at a high level and in world trade growing, at best, only very slowly. There would also be serious implications for the developing countries, and he wondered whether this prospect did not offer a card which could be played against OPEC. Hitherto the developing countries, both oil producing and non-oil producing, had shown considerable solidarity, but there might now be advantage in conducting a discreet campaign to show the non-oil producing developing countries that OPEC's price increases were likely to destroy their economies.

/The Prime Minister

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The Prime Minister said that the reaction at the Summit Meeting to the news of the latest oil price increases had been such that a passage critical of OPEC had been included in the communique. She had not been sure about the wisdom of this for the economic investment of OPEC countries in the West was so great that we could not afford to alienate them. It was also true that they could themselves face damaging political consequences domestically if Western economies were seriously hurt.

Middle East

The Prime Minister said that President Carter was acutely aware of all the obstacles in the way of making progress on the Middle East but he felt that he had no choice but to push ahead. She, like a number of other Western leaders, had tried to persuade Mr. Begin to modify his policies on the West Bank but they had all received the same answer that Israel was entitled to establish settlements in biblical Judaea and Samaria.

SALT II

The Prime Minister said that the British Government had had personal assurances from President Carter that the SALT II Agreement contained nothing which would prevent the United Kingdom obtaining from the United States the technology necessary to keep the UK deterrent effective and to modernise it. More generally, the Treaty appeared to let the strategic balance swing more towards the Soviet Union: for example, it did not cover the SS20 missile and the Backfire bomber. But President Carter maintained that SALT II was much better than SALT I and that the Soviet Union had tried to meet the United States on all major points in the negotiation of the Agreement. Despite the President's satisfaction with the Agreement, he was plainly in for a long, hard struggle in getting it ratified by the United States Senate.

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TO FLASH CANBERRA

TELEGRAM NUMBER 286 OF 29 JUNE

FOLLOWING PERSONAL FOR WHITMORE, PRIME MINISTER'S PARTY, FROM
DUTY CLERK, 10 DOWNING STREET.

THE DEPARTMENT OF EMPLOYMENT HAVE WRITTEN TO YOU TONIGHT ABOUT
THE GOVERNMENT'S DECISION ON IMPORTS OF COKING COAL. YOU WILL
WISH TO SEE THE LETTER. THE TEXT IS AS FOLLOWS.

QUOTE PRIME MINISTER'S AUSTRALIAN VISIT: COKING COAL

IT WAS RECENTLY AGREED BETWEEN MINISTERS THAT THE ANNOUCEMENT
OF THE GOVERNMENT'S DECISION ON IMPORTS OF COKING COAL NEEDED
TO BE VERY CAREFULL HANDLED PARTICULARLY IN VIEW OF THE POSSIBLE
NUM REACTION. I UNDERSTAND THERE IS SOME POSSIBILITY OF A
REFERENCE TO THE UK GOVERNMENT'S POLICY ON IMPORTS OF COKING COAL
IN THE COMMUNIQUE TO BE ISSUED AT THE END OF THE PRIME MINSTER'S
BRIEF VISIT TO AUSTRALIA THIS WEEKEND. MR PRIOR HAS BEEN TOLD OF
THIS AND ASKED THAT THE PRIME MINISTER BE INFORMED THAT IN HIS
VIEW IT IS IMPERATIVE THAT NEWS OF THE GOVERNMENT'S DECISION
DOES NOT BREAK IN THE NEXT WEEK WHILE THE NUM CONFERENCE IS IN
SESSION.

I AM SENDING COPIES OF THIS LETTER TO PAUL LEVER IN THE FOREIGN
SECRETARY'S OFFICE, AND TO THE PRIVATE SECRETARIES TO THE
SECRETARIES OF STATE FOR INDUSTRY, TRADE, ENERGY AND WALES AND
TO THE CHIEF SECRETARY AND SIR JOHN HUNT. UNQUOTE

CARRINGTON

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8 ST. JAMES'S SQUARE LONDON SW1Y 4JB

Telephone Direct Line 01-214 6025

Switchboard 01-214 6000

Clive Whitmore Esq
Principal Private Secretary
to the Prime Minister
10 Downing Street
LONDON SW1

29 June 1979

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Transmitted to Canberra on 29/6.
[Signature]

Dear Clive

PRIME MINISTER'S AUSTRALIAN VISIT : COKING COAL

It was recently agreed between Ministers that the announcement of the Government's decision on imports of coking coal needed to be very carefully handled particularly in view of the possible NUM reaction. I understand there is some possibility of a reference to the UK Government's policy on imports of coking coal in the communique to be issued at the end of the Prime Minister's brief visit to Australia this weekend. Mr Prior has been told of this and asked that the Prime Minister be informed that in his view it is imperative that news of the Government's decision does not break in the next week while the NUM Conference is in session.

I am sending copies of this letter to Paul Lever in the Foreign Secretary's Office, (who will be arranging for its actual transmission to you), and to the Private Secretaries to the Secretaries of State for Industry, Trade, Energy and Wales and to the Chief Secretary and Sir John Hunt.

Yours sincerely
Ian Fair

I A W FAIR
Private Secretary



STAMPS SQUARE LONDON W1P 1LH

THEY ARE THE BEST

62 JUN 1979



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TO IMMEDIATE CANBERRA

TELEGRAM NUMBER 289 OF 30 JUNE.

REGRET TRANSMISSION ERRORS IN OUR TELEGRAM NUMBER 288. FOLLOWING IS CORRECTED VERSION.

FOLLOWING PERSONAL FOR WHITMORE FROM SANDERS, 10 DOWNING STREET.

THIS TELEGRAM SUMMARISES SOME OF THE EVENTS OF FRIDAY. COVERAGE OF THE TOKYO SUMMIT HAS BEEN EXTENSIVE, IF MIXED IN TONE. MUCH HAS BEEN MADE OF THE PRIME MINISTER'S COMMITMENT TO NUCLEAR POWER. THE CONCLUSIONS ON ENERGY HAVE BEEN TREATED WITH A DEGREE OF SCEPTICISM BY THE PRESS. A REPORT IN THE GUARDIAN ABOUT THE POSSIBILITY OF INTRODUCING A NEW PRICE INDEX WHICH WOULD HAVE ENERGY ITEMS EXCLUDED FROM IT, ATTRIBUTED TO QUOTE A BRITISH GOVERNMENT OFFICIAL UNQUOTE CAUSED MUCH PRESS INTEREST. AFTER CONSULTING THE CHANCELLOR IN TOKYO SINCE WE COULD NOT CONTACT YOU IN FLIGHT, WE HAVE MADE IT CLEAR TO THE PRESS THAT THE EXISTING RETAIL PRICE INDEX WILL CONTINUE TO BE COMPILED AND PUBLISHED AND THAT NO CHANGE IS



PROPOSED IN THE PRICE BASIS OF SOCIAL SECURITY UPDATING. WE HAVE SAID, HOWEVER, THAT A NEW FORM OF THE INDEX MAY WELL BE PREPARED TO SHOW THE EFFECT OF ENERGY PRICE RISES AND WE ARE BRIEFING THAT THE OIL PRICE INCREASE REPRESENTS A REAL CHANGE IN THE ECONOMY. THIS DENIAL OF THE EARLIER REPORT HAS BEEN EFFECTIVE SO FAR.

MR CALLAGHAN DEMANDED IN THE HOUSE ON THURSDAY THAT THE GOVERNMENT SHOULD MAKE STATEMENTS NEXT WEEK ON THE POST OFFICE SITUATION AND ON THE OIL SUPPLY AND PRICE OUTLOOK FOR BRITAIN. WITH THE AGREEMENT OF MR WHITELAW AND MR MAUDE, WE HAVE ASKED SIR KEITH JOSEPH TO MAKE A COMMONS STATEMENT ON MONDAY ABOUT THE POST OFFICE. WE INTEND THAT, SUBJECT TO THE PRIME MINISTER'S AGREEMENT, MR HOWELL SHOULD MAKE AN ENERGY STATEMENT ON WEDNESDAY.

THE CHIEF WHIP REPORTS THAT HIS SOUNDINGS OF THE 1922 EXECUTIVE LEAD HIM TO HOPE THAT HE MAY SECURE AGREEMENT TO THE NEW MEMBERS' PAY PACKAGE. BUT THE BATTLE IS NOT YET WON AND SOME HARD SELLING LIES AHEAD. HE WOULD LIKE TO CONSULT MICHAEL COOKS ABOUT THE PACKAGE ON MONDAY. GRATEFUL FOR APPROVAL OF THIS OVER THE WEEKEND. IT IS PROPOSED THAT THE DEBATE ON MEMBERS' PAY SHOULD BE ON 11 JULY WITH THE RESOLUTIONS GOING DOWN PREFERABLY ON THURSDAY 5 JULY.

MR PRIOR IS CONCERNED ABOUT ANY POSSIBLE REFERENCE TO COKING COAL IMPORTS IN THE COMMUNIQUE ON THE CANBERRA TALKS. HIS LETTER TO THE PRIME MINISTER WILL BE CABLED TO CANBERRA TONIGHT TO BE TAKEN INTO ACCOUNT IN FINALISING THE COMMUNIQUE.

CARRINGTON

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*Telephoned Oslo.
to tell of PM's agreement
1/7/79.*

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OO CANBERRA



From. Minister.

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FM FCO 292047Z JUN 79

TO IMMEDIATE CANBERRA

TELEGRAM NUMBER 288 OF 29 JUNE 79

FOLLOWING PERSONAL FOR WHITMORE FROM SANDERS, 10 DOWNING STREET

THIS TELEGRAM SUMMARISES SOME OF THE EVENTS OF FRIDAY. COVERAGE OF THE TOKYO SUMMIT HAS BEEN EXTENSIVE, IF MIXED IN TONE. MUCH HAS BEEN MADE OF THE PRIME MINISTER'S COMMITMENT TO NUCLEAR POWER. THE CONCLUSIONS ON ENERGY HAVE BEEN TREATED WITH A DEGREE OF SCEPTICISM BY THE PRESS. A REPORT IN THE GUARDIAN ABOUT THE POSSIBILITY OF INTRODUCING A NEW PRICE INDEX WHICH WOULD HAVE ENERGY ITEMS EXCLUDED FROM IT, ATTRIBUTED TO QUOTE A BRITISH GOVERNMENT OFFICIAL UNQUOTE CAUSED MUCH PRESS INTEREST. AFTER CONSULTING THE CHANCELLOR IN TOKYO SINCE WE COULD NOT CONTACT YOU IN FLIGHT, WE HAVE MADE IT CLEAR TO THE PRESS THAT THE EXISTING RETAIL PRICE INDEX WILL CONTINUE TO BE COMPILED AND PUBLISHED AND THAT NO CHANGE IS PROPOSED IN THE PRICE BASIS OF SOCIAL SECURITY

UPRATING. WE HAVE SAID, HOWEVER, THAT A NEW FORM OF THE INDEX MAY WELL BE PREPARED TO SHOW THE EFFECT OF ENERGY PRICE RISES AND WE ARE BRIEFING THAT THE OIL PRICE INCREASE REPRESENTS A REAL CHANGE IN THE ECONOMY. THIS DENIAL OF THE EARLIER REPORT HAS BEEN EFFECTIVE SO FAR.

MR CALLAGHAN DEMANDED IN THE HOUSE ON THURSDAY THAT THE GOVERNMENT SHOULD MAKE STATEMENTS NEXT WEEK ON THE POST OFFICE SITUATION AND ON THE OIL SUPPLY AND PRICE OUTLOOK FOR BRITAIN. WITH THE AGREEMENT OF MR WHITELAW AND MR MAUDE, WE HAVE ASKED SIR KEITH JOSEPH TO MAKE A COMMONS STATEMENT ON MONDAY ABOUT THE POST OFFICE. WE INTEND THAT, SUBJECT TO THE PRIME MINISTER'S AGREEMENT, MR HOWELL SHOULD MAKE AN ENERGY STATEMENT ON WEDNESDAY.

THE CHIEF WHIP REPORTS THAT HIS SOUNDINGS OF THE 1922 EXECUTIVE

LEAD HIM TO HOPE THAT HE MAY SECURE AGREEMENT TO THE NEW MEMBERS' PAY PACKAGE. HE WOULD LIKE TO CONSULT THE OPPOSITION CHIEF WHIP ON MONDAY

IS PROPOSED THAT THE DEBATE ON MEMBERS' PAY SHOULD BE ON 11 JULY WITH THE RESOLUTIONS GOING DOWN PREFERABLY ON THURSDAY 5 JULY.

MR PRIOR IS CONCERNED ABOUT ANY POSSIBLE REFERENCE TO COKING COAL IMPORTS IN THE COMMUNIQUE ON THE CANBERRA TALKS. HIS LETTER TO THE PRIME MINISTER WILL BE CABLED TO CANBERRA TONIGHT TO BE TAKEN INTO ACCOUNT IN FINALISING THE COMMUNIQUE.

CARRINGTON

Agree?

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DESKBY 292300Z

FM FCO 291715Z JUNE 79

TO IMMEDIATE CANBERRA

TELEGRAM NUMBER 281 OF 29 JUNE

PRIME MINISTER'S VISIT TO CANBERRA: COKING COAL

1. PARAGRAPH 5 OF BACKGROUND BRIEF NO 6 (BY DEPARTMENT OF TRADE) INCLUDES AS A POINT NOT TO BE DISCLOSED TO THE AUSTRALIANS THE FACT THAT ON 20 JUNE THE SECRETARY OF STATE FOR INDUSTRY TOLD SIR CHARLIES VILLIERS THAT THE GOVERNMENT DID NOT INTEND TO IMPOSE IMPORT LICENSING ON COKING COAL.
2. AT AN INTER-DEPARTMENTAL MEETING ON 28 JUNE, IT WAS AGREED THAT IT WOULD BE UNREASONABLE FOR THE PRIME MINISTER NOT TO BE ABLE TO TELL THE AUSTRALIAN PRIME MINISTER IN CONFIDENCE OF OUR INTENTION. BUT FOR THE REASONS GIVEN IN THE BRIEF IT REMAINS IMPORTANT THAT NO PUBLICITY SHOULD BE GIVEN TO THE DECISION, AND THIS SHOULD BE IMPRESSED ON MR FRASER.

CARRINGTON

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Private Secretary to the Prime Minister

PRIME MINISTER'S SPEECH TO THE PRESS CLUB ON SUNDAY, 1 JULY

- / 1. Attached is submitted a draft speech based on an exchange of telegrams with London, concluding with FCO telegram 265
/ of which a copy is also attached.
2. The speech contains three blanks in which it is suggested that something might be inserted about:
- (i) the Tokyo Summit:
 - (ii) HMG's domestic economic policies, including perhaps the budget:
 - (iii) The Prime Minister's vision of the future of Britain and what this can mean to Australia and the world.
3. Arrival at the Press Club is timed for 5 pm. The speech, which is being carried live by the ABC, is scheduled to start promptly at 5.15pm. It is suggested that the speech should take about 15 minutes, followed by 10 minutes or so for questions. If possible we should like the Prime Minister to leave the Press Club not later than 5.55 pm.

Donald Tebbit

29 June 1979

(Donald Tebbit)

cc: Mr Wolfson
Mr James
Mr Cartledge
Minister
H of C
Mr Metcalfe

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DRAFT SPEECH FOR THE PRIME MINISTER FOR
DELIVERY AT THE NATIONAL PRESS CLUB ON
SUNDAY, 1 JULY (TO BE BROADCAST LIVE AT 5.15 pm)

Mr President,

I am grateful for this opportunity to address the National Press Club and through you a much wider audience of Australians, to all of whom I want to send my greetings and those of my countrymen in Britain.

I have been asked why I have come to Australia within three months of taking office as Prime Minister. The answer is, quite simply, because I think Anglo/Australian relations matter and because I want to underline their fundamental closeness, their importance, and their continuing relevance. That is the basic reason I am here.

/Of course it was

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Of course it was the Tokyo Summit which brought me to the Pacific area in the first place, and it was an added bonus for me to take the opportunity to discuss its outcome and other matters of international concern with your Prime Minister. But those were additional good reasons for coming to Australia, not the main one. I have come to show that we value the strong ties we have with Australia, ties that cover so many of the things that really matter. They are historical, democratic, ethnic, legal and cultural ties - and also family ones. How often does a Prime Minister visit another country and find her own daughter among the professional local audience at such an occasion as this?

/Our links matter

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Our links matter because they bear on the fundamentals of our free way of life - things like free speech, free elections and equality under the law. And if anyone is disposed to be sceptical about the value of these things, let them contemplate the misery which the loss of them has brought to ordinary people in less fortunate countries.

/Our ties are also

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Our ties are also practical and business-like ones. As evidence, may I mention the size and importance of British investment in Australia, which is still continuing, and our close trading relations. I know there have been setbacks in some areas; but there are also plenty of new opportunities for growth. One important example is uranium. We in Britain already have an important nuclear power industry. We wish to diversify and buy from assured and reliable sources of supply such as Australia. Of course there must be reasonable safeguards against accident and misuse and I am proud of the British record in these respects. Australia now has a chance at one and the same time to make a major contribution to meeting the world's growing energy problems and to building up Australia's influence in the world, greatly to your own benefit and that of the international community as a whole.

/Energy was, of course,

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Energy was, of course, one of the prime concerns of the Tokyo Summit. [possible short passage outlining the outcome of Tokyo].

If I may revert now to my main theme of our own Anglo/Australian relationship, it is something which I see (just as I see our relationship with New Zealand) in personal as much as in political terms. This is my third visit to Australia. I came here first as Minister for Education, then as Leader of the Opposition and now I come as Prime Minister. Although I like my present role best, I find that unfortunately as my visits increase in frequency they diminish seriously in length. As a result there are many people and places in Australia that I have not been able to see this time. A Prime Minister does not have it all her own way. But although my visit has to be brief, I was at any rate able to insist on coming and in this way to show that I do not take our partnership for granted.

/Partnerships, like a garden

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Partnerships, like a garden, need to be cultivated. Traditions and inherited values still have their place: many of them are still valid and valuable. But even the oldest friends, if they are to keep their relationship vital and vigorous, need to keep in touch, to tell each other of their hopes and fears, and see how they can co-operate in the new challenges, opportunities and dangers of a rapidly evolving world. So I hope that Australians will see in my visit an earnest of my Government's determination to continue that effort and remain true to our old friendships. I have every confidence that our specially close relationship can be maintained.

/More than that

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More than that, I have confidence that it can grow. For our relationship is not, and should not be, static and unchanging. Britain readily acknowledges Australia's growing contribution and potential in many fields, political as well as economic, a contribution which complements the long-standing British contribution to Australia.

Our relationship is not weakened by the need of each of us to be involved in events and developments in our own parts of the world. For example, NATO is of great value to Australia. Britain also is of more use to Australia inside the European Community than she would have been outside.

/In the same way,

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In the same way, Australia's concern with events in South-East Asia and the Pacific are not only understood, but shared by my Government. Your increasing contribution to our understanding of your Asian neighbours north and west of Australia is highly valued.

Our regional concern that we share is our common indignation and distress at the tragic problem of refugees in your part of the world. We are concerned by its cause and we are concerned in its cure. You are bound to be distressed to see this suffering mass of human flotsam, cast adrift in South-East Asia. And we, of course, have a special anxiety for the position of Hong Kong, on whom an extra and utterly disproportionate burden has been placed. Hence my initiative in proposing a conference under United Nations auspices, a call to which there has been growing response.

Internally too Britain

-9-

Internally too Britain and Australia have problems and challenges in common. Not the least of our needs is to revitalise our economies by restoring initiative to the people, where it belongs. Both our Governments are dedicated to reducing the role of Government and to increasing opportunities for the individual. ∟A passage can be inserted here referring to some of the philosophical bases of HMG's policies eg increased emphasis on personal choice, incentive and independence7.

In the field of overseas policy we share membership of the Commonwealth, and, in this connection, I want to pay tribute to Mr Fraser's initiative in calling the first Commonwealth Regional Conference in Sydney last year. I also welcome the one planned in New Delhi in 1980. We both see the Commonwealth as a unique bridge, a bridge which spans so many of the chasms that normally divide the world - divisions of colour, creed, climate and economic opportunity.

/Next month Commonwealth
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Next month Commonwealth Heads of Government meet in Lusaka. It will be an important and a challenging meeting. We have a positive approach to the difficult problems on the Lusaka agenda. Britain's particular concern is to bring peace and stability to Africa; this is one of our major priorities in the field of foreign affairs. Southern Africa presents two particularly difficult problems. On Namibia we are working with other western countries to reach early agreement on the 5-power plan for UN-supervised elections.

/The other problem

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The other problem is Rhodesia. My Government are determined to bring the country back to legality with the widest possible international recognition. We also intend to do everything possible to end the war, which is causing great suffering in Rhodesia itself and in neighbouring countries. None of the possible ways of achieving these aims is excluded. We have embarked on a programme of intensive consultations. Lord Harlech has recently returned from Africa where he had constructive discussions with leaders of the countries most closely concerned. We have a senior Foreign and Commonwealth Office-based official in Salisbury to keep in touch with Bishop Muzorewa to provide him with encouragement and support in his difficult tasks.

/There

-12-

There will be further consultations at the Heads of Government Meeting in Lusaka - and that will not be the end of the process. We are taking full account of the views of our friends and partners in the Commonwealth and outside. But our first responsibility must be to the people of Rhodesia - it is their future at stake.

I would like to end by telling you something of the aspirations and visions I hold for Britain because I know many of you have for Britain the sort of affection that I and many of my countrymen and women hold for Australia. A final passage expressing belief in what Britain can achieve, and what this can mean to Australia and the rest of the world and the sort of spirit and philosophy which can bring the vision to life.

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FM F C O 261850Z JUN 79

TO PRIORITY CANBERRA

TELEGRAM NUMBER 265 OF 26 JUNE.

MY I P T.

FOLLOWING IS OUTLINE DRAFT PREPARED FOR PRIME MINISTER'S
SPEECH TO THE PRESS CLUB.

WHY HAVE I COME TO AUSTRALIA AS PRIME MINISTER WITHIN 3 MONTHS
OF TAKING OFFICE? IN ORDER TO UNDERLINE THE FUNDAMENTAL CLOSENESS,
IMPORTANCE AND RELEVANCE OF UK/AUSTRALIAN TIES.
THE TOKYO SUMMIT TOOK ME TO THE PACIFIC AREA. VISIT PROVIDES AN
OPPORTUNITY TO BRIEF YOUR PRIME MINISTER ON ITS OUTCOME.
OUR TIES ARE HISTORICAL, CONSTITUTIONAL, ETHNIC, LINGUISTIC AND
CULTURAL - AND FAMILY: HOW OFTEN DOES A VISITING PM FIND HER
DAUGHTER AMONG THE PROFESSIONAL, LOCAL AUDIENCE AT SUCH AN
OCCASION? OUR LINKS BEAR ON THE FUNDAMENTALS OF OUR FREE WAY OF
LIFE, THE LOSS OF WHICH HAS BROUGHT MISERY TO MANY IN LESS
FORTUNATE COUNTRIES.

OUR TIES ARE ALSO PRACTICAL, AS EVIDENCED BY THE SIZE OF BRITISH INVESTMENT IN AUSTRALIA, AND OUR CLOSE TRADING RELATIONS.

ONE IMPORTANT EXAMPLE: URANIUM. WE WISH TO DIVERSIFY AND BUY FROM ASSURED AND RELIABLE SOURCES OF SUPPLY, SUCH AS AUSTRALIA. THIS WILL BUILD UP YOUR INFLUENCE IN THE WORLD AND MAKE A MAJOR CONTRIBUTION TO MEETING THE WORLD'S GROWING ENERGY PROBLEMS, WHICH WERE ONE OF OUR PRIME CONCERNS IN TOKYO.

THE RELATIONSHIP IS NOT TO BE TAKEN FOR GRANTED. MY THIRD VISIT SHOWS I DO NOT. FRIENDSHIPS, LIKE A GARDEN, NEED TO BE CULTIVATED. TRADITIONS AND INHERITED VALUES ARE STILL VALID AND VALUABLE. EVEN THE OLDEST, CLOSEST FRIENDS NEED TO KEEP IN TOUCH AND TO TELL EACH OTHER OF THEIR HOPES AND FEARS AND SEE HOW THEY CAN CO-OPERATE IN THE NEW CHALLENGES, OPPORTUNITIES AND DANGERS OF A RAPIDLY EVOLVING WORLD. HOPE AUSTRALIANS WILL SEE IN MY VISIT AN EARNEST OF MY GOVERNMENT'S DETERMINATION TO CONTINUE THAT EFFORT. EVERY CONFIDENCE THAT OUR SPECIALLY CLOSE RELATIONSHIP CAN BE MAINTAINED.

THE RELATIONSHIP IS NOT AND SHOULD NOT BE STATIC AND UNCHANGING. BRITAIN READILY ACKNOWLEDGES AUSTRALIA'S GROWING CONTRIBUTION AND POTENTIAL IN MANY FIELDS, TO BALANCE THE LONG-STANDING BRITISH CONTRIBUTION TO AUSTRALIA.

THE RELATIONSHIP IS NOT WEAKENED BY EACH OF OUR NEEDS TO BE INVOLVED IN EVENTS AND DEVELOPMENTS IN OUR OWN PARTS OF THE WORLD. FOR EXAMPLE, NATO IS OF VALUE TO AUSTRALIA; ALSO BRITAIN IS OF MORE USE TO AUSTRALIA INSIDE THE EUROPEAN COMMUNITY THAN

SHE WOULD HAVE BEEN OUTSIDE. AUSTRALIA'S CONCERN WITH EVENTS IN SOUTH-EAST ASIA AND THE PACIFIC ARE NOT ONLY UNDERSTOOD BUT SHARED BY MY GOVERNMENT E.G. REFUGEES, HONG KONG AND MY CONFERENCE INITIATIVE. YOUR GREAT AND INCREASING CONTRIBUTION TO OUR UNDERSTANDING OF YOUR ASIAN NEIGHBOURS TO THE NORTH AND WEST OF AUSTRALIA MUCH VALUED.

WE HAVE COMMON INTERNAL PROBLEMS AND CHALLENGES TOO, NOT LEAST IN REVITALISING OUR ECONOMIES BY RESTORING INITIATIVE TO THE PEOPLE, WHERE IT BELONGS. BOTH DEDICATED TO REDUCING THE ROLE OF GOVERNMENT AND TO INCREASED OPPORTUNITIES FOR THE INDIVIDUAL.

(REFERENCES HERE TO SOME OF THE PHILOSOPHICAL BASES OF GOVERNMENT POLICIES E.G. INCREASED EMPHASIS ON PERSONAL CHOICE, INCENTIVE AND INDEPENDENCE, WHICH GO DOWN WELL IN AUSTRALIA).

MUTUAL MEMBERSHIP OF THE COMMONWEALTH, MR FRASER'S INITIATIVE IN CALLING THE FIRST COMMONWEALTH REGIONAL CONFERENCE IN SYDNEY LAST YEAR AND TO THE ONE PLANNED IN NEW DELHI IN 1980. WE BOTH SEE THE COMMONWEALTH AS A UNIQUELY VALUABLE BRIDGE AND RECOGNISE THE IMPORTANCE OF NEXT MONTH'S HEADS OF GOVERNMENT MEETING IN LUSAKA. POSITIVE APPROACH TO THE DIFFICULT PROBLEMS ON THE LUSAKA AGENDA. PARTICULAR CONCERN TO BRING PEACE AND STABILITY TO AFRICA, ONE OF OUR MAJOR PRIORITIES IN THE FIELD OF FOREIGN AFFAIRS. SOUTHERN AFRICA PRESENTS TWO PARTICULARLY DIFFICULT PROBLEMS.

ON NAMIBIA WE ARE WORKING WITH OTHER WESTERN COUNTRIES TO REACH EARLY AGREEMENT ON THE FIVE POWER PLAN FOR UN SUPERVISED ELECTIONS. RHODESIA IS ONE OF THE SUBJECTS I HAVE DISCUSSED WITH MR FRASER.

MY GOVERNMENT ARE DETERMINED TO BRING THE COUNTRY BACK TO

LEGALITY WITH THE WIDEST POSSIBLE INTERNATIONAL RECOGNITION. WE ALSO INTEND TO DO EVERYTHING POSSIBLE TO END THE WAR WHICH IS CAUSING GREAT SUFFERING IN RHODESIA ITSELF AND IN NEIGHBOURING COUNTRIES. NONE OF THE POSSIBLE WAYS OF ACHIEVING THESE AIMS IS EXCLUDED. WE HAVE EMBARKED ON A PROGRAMME OF INTENSIVE CONSULTATIONS. LORD HARLECH HAS RECENTLY RETURNED FROM AFRICA WHERE HE HAD CONSTRUCTIVE DISCUSSIONS WITH LEADERS OF THE COUNTRIES MOST CLOSELY CONCERNED. WE HAVE A SENIOR FOREIGN AND COMMONWEALTH OFFICE-BASED OFFICIAL IN SALISBURY TO KEEP IN TOUCH WITH BISHOP MUZOREWA, TO PROVIDE HIM WITH ENCOURAGEMENT AND SUPPORT IN HIS DIFFICULT TASKS.

THERE WILL BE CONSULTATIONS AT THE HEADS OF GOVERNMENT MEETING IN LUSAKA - AND THAT WILL NOT BE THE END OF THE PROCESS. WE ARE TAKING FULL ACCOUNT OF THE VIEWS OF OUR FRIENDS AND PARTNERS IN THE COMMONWEALTH AND OUTSIDE. BUT OUR FIRST RESPONSIBILITY MUST BE TO THE PEOPLE OF RHODESIA - IT IS THEIR FUTURE AT STAKE.

ASPIRATIONS AND VISION FOR BRITAIN. BELIEF IN WHAT IT CAN ACHIEVE AND WHAT THIS CAN MEAN TO AUSTRALIA AND THE REST OF THE WORLD. THE SPECIAL REGARD AND AFFECTION THAT PRIME MINISTER HOLDS FOR AUSTRALIA.

CARRINGTON

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R. Bonman
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PRIME MINISTER'S VISIT TO AUSTRALIA

30 JUNE - 1 JULY 1979

LIST OF BRIEFS ISSUED IN THE PMVS(79) SERIES

1. STEERING BRIEF
Brief by Foreign and Commonwealth Office
2. UK/AUSTRALIA RELATIONS
Brief by Foreign and Commonwealth Office
3. COMMONWEALTH HEADS OF GOVERNMENT MEETING IN LUSAKA
Brief by Foreign and Commonwealth Office
4. RHODESIA
Brief by Foreign and Commonwealth Office
5. SOUTHERN AFRICA
Brief by Foreign and Commonwealth Office
6. AUSTRALIAN/BRITISH TRADE
Brief by the Department of Trade
7. AUSTRALIAN RELATIONS WITH THE EEC
Brief by Foreign and Commonwealth Office
8. URANIUM (INCLUDING SAFEGUARDS AND PLUTONIUM WASTE FROM MARILINGA)
Brief by the Department of Energy
9. INDO-CHINA AND ASEAN (INCLUDING REFUGEES)
Brief by Foreign and Commonwealth Office
10. EAST-WEST RELATIONS, INCLUDING RELATIONS WITH CHINA
Brief by Foreign and Commonwealth Office
11. DEFENCE INCLUDING INDIAN OCEAN PEACE ZONE
Brief by Foreign and Commonwealth Office

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12. AUSTRALIA'S ATTITUDE TO THE NORTH/SOUTH DIALOGUE AND THE COMMON FUND
Brief by Foreign and Commonwealth Office
13. THE SOUTH PACIFIC
Brief by Foreign and Commonwealth Office
14. CIVIL AVIATION
Brief by the Department of Trade
15. AUSTRALIA: BACKGROUND BRIEF AND PERSONALITY NOTES
Brief by the Foreign and Commonwealth Office

Cabinet Office

22 June 1979

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PPS

VISIT BY THE PRIME MINISTER

/ 1. The attached papers are relevant to the Prime Minister's briefing:

a) Brief No 9: Refugees:
Proposed amendment (suggestion from BHC)
FCO telno 354

with briefs ✓ b) New brief on URENCO

✓ c) Immigration: statement in Australian Senate

separate filing ✓ d) Brief on nuclear safeguards: FCO telno 293

✓ e) Australian initiatives at CHGM:
FCO telno 355

✓ f) Current union unrest: prepared by Australian officials at request of Mr Wolfson through Australia House.

AS

A B P SMART

29 June 1979

(Head of Chancery, BHC Canberra)

cc: HE

g) Brief No 11: FCO telno 272.

the possible problems to the banking system, what reassurance can the Treasurer and the Reserve Bank give to the investing community of Australia?

Senator CARRICK—I will seek a response from the Treasurer and let Senator Davidson have it.

WORKING VISAS: AUSTRALIA AND UNITED KINGDOM

Senator MULVHILL. My question is directed to the Minister representing the Minister for Immigration and Ethnic Affairs. In view of the very liberal intake of United Kingdom visitors who have been given a working visa when in Australia, will a warning be conveyed to Mrs Thatcher that, if she attempts to tamper with the existing facilities given to Australian nationals going to Britain, Australia will be forced to review its ratio of working visas granted to United Kingdom nationals who wish to come here?

Senator GUILFOYLE—I am not sure that I can respond in quite the terms that the question seeks. I am advised that the British High Commission and the British consular posts in Australia have received no advice from London of any change in the current relations governing the entry of any category of Australians into Britain; neither is the High Commissioner aware of any legislation proposed in relation to working holiday visits from Australia. Although changes in immigration rules may well be made later by the new British Government, there is no suggestion that working holiday-makers will be affected. The arrangement, which operates on a reciprocal basis, heavily favours Australia. Working holiday visitor arrivals from Britain in 1978 were approximately 3,000, whereas the number of Australians entering Britain for a similar purpose is estimated at between 12,000 and 15,000 a year. I will refer the matter raised by Senator Mulvihill to the Minister. He may feel it appropriate to discuss these matters with the British Minister concerned. If there is any further response on this matter I will see that Senator Mulvihill is advised.

RETAIL SPACE: AUSTRALIAN CAPITAL TERRITORY

Senator KNIGHT—In view of the oversupply of retail space in the Australian Capital Territory, I ask the Minister representing the Minister for the Capital Territory: What action is the Government taking or can it take to curtail the further release of retail space in the Territory?

Senator WEBSTER—I am advised by the Minister for the Capital Territory that the release

of retail space in Canberra has been virtually suspended for some 18 months and that the position is under constant and continual review. However, it is recognised that developments of a substantial nature should not be delayed unnecessarily simply because they incorporate a small amount of retail space. An example of which I am sure Senator Knight will know a great deal is the Churches Centre which is shortly to be built in Belconnen and which will contain offices, chapels and counselling rooms plus a small number of retail shops situated along the pedestrian walkway from the bus interchange to the Benjamin Offices. Where development of this type is permitted to go ahead it is up to the lessee to consider whether or not tenants will be found for the retail space when the building is completed.

The National Capital Development Commission is continuing to monitor retail trading conditions, population growth and retail sales. In the light of current conditions it is restricting the supply of sites for additional retail developments to ensure that they are appropriate to retail needs. At the same time local shopping needs must be met and small local facilities will be released in accordance with population buildup and demand. This applies particularly to the Tuggeranong area. Honourable senators will no doubt appreciate that it is only in Canberra that government becomes so closely involved in entrepreneurial decisions to build new stores.

YIRRKALA SCHOOL

Senator KEEFFE—I ask the Minister for Aboriginal Affairs whether he is aware that toilet facilities for teachers employed at Yirrkala school—I refer to the old building and additional toilet facilities for students at the same school, which were requested and apparently approved some time ago, have not yet been constructed. Can he advise when construction is likely to commence?

Senator CARRICK—The matter of the construction of the Yirrkala school is within my responsibility. I do not have immediate information on this matter but I will seek it out. It is a matter of some importance and I will let Senator Keeffe know. I am well aware of the need for stage one to be completed at Yirrkala. I thought that that, plus all the facilities, had been constructed.

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OO CANBERRA

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TO IMMEDIATE TOKYO

TELNO 355 OF 28 JUNE

INFO IMMEDIATE CANBERRA ROUTINE UKMIS GENEVA AND UKMIS NEW YORK.

FOR PRIVATE SECRETARY TO PRIME MINISTER.

AUSTRALIAN INITIATIVES AT CHGM.

1. SEE MIPT. AUSTRALIANS HAVE APPROACHED US AT OFFICIAL LEVEL ON POSSIBLE INITIATIVES ON RACISM AND THE MEDIA AS WELL AS THAT ON REFUGEES. ALL THREE WERE REFERRED TO BRIEFLY IN BACKGROUND OF PM'S CHGM BRIEF. WE UNDERSTAND FROM AUSTRALIA HOUSE THAT MR FRASER DOES NOT INTEND TO RAISE THESE SUBJECTS WITH MRS THATCHER IN CANBERRA AND WE SEE NO CAUSE TO RAISE THE RACISM AND MEDIA INITIATIVES OURSELVES AT PRIME MINISTERIAL LEVEL AT THIS STAGE. THUS NO DETAILED BRIEFING ON THESE TWO SUBJECTS IS BEING TELEGRAPHED FOR THE CANBERRA TALKS. MEANWHILE ALL SUBJECTS ARE BEING PURSUED AT OFFICIAL LEVEL.

CARRINGTON.

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CURRENT UNION UNREST

- Recent industrial disputes have mainly involved -
- . pressure by strategically placed unions to gain increases in excess of those paid under the national wage guidelines
- and to a lesser extent
- . a protest against the arrest of unionists under laws restricting rights to public assembly;
 - . demarcation and intra-union wrangles.

Guidelines established for successive national wage cases allow the Federal Conciliation and Arbitration Commission to increase the generality of wages in line with price increases to the extent that it deems fit after receiving submissions from interested parties. The Commonwealth has consistently argued for low or zero increases but accepts the arbitrated decision.

The Conciliation and Arbitration Commission is an independent quasi-judicial body established under Commonwealth law, and appears to view its primary function as being the maintenance of industrial peace. Pressures by strong unions in critical industries to overcome the limitations of wage indexation have generally been accommodated by a provision of the guidelines allowing for changes in "work value" of particular jobs. The guidelines were established by, and continue to be interpreted by, the Commission.

The net effect has been a general increase in award wages slightly below declining levels of inflation, accompanied by the slow passage through the work force of such "work-value" increases - which because they affect a small proportion of the work force have a relatively small effect on average wage levels. Inevitably, the Commission, and the Commonwealth, have to tread a fine line between allowing so much flexibility that the guidelines become a mockery, and allowing sufficient flexibility to relieve pressures which might otherwise lead to their wholesale disregard.

The protest against the arrest of a number of union organisers appears to be an isolated problem, triggered by the vigorous enforcement of a law designed to control, for example, street marches. The relevant sections of the law are attached. The facts are in some dispute; what appears to have happened is that a permit for a public meeting in an isolated town was requested and not made available. The police, having been informed of the union's intention to proceed, seem to have taken the view that they had no option but to make arrests. A national stoppage ensued, but no further action seems likely following negotiations. The law is at present under review, and the Government is concerned to ensure that reasonable rights of assembly and union activity are protected.

Another source of dispute arises from the clash of personalities and Federal-State relationships within unions. The most recent example has disrupted petrol supplies in New South Wales, but there is a long history of such disputes, related to the grafting of a Federal industrial relations jurisdiction onto a pre-existing State jurisdiction. The clash of jurisdiction is at the moment the subject of a further attempt by the Commonwealth to co-ordinate Federal-State policy.

Department of the Prime Minister
and Cabinet,
CANBERRA A.C.T.

28 June 1979

RELEVANT SECTIONS OF THE WA POLICE ACT

Section 52 (3) reads :

"Any person or body who or which proposes to conduct or organise any procession, meeting or assembly in any street, thoroughfare or public place, shall make prior application in writing to the Commissioner of Police ..."

Section 54B (1) of the Act reads :

"Every person who conducts, organises or takes part in any procession, meeting or assembly in any street, thoroughfare or public place which is conducted without the prior permission of the Commissioner of Police, or in a manner contrary to any limitation or condition to which such permission was made subject, and who, after being acquainted of the fact, continues so to do, comits an offence."

Section 54B (5) defines an "assembly" as the "coming together of three or more persons for the common purpose of thereby making known to the public their views in relation to any matters ..."

T33/79T

ADVANCE COPY

SUBJECT

Hd/SAD

+1

P.S. N° 10 ~~D.S.~~

DWF G 280/29

LDX 793/29

LDW NR 939/29

ZZ CANBERRA PRIME MINISTER'S

RR FCO PERSONAL MESSAGE

SERIAL No. T 33/79T

GR 100

CONFIDENTIAL

FM TOKYO 291010Z JUN 79

TO FLASH CANBERRA

TELEGRAM NUMBER 14 OF 29 JUNE

INFO ROUTINE FCO

PLEASE PASS FOLLOWING PERSONAL MESSAGE FROM THE PRIME MINISTER TO MR FRASER:

BEGINS:

I AM MUCH LOOKING FORWARD TO OUR TALKS OVER THE WEEKEND. I AM SURE THAT THESE WILL BE EXTREMELY THOROUGH AND VALUABLE TO US BOTH. HOWEVER, THE JOINT STATEMENT AS AT PRESENT DRAFTED BY OFFICIALS IS LONGER AND MORE DETAILED THAN I HAD IN MIND. I HOPE YOUR OFFICIALS AND SIR DONALD TEBBIT CAN DISCUSS A DRAFT IN SHORT AND GENERAL TERMS. THIS WOULD ENABLE US TO DEVOTE MORE OF THE LIMITED TIME AVAILABLE TO THE SUBSTANCE OF OUR DISCUSSION.
WARM REGARDS
MARGARET THATCHER

WILFORD

2304/29

Film

File No.

OUTWARD

Security Classification

Department

TELEGRAM

Precedence

Drafted by
(Block Capitals)

FLASH

Tel. Extn.

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Despatched

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POSTBY

(Time) Z

file Z

PREAMBLE

(Time of Origin) Z(G.M.T.) (Restrictive Prefix)

(Security Class.) (Caveat/Privacy Marking)

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TO FLASH CANBERRA Tel. No. of
(precedence) (post)

AND TO (precedence/post)

AND SAVING TO

REPEATED TO (for info) ECO

SAVING TO (for info)

Distribution:-

[TEXT]

PRIME MINISTER'S VISIT

Please pass following personal message from the Prime Minister to Mr. Fraser:

Begins:

I am much looking forward to our talks over the weekend. I am sure that these will be extremely thorough and valuable to us both. However, the joint statement as at present drafted by officials is longer and more detailed than I had in mind. I hope your officials and Sir Donald Tebbit can discuss a draft in short and general terms. This would enable us to devote more of the limited time available to the substance of our discussions.

Warm regards,

Margaret Thatcher

Ends

Copies to:-

PRIME MINISTER

AUSTRALIA

I have not bothered you with this up to now because you have had enough to think about. But we have been having problems with Mr. Fraser over the joint communique which the Australians would like to put out at the end of your visit to Canberra. To cut a long story short, the Australians have been pressing for a very long (24 paragraphs) document covering a wide range of subjects. We have told them that this is not the kind of statement which you had envisaged to mark a short informal visit but you will see from the attached telegram that it is proving difficult to achieve as much shrinkage in the draft as we would like.

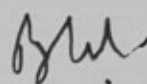
Sir Donald Tebbit and the FCO therefore suggest that you might send a message to Mr. Fraser straightaway in the following terms:

"I am much looking forward to our talks over the weekend. I am sure that these will be extremely thorough and valuable to us both. However, the joint statement as at present drafted by officials is longer and more detailed than I had in mind. I hope your officials and Sir Donald Tebbit can discuss a draft in short and general terms. This would enable us to devote more of the limited time available to the substance of our discussions.

Warm regards,

Margaret Thatcher"

Do you agree to a message in these terms?



29 June 1979

29.6.79

FCO TELEGRAM NO 272 TO CANBERRA

CANBERRA JOINT STATEMENT

1. SUBJECT TO SIR D TEBBIT'S VIEWS, YOU MAY WISH TO CONSIDER REINFORCING THE INSTRUCTIONS IN OUR TELEGRAM NO 272 TO CANBERRA BY MEANS OF A DIRECT MESSAGE FROM THE PRIME MINISTER TO MR FRASER. SUCH A MESSAGE MIGHT READ QUOTE BEGINS: I AM MUCH LOOKING FORWARD TO OUR TALKS OVER THE WEEKEND. I AM SURE THAT THESE WILL BE EXTREMELY THOROUGH AND VALUABLE TO US BOTH. HOWEVER, THE JOINT STATEMENT AS AT PRESENT DRAFTED BY OFFICIALS IS LONGER AND MORE DETAILED THAN I HAD IN MIND. I HOPE YOUR OFFICIALS AND SIR DONALD TEBBIT CAN DISCUSS A DRAFT IN SHORT AND GENERAL TERMS. THIS WOULD ENABLE US TO DEVOTE MORE OF THE LIMITED TIME AVAILABLE TO THE SUBSTANCE OF OUR DISCUSSIONS.

ENDS. UNQUOTE.

CARRINGTON

NNNN

LDW 933/29

OO TOKYO

OO FCO

GRS 740

CONFIDENTIAL

FM CANBERRA 290305Z JUN 79

TO IMMEDIATE TOKYO

TELEGRAM NUMBER 13 OF 29 JUNE

AND TO IMMEDIATE FCO

VISIT BY THE PRIME MINISTER

MIPT

PROPOSED TEXT IS AS FOLLOWS:

1. THE RT HON MARGARET THATCHER, MP PRIME MINISTER OF BRITAIN, VISITED AUSTRALIA FROM 30 JUNE TO 1 JULY AT THE INVITATION OF THE AUSTRALIAN GOVERNMENT. MRS THATCHER WAS ACCOMPANIED BY.....
2. MRS THATCHER CALLED ON HIS EXCELLENCY THE GOVERNOR-GENERAL, SIR ZELMAN COWEN, AND LAID A WREATH IN MEMORY OF AUSTRALIAN WAR DEAD AT THE AUSTRALIAN WAR MEMORIAL, CANBERRA.
3. THE BRITISH PRIME MINISTER HELD DISCUSSIONS WITH THE AUSTRALIAN PRIME MINISTER, THE RT HON MALCOLM FRASER, AND A NUMBER OF SENIOR CABINET MINISTERS ON A WIDE RANGE OF ISSUES. THE TALKS WERE HELD IN A MOST CORDIAL AND FRIENDLY ATMOSPHERE, IN KEEPING WITH THE CLOSE

IMMEDIATE

CYPHER

ASSOCIATION BETWEEN THE TWO GOVERNMENTS, REFLECTING THE MANY COMMON INTERESTS AND TRADITIONAL TIES BETWEEN AUSTRALIA AND BRITAIN.

4. THE TWO PRIME MINISTERS REVIEWED THE RANGE OF THE BILATERAL RELATIONSHIP AND DISCUSSED WAYS IN WHICH IT MIGHT BE FURTHER STRENGTHENED.

29.6.79

5. THEY AGREED ON THE IMPORTANCE OF THE BRITISH GOVERNMENT'S POSITIVE POLITICAL COMMITMENT TO MEMBERSHIP OF THE EUROPEAN COMMUNITY, AND DISCUSSED AUSTRALIA'S RELATIONS WITH THE COMMUNITY, IN PARTICULAR RECENT PROGRESS BY THE AUSTRALIAN GOVERNMENT AND THE EUROPEAN COMMUNITY COUNCIL IN SECURING IMPROVED ACCESS FOR AUSTRALIAN AGRICULTURAL PRODUCTS AND THE PROSPECT OF FURTHER PROGRESS IN RESOLVING PROBLEMS BETWEEN AUSTRALIA AND THE COMMUNITY IN FUTURE.

6. MRS THATCHER REVIEWED THE TOKYO ECONOMIC SUMMIT MEETING IN WHICH SHE HAD TAKEN PART ON 29 - 30 JUNE. THE TWO PRIME MINISTERS DISCUSSED THE CURRRRREENT ENERGY SITUATION AND THE ADVERSE EFFECTS O
N
GLOBAL INFLATION RATES AND ON ECONOMIC ACTIVITY LEVELS OF OIL PRICE INCREASES AND SUPPLY CONSTRAINTS. IN THIS REGARD THE AUSTRALIAN PRIME MINISTER DREW ATTENTION TO AUSTRALIA'S POSSESSION OF VERY LARGE ENERGY RESOURCES. MRS THATCHER CONFIRMED BRITAIN'S INTEREST IN OBTAINING URANIUM FROM AUSTRALIA UNDER NEW CONTRACTS, AS WELL AS BRITAIN'S INTEREST IN SEEING THE PROPOSED UNITED KINGDOM/AUSTRALIA BILATERAL NUCLEAR SAFEGUARDS AGREEMENT COME INTO FORCE

7. THEY AFFIRMED THE CONTINUED IMPORTANCE OF ACHIEVING SIGNIFICANT REDUCTIONS IN BARRIERS TO WORLD TRADE, INCLUDING AGRICULTURAL

TRADE, REVIEWED THE OUTCOME OF UNCTAD V AND REAFFIRMED THEIR COMMITMENT TO CONSTRUCTIVE CO-OPERATION WITH BOTH DEVELOPED AND DEVELOPING COUNTRIES IN THE FOLLOW-UP TO UNCTAD V.

8. MRS THATCHER AND MR FRASER NOTED THE SIGNIFICANCE WHICH THE ESTABLISHMENT OF A COMMON FUND WOULD HAVE FOR THE DEVELOPING COUNTRIES. THEY EXPRESSED SATISFACTION WITH THE SUBSTANTIAL PROGRESS ACHIEVED SO FAR.

9. THE TWO PRIME MINISTERS REVIEWED MAJOR INTERNATIONAL POLITICAL DEVELOPMENTS AFFECTING GLOBAL STABILITY, INCLUDING EAST/WEST RELATIONS AND THE SALT II AGREEMENT, DEVELOPMENTS IN THE MIDDLE EAST AND PROGRESS IN INTERNATIONAL ARMS CONTROL EFFORTS. THEY UNDERLINED THE KEY IMPORTANCE OF THE NUCLEAR NON-PROLIFERATION TREATY AS THE CENTREPIECE OF NUCLEAR ARMS CONTROL AND THE BASIS OF INTERNATIONAL TRADE AND CO-OPERATION IN THE PEACEFUL USES OF NUCLEAR ENERGY.

10. THE TWO PRIME MINISTERS REVIEWED POLITICAL DEVELOPMENTS IN THE ASIAN REGION, AND EXPRESSED THEIR CONCERN ABOUT THE CONTINUED FIGHTING AND TENSION IN THE INDO-CHINA AREA. THEY EXCHANGED VIEWS ABOUT THE TRAGIC HUMANITARIAN PROBLEM OF THE INDO-CHINESE REFUGEES AND THE FAILURE OF INTERNATIONAL EFFORTS TO ACHIEVE EFFECTIVE SOLUTIONS. THEY AGREED THAT THE REGIONAL COUNTRIES OF FIRST ASYLUM AND THE SMALL GROUP OF GOVERNMENTS INVOLVED IN RESETTLEMENT SHOULD NOT BE LEFT WITH THE TOTAL BURDEN. THE PROBLEM WAS NOT FOR A FEW COUNTRIES ALONE. BOTH PRIME MINISTERS AGREED THAT THE PROBLEM OF THE REFUGEES WAS NOW OF SUCH DIMENSIONS THAT IT COULD NOT BE SOLVED SOLELY BY

INCREASED RESETTLEMENT OPPORTUNITIES AND THAT THE ONLY EFFECTIVE SOLUTION WAS ACTION TO CHECK THE CONDITIONS CAUSING THE OUTFLOW.

11. MRS THATCHER AND MR FRASER AGREED ON THE IMPORTANCE OF THE FORTHCOMING COMMONWEALTH HEADS OF GOVERNMENT MEETING, TO BE HELD IN LUSAKA FROM 1 - 8 AUGUST. THE TWO PRIME MINISTERS EXPRESSED THEIR FIRM INTENTION, AGAINST THE BACKGROUND AND TRADITIONS OF THE COMMONWEALTH, TO WORK WITH THE COMMONWEALTH AND OTHERS TOWARDS A PEACEFUL RESOLUTION OF THE PROBLEM OF RHODESIA WITH THE WIDEST POSSIBLE SUPPORT OF THE INTERNATIONAL COMMUNITY.

12. THE TWO PRIME MINISTERS ALSO DISCUSSED THE IMPORTANT ROLE OF THE COMMONWEALTH IN RELATION TO INTERNATIONAL ECONOMIC ISSUES AND THE NORTH/SOUTH DIALOGUE, AND EXAMINED MATTERS THAT MIGHT COME UP AT LUSAKA IN THESE FIELDS.

13. MRS THATCHER EXPRESSED HER SINCERE APPRECIATION OF THE WARM WELCOME AND HOSPITALITY RECEIVED DURING HER VISIT TO AUSTRALIA.

14. BOTH PRIME MINISTERS EXPRESSED THEIR BELIEF THAT MRS THATCHER'S VISIT TO AUSTRALIA - HER FIRST AS PRIME MINISTER OF BRITAIN - HAD REAFFIRMED THE COMMON VALUES AND INTERESTS THAT ARE BASIC TO THE CLOSE TIES BETWEEN BRITAIN AND AUSTRALIA.

TEBBIT

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CONFIDENTIAL

FM CANBERRA 290300Z JUN 79

TO IMMEDIATE TOKYO

TELEGRAM NUMBER 12 OF 29 JUNE

AND TO IMMEDIATE FCO

VISIT BY THE PRIME MINISTER

MY TELEGRAM NUMBER 11

1. MIFT CONTAINS THE TEXT OF MY COCKSHY AT A COMPROMISE DRAFT. WE ARE PUTTING IT TO THE AUSTRALIANS AT SENIOR OFFICIAL LEVEL AS OUR OWN LOCAL ATTEMPT AT A COMPROMISE MAKING IT CLEAR THAT IT IS EVEN NOW LONGER THAN YOU WANT. WE DO NOT EXPECT THEM TO LIKE IT BUT WILL DO OUR BEST.

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CONFIDENTIAL

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FM CANBERRA 290130Z JUN 79

TO IMMEDIATE TOKYO

TELEGRAM NUMBER 11 OF 29 JUNE

INFO IMMEDIATE FCO

FOR PS/SECRETARY OF STATE

FCO TELEGRAM NUMBER 339 TO TOKYO

VISIT BY THE PRIME MINISTER: CANBERRA JOINT STATEMENT

1. I SYMPATHISE AND AGREE WITH VIEWS OF LORD PRIVY SEAL. WE HAVE ALREADY SPOKEN ALONG THESE LINES AT SENIOR LEVEL IN THE PRIME MINISTER'S DEPARTMENT. I SEE ADVANTAGE IN PRIME MINISTER AUTHORIZING MESSAGE PROPOSED.

2. ALTHOUGH WE TOOK NO PART IN THE PRODUCTION OF THE LONG AUSTRALIAN VERSION WE WILL NOW TRY TO ACHIEVE WITH THEM AD REFERENDUM A MUCH SHORTER COMPROMISE DRAFT BUT I FEAR IT WILL STILL HAVE TO BE LONGER THAN WE WOULD IDEALLY HAVE LIKED.

3. THE CENTRAL DIFFICULTY FOR THE AUSTRALIANS IS MR FRASER'S
PRE-OCCUPATION WITH RHODESIA. HE WANTS REFERENCE TO DISCUSSION IN
THE JOINT STATEMENT ON RHODESIA TO BE SUBSTANTIAL ENOUGH FOR BOTH
PRIME MINISTERS AND THEIR SPOKESMEN TO SIMPLY REFER TO IT IN ANSWER
TO PRESS QUESTIONS AND DECLINE TO EXPAND FURTHER. THEY THEREFORE
STRESS THAT THE SECTION ON RHODESIA SHOULD BE AT LEAST AS LONG AS
THAT GIVEN IN MY TELEGRAM NUMBER 355 TO FCO (ON WHICH I COMMENTED
IN MY TELEGRAM NUMBER 356 TO FCO, BOTH COPIED TO TOKYO).

IN ORDER THAT THE RHODESIA SECTION SHOULD NOT STICK OUT LIKE A SORE
THUMB IT WILL BE NECESSARY FOR THE REST OF THE JOINT STATEMENT TO
BE IN BALANCE, EG PARAGRAPHS ON BILATERAL RELATIONS AND EEC, THE
TOKYO SUMMIT AND INTERNATIONAL AND REGIONAL POLITICAL DEVELOPMENTS
SHOULD EACH BE ABOUT THE SAME LENGTH AS THAT ON RHODESIA.

TEBBIT

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misc 7.

OO CANBERRA

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CONFIDENTIAL

FM F C O 291715Z JUN 79

TO IMMEDIATE CANBERRA

TELEGRAM NUMBER 279 OF 29 JUNE.

M Agreed

*→ Vile Monday AM
No CAB Tues
all other take
your action.*

PLEASE PASS FOLLOWING PERSONAL MESSAGE TO SIR JOHN HUNT

FROM MARTIN VILE:

BUSINESS NOTE FOLLOWS BY BAG, BUT YOU MAY FIND ADVANCE WARNING OF ONE OR TWO PARTICULAR POINTS USEFUL.

THERE IS NO BUSINESS THAT WILL BE READY FOR A CABINET ON TUESDAY. NO. 10 ARE INFORMING WHITMORE OF OTHER MEETINGS PRIME MINISTER IS LIKELY TO NEED ON THAT MORNING. THURSDAY'S AGENDA (AS BEFORE PLUS M.P.'S PAY, ON WHICH THE CHIEF WHIP HAS MADE GOOD PROGRESS WITH THE 1922 COMMITTEE) IS REASONABLE AND WE SUGGEST AN 11.00 A.M. START TO ALLOW SUFFICIENT TIME FOR THE O.D. ON RHODESIA SCHEDULED FOR 10.00 A.M.

THE PRIME MINISTER AGREED TO AN E (D L) MEETING AT 5.15 P M
ON 5TH JULY TO TAKE B N O C AS WELL AS B P. DAVID HOWELL WOULD
LIKE THIS TURNED INTO AN E MEETING TO DISCUSS OIL POLICY BEFORE
MOVING ON TO SPECIFICS. E WOULD INVOLVE WHITELAW, CARRINGTON,
SOAMES AND PRIOR IN ADDITION. PRESUMABLY WE WOULD ALSO INVITE
LAWSON. GRATEFUL FOR GUIDANCE ON RETURN IN LIGHT OF TOKYO.

plm

Misc 7.

THE MEETINGS ON 9TH JULY AND THE FIRST MEETING ON 10TH JULY
(YOU ARE PURSUING ATTENDANCE AT THAT) STAND. GENERAL VIEW WAS THAT
THE PRESENT AGENDA FOR THE O D AT 11.00 A M ON 10TH JULY SHOULD BE
CHANGED TO E E C BUDGET AND OFFSET. THIS REFLECTS (A) NEED TO GET
UNITED KINGDOM VIEWS ON BUDGET POST-STRASBOURG FED INTO BRUSSELS
AS SOON AS POSSIBLE; (B) LINK BETWEEN OFFSET AND BUDGET; AND (C)
ABSENCE OF PYM (ESSENTIAL FOR OFFSET) IN UNITED STATES AND CANADA
IN WEEK BEGINNING 16TH JULY. SUGGESTION IS THAT BUDGET HAS HIGHER
TIMING PRIORITY THAN EITHER OF PRESENT AGENDA ITEMS. — N. Ireland
Future by way of topics

enlx.

Agreed

Vile Monday 10th

10th July

NO CHANGE TO AGENDA FOR 12TH JULY. BUT SPILL-OVER OF PUBLIC
EXPENDITURE EXPECTED EITHER TO 19TH JULY (FOR WHICH NO OTHER
BUSINESS) OR EVEN TO 17TH JULY. ALTERNATIVE FOR LATTER MORNING IS
AN E TO TAKE COAL AND DISPERSAL.

I UNDERSTAND/6-5 503 048.3 .B, 37534 2-NTS A MEETING OF THE
MINISTERS CONCERNED ON CROWN AGENTS. WE HAVE IDENTIFIED NO SPECIFIC
SLOT AND I SUGGEST IT BE CONSIDERED FURTHER ON RETURN. IT NEEDS
TO BE HELD SOON IF THE OPTION OF DECISION TO STOP BEFORE RECESS
IS NOT TO GO BY DEFAULT. DEBATE IN BOTH HOUSES WOULD NEED TO BE
ANNOUNCED IN BUSINESS STATEMENT ON 19TH JULY. REQUIREMENT FOR
PRIOR CONSULTATION WITH BACKBENCHERS WOULD POINT TO A GOVERNMENT
DECISION NO LATER THAN 13TH JULY. PRESUMABLY ANY DECISION TO STOP
SHOULD GO TO CABINET. IF SO, THIS SHOULD BE ON 12TH JULY.

ABSENCE OF PYM IN WASHINGTON (15TH-18TH) AND OTTAWA (19TH-20TH)
CAUSES GREAT PROBLEMS. NO LETTER SEEKING PERMISSION YET SENT TO
NO. 10 BUT I UNDERSTAND M O D SEE BILATERAL WITH BROWN ON T N F ETC
AS VITAL AND HAVE HAD DIFFICULTY IN ARRANGING MUTUALLY CONVENIENT
TIME. OTTAWA COULD BE DITCHED. TIMETABLE PROBLEMS COMPOUNDED BY
ABSENCE OF CARRINGTON IN STRASBOURG ON 24TH AND WASHINGTON (TO
SEE VANCE) ON 25TH AND 26TH. THIS LEAVES IN EFFECT ONE DAY (23RD)
FOR AN O D, BRIEFING MEETING WITH C H G M AND ANY OTHER MEETINGS
REQUIRING PYM AND CARRINGTON.

CARRINGTON

CCN PENULT PARA TO READ....

I UNDERSTAND THAT THE PRIME MINISTER WANTS A MEETING ETC...

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OO CANBERRA



GRS 200

CONFIDENTIAL

Prime Minister

FM FCO 291419Z JUNE 79

file

TO IMMEDIATE CANBERRA

30/6

TELEGRAM NUMBER 275 OF 29 JUNE

FOLLOWING FOR WHITMORE FROM SANDERS, DOWNING STREET

JOHN HOSKYNS HAS BEEN PURSUING THE QUESTION OF MR PRIOR'S
PROPOSED SPEECH WITH HIM. FOLLOWING IS A MINUTE FROM JOHN
HOSKYNS REPORTING THE RESULT.

QUOTE: FOLLOWING YOUR REPLY TO MY EARLIER MINUTE, I HAD FURTHER DISCUSSIONS WITH THE SECRETARY OF STATE FOR EMPLOYMENT LAST NIGHT. HE FEELS THAT IT IS ESSENTIAL WE SHOULD STEP UP OUR EFFORTS TO COMMUNICATE THE MESSAGE TO THE UNIONS. HOWEVER, HE MAKES TWO POINTS. FIRST, HE THINKS THAT THE MESSAGE WOULD HAVE MORE IMPACT IF IT COULD BE LINKED TO OTHER POSITIVE PROPOSALS ON PAY BARGAINING, FOR EXAMPLE THE FORUM. HE FEELS THAT AN ISOLATED STATEMENT MIGHT MAKE LITTLE IMPACT. SECOND, HE BELIEVES THAT A CONCERTED EFFORT OVER SEVERAL WEEKS, WITH YOURSELF, THE CHANCELLOR AND HIMSELF REPEATEDLY PUTTING ACROSS THE MESSAGE, IS REQUIRED.

HE WOULD LIKE TO DISCUSS THIS WITH YOU AND THE CHANCELLOR AS SOON AS POSSIBLE, AND WILL PROBABLY RAISE IT AT THE NEXT E COMMITTEE.

NORMAN STRAUSS AND I WILL GENERATE SOME IDEAS ON HOW WE MIGHT GIVE THE MESSAGE FRESH IMPACT. UNQUOTE.

CARRINGTON

NNNN

*Do you
agree?*

- Mon 9 July.

ORGAN 834/29

LDX 533/29

OO CANBERRA

GRS 710

CONFIDENTIAL

FROM FCO 290405Z JUN 79

TO IMMEDIATE CANBERRA

TELEGRAM NUMBER 271 OF 29 JUNE

YOUR TELNOS 351 TO 357 AND MY TELNO 299 TO TOKYO

PRIME MINISTER'S VISIT - PROPOSED JOINT STATEMENT.

1. FOR YOUR OWN INFORMATION FOR THE TIME BEING, FOLLOWING ARE OUR DETAILED DEPARTMENTAL COMMENTS ON AUSTRALIAN DRAFT.

(A) THE EEC

2. PARAS 2 - 4 OF YOUR TELNO 352.

PARA 2, SECOND SENTENCE; OMIT OR SUBSTITUTE THE FOLLOWING:-

"MRS THATCHER EXPLAINED HER GOVERNMENT'S APPROACH ON A NUMBER OF INTERNAL COMMUNITY ISSUES".

IF MR FRASER WISHED TO BE MORE SPECIFIC, THE FOLLOWING COULD BE ADDED: "INCLUDING THE INEQUITABLY HIGH CONTRIBUTION THAT BRITAIN AT PRESENT MAKES TO THE COMMUNITY BUDGET ON WHICH THE RECENT EUROPEAN COUNCIL HAD CALLED FOR ACTION".

PARA 3, SECOND SENTENCE. INSERT "MUTUAL" BEFORE "ACCESS" AND "AND INDUSTRIAL" BEFORE "PRODUCTS".

PARA 4. DELETE "AND INTER-RELATED STRATEGIC AND POLITICAL QUESTIONS".

(B) COKING COAL

PARA 5 OF YOUR TELNO 352.

WE WOULD PREFER TO OMIT ANY REFERENCE TO COKING COAL. BUT IF THE AUSTRALIANS INSIST, AGREE TO THE FIRST TWO SENTENCES, DOWN TO "BUYERS", AND REPLACE THE REMAINDER BY THE FOLLOWING SENTENCE:-
"MRS THATCHER POINTED OUT THAT NO RESTRICTION ON IMPORTS OF COKING COAL HAD BEEN IMPOSED".

(C) NUCLEAR MATTERS.

4. PARAS 6 AND 7 OF YOUR TELNO 352.

WE DO NOT WISH TO GIVE THE IMPRESSION THAT A EURATOM/AUSTRALIA AGREEMENT IS REQUIRED SOLELY TO PERMIT URANIUM DELIVERIES TO THE UK NOR TO MENTION THE DATE OF 1981. STATEMENT SHOULD THEREFORE REARRANGE THESE TWO PARAGRAPHS ON THE FOLLOWING LINES: AFTER SECOND SENTENCE OF PARA 6, DELETE REMAINDER OF PARAS 6 AND 7 AND REPLACE BY:

"MRS THATCHER CONFIRMED THE INTEREST OF BRITISH UTILITIES IN OBTAINING URANIUM FROM AUSTRALIA UNDER NEW CONTRACTS. BOTH LEADERS NOTED WITH CONCERN THAT NEGOTIATIONS BETWEEN EURATOM AND AUSTRALIA ABOUT SAFEGUARDS HAD YET TO BEGIN. THEY UNDERLINED THE IMPORTANCE OF HAVING A SAFEGUARDS AGREEMENT BETWEEN EURATOM AND AUSTRALIA IN FORCE IN TIME FOR IT TO GOVERN CONTRACTUAL DELIVERIES TO THE COMMUNITY. MEANWHILE THEY STRESSED THE IMPORTANCE OF BRINGING THE PROPOSED UK/AUSTRALIA BILATERAL AGREEMENT INTO EFFECT QUICKLY."

(D) TOKYO SUMMIT AND WORLD ECONOMIC PROBLEMS

5. PARA 4 OF YOUR TELNO 353.

DELETE LAST TWO SENTENCES AND REPLACE BY THE FOLLOWING:

QUOTE THEY AGREED ON THE IMPORTANCE FOR RELATIONS WITH DEVELOPING COUNTRIES OF THE MAINTENANCE AND IMPROVEMENT OF THE OPEN TRADING SYSTEM UNQUOTE.

IF MR FRASER INSISTS ON A MENTION OF THE AUSTRALIAN RESOLUTION AT UNCTAD V, IT WILL HAVE TO BE IN A PASSAGE ATTRIBUTED TO HIM ALONE.

(E) COMMON FUND AND COMMODITY AGREEMENT

6. PARA 5 OF YOUR TELNO 353.

REPLACE EXISTING PARAGRAPH BY THE FOLLOWING:--

QUOTE MRS THATCHER AND MR FRASER EXPRESSED SATISFACTION WITH THE AGREEMENT REACHED ON THE FUNDAMENTAL ELEMENTS OPEN SQUARE BRACKETS OR BASIC PRINCIPLES CLOSE SQUARE BRACKETS OF THE COMMON FUND, AND HOPED THAT ALL COUNTRIES CONCERNED, BOTH IN FORTHCOMING NEGOTIATIONS ON THE FUND AND AS MEMBERS OF INTERNATIONAL COMMODITY AGREEMENT WOULD CONTINUE TO WORK FOR THE EARLY ESTABLISHMENT OF THE FUND AND FOR THE ASSOCIATION OF COMMODITY AGREEMENTS WITH IT UNQUOTE.

IF THE AUSTRALIANS INSIST ON SOMETHING ON COMMODITY AGREEMENTS AS SUCH, WE COULD ACCEPT SOMETHING LIKE:

QUOTE THEY ALSO TOOK NOTE OF PROGRESS IN THE NEGOTIATIONS AND DISCUSSIONS ON VARIOUS COMMODITIES UNQUOTE.

(F) INTERNATIONAL POLITICAL DEVELOPMENTS

7. PARA 1 OF YOUR TELNO 354.

IN BOTH SECOND AND THIRD SENTENCES DELETE THE WORDS QUOTE TRADE AND UNQUOTE. ADD NEW SENTENCE AFTER THIRD SENTENCE:

QUOTE THEY URGED ALL STATES, INCLUDING NUCLEAR WEAPON STATES NOT YET HAVING DONE SO, TO ACCEPT INTERNATIONAL INSPECTION OF THEIR CIVIL NUCLEAR FACILITIES IN A NON-DISCRIMINATORY MANNER UNQUOTE.

(G) RHODESIA

B. PARA 1 OF YOUR TEL
N355.

ON RHODESIA, WE WOULD HAVE PREFERRED EITHER OF THE ALTERNATIVES
PROPOSED IN PARA 4 OF YOUR TELNO 356 BUT THE WORDING PROPOSED
BY THE AUSTRALIANS COULD BE ACCEPTED.

CARRINGTON

NNNN

GOT THAT ONE OK TKS
OK TKS
NOTHING ELSE FOR THE MO

JODPAHGXUAYUEE
OKTHAT WAS THE ONE LONDON WAS TALKING ABOUT I EXPECT WILL CALL
YOU AT 1130Z
OK THEN C U LTR
BIEEIEE

CONFIDENTIAL

DESKBY CANBERRA 282330Z

DESKBY TOKYO 282330Z

FM F C O 281648Z JUNE 79

TO IMMEDIATE CANBERRA

TELNO 270 OF 28 JUNE
INFO IMMEDIATE TOKYO.

FROM MURRAY

FCO TELNO 299: CANBERRA JOINT STATEMENT.

1. THE SECRETARY OF STATE AND PRIME MINISTER IMMEDIATELY
ACCEPTED THE ADVICE OF THE LORD PRIVY SEAL.

PLEASE TACKLE THE AUSTRALIANS IN WHATEVER WAY YOU THINK
BEST. YOU WILL SEE FROM OUR SEPARATE TELEGRAM TO
TOKYO THAT WE ARE ALSO SUGGESTING A MESSAGE FROM THE
PRIME MINISTER, BUT IT WOULD BE BEST IF YOU WARNED THE
AUSTRALIANS OF THE PRIME MINISTER'S VIEW WITHOUT DELAY.

CARRINGTON

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TO IMMEDIATE TOKYO

INFO IMMEDIATE CANBERRA

TELEGRAM NO 339 OF 28 JUNE

FOR PRIVATE SECRETARY/SECRETARY OF STATE FROM PRIVATE

SECRETARY/LORD PRIVY SEAL

FCO TELEGRAM NO 299 TO TOKYO, TELECON WALDEN/LEVER AND

FCO TELEGRAM NO 270 TO CANBERRA

CANBERRA JOINT STATEMENT

1. SUBJECT TO SIR D TEBBIT'S VIEWS, YOU MAY WISH TO CONSIDER REINFORCING THE INSTRUCTIONS IN OUR TELEGRAM NO 270 TO CANBERRA BY MEANS OF A DIRECT MESSAGE FROM THE PRIME MINISTER TO MR FRASER. SUCH A MESSAGE MIGHT READ QUOTE BEGINS: I AM MUCH LOOKING FORWARD TO OUR TALKS OVER THE WEEKEND. I AM SURE THAT THESE WILL BE EXTREMELY THOROUGH AND VALUABLE TO US BOTH. HOWEVER, THE JOINT STATEMENT AS AT PRESENT DRAFTED BY OFFICIALS IS LONGER AND MORE DETAILED THAN I HAD IN MIND. I HOPE YOUR OFFICIALS AND SIR DONALD TEBBIT CAN DISCUSS A DRAFT IN SHORT AND GENERAL TERMS. THIS WOULD ENABLE US TO DEVOTE MORE OF THE LIMITED TIME AVAILABLE TO THE SUBSTANCE OF OUR DISCUSSIONS. ENDS. UNQUOTE.

CARRINGTON

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LDX 376/28

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FDW G 224/28

OO TOKYO (DESKBY 282330Z)

OO CANBERRA

GPS 160

CONFIDENTIAL

DESKBY 282330Z

FM FCO 281649Z JUN 79

CYPHER

CONFIDENTIAL

DESKBY 280030Z

FM FCO 271730Z JUN 79

TO IMMEDIATE TOKYO

TELEGRAM NO 299 OF 27 RUN

INFO IMMEDIATE CANBERRA.

IMMEDIATE
COVER

FOLLOW NG FOR SECRETARY OF STATE FROM LORD PRIVY SEAL

CANBERRA TELEGRAMS NOS 351-357

1. IT SEEMS TO ME THAT THE JOINT STATEMENT WHICH THE AUSTRALIANS
HAVE IN MIND IS TOTALLY INAPPROPRIATE FOR A SHORT AND INFORMAL
VISIT AND SERIES OF MEETINGS BETWEEN THE TWO PRIME MINISTERS.

2. THE STATEMENT TO A LARGE EXTENT REFLECTS MR FRASER'S PERSONAL

VIEWS, WHICH IN SOME CASES ARE AT VARIANCE WITH OUR OWN. WE SHALL

COMMENT TO CANBERRA TOMORROW ON POINTS OF DETAIL, BUT YOU MAY WISH

TO ADVISE THE PRIME MINISTER TO LET MR FRASER KNOW A ONCE THAT HER

PREFERENCE IS FOR A VERY SHORT GENERAL STATEMENT WITH RELATIVELY

LITTLE DETAIL. APART FROM MORE GENERAL POLITICAL CONSIDERATIONS,

DISCUSSION OF A STATEMENT OF THE SORT ENVISAGED BY TTE AUSTRALIANS

WOULD TAKE UP A GREAT DEAL OF VALUABLE TIME DURING WHAT IS ALREADY

A VERY BRIEF VISIT.

CARRINGTON

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CONFIDENTIAL

CYPHER

FM CANBERRA 270530Z JUN 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 357 OF 27 JUNE
AND TO IMMEDIATE TOKYO

MIPT: PRIME MINISTER'S VISIT : PROPOSED JOINT STATEMENT

1. AS SEEN FROM HERE, THE MAIN AREAS WHERE WE SHOULD BE
LOOKING FOR CHANGE IN THE JOINT STATEMENT ARE:

(1) PARA 9
THE STATEMENT PRE-EMPTS ANY DECISION MINISTERS MAY WISH
TO TAKE ON THE PREVIOUS ADMINISTRATION'S PROPOSAL
TO LIMIT IMPORTS OF AUSTRALIAN COKING COAL.

(11) PARA 10
BOTH PRIME MINISTERS, NOT JUST BRITAIN, SHOULD
BE RECORDED AS HAVING AN INTEREST IN SEEING THE
BILATERAL COME INTO FORCE. GIVEN THE RENEWED
DIFFICULTIES THE COMMISSION IS CAUSING US OVER THE
BILATERAL SAFEGUARDS AGREEMENT, YOU MIGHT THINK IT
WORTHWHILE STRENGTHENING THE LAST SENTENCE WITH THE
ADDITION OF ''WITHOUT FURTHER DELAY''.

(111) PARAS 13-16

THIS PASSAGE REFLECTS CLOSELY MR FRASER'S OWN
PERSONAL VIEWS ON THE MALAISE IN THE INTERNATIONAL
ECONOMIC SYSTEM AND WILL THEREFORE BE CORRESPONDINGLY
DEAR TO HIM. THE PRIORITY ACCORDED TO ATTACKING
INFLATION AND PROTECTIONISM HAS BECOME A PERSONAL
SLOGAN. BUT THE EMPHASIS ON INFLATION MAY BE
AWKWARD FOR US AT THIS PARTICULAR TIME.

(PARA 15) THE PASSAGE ON UNCTAD V IS
PARTICULARLY DIFFICULT, CALLING AS IT DOES FOR
AN ENDORSEMENT OF THE AUSTRALIAN RESOLUTION Tabled
AT UNCTAD, WHICH ATTRACTED NO SUPPORT FROM ANY
OTHER GROUP B COUNTRY AND WAS ALSO INTERPRETED BY
THE FRENCH PRESIDENCY AS BEING CRITICAL OF THE EEC.
UNFORTUNATELY, THE RESOLUTION WAS Tabled ON MR FRASER'S
OWN PERSONAL INITIATIVE AND HE WILL THEREFORE PROBABLY
WISH TO SEE SOME REFERENCE TO IT IN THE STATEMENT,
EVEN IF THE PRIME MINISTER IS UNABLE TO GIVE IT ANY
SUPPORT.

THE PASSAGE DWELLS DISPROPORTIONATELY ON THE
PROBLEMS OF DEVELOPING COUNTRIES AND GOES TO GREAT
PAINS TO ABSOLVE THE NICS FROM ANY BLAME IN DISRUPTION
OF THE WORLD ECONOMIC SYSTEM.

(IV) PARA 21: CHOGM AND RHODESIA: SEE MIPT

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CONFIDENTIAL

CYPHER

FM CANBERRA 270525Z JUN 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 356 OF 27 JUNE 1979

AND TO IMMEDIATE TOKYO

MIPT AND FCO TELNO 242

VISIT BY THE PRIME MINISTER: PROPOSED PASSAGE ON RHODESIA IN DRAFT
JOINT STATEMENT

1. MR FRASER WAS UNHAPPY WITH THE FIRST SUGGESTION IN FCO TUR MAINLY BECAUSE SO BRIEF A REFERENCE MIGHT LOOK SUSPICIOUS TO THE PRESS WHO WOULD THEN SEEK, EVEN MORE ASSIDUOUSLY, FOR SIGNS OF DISAGREEMENT (OR AGREEMENT) BETWEEN THE PRIME MINISTERS.
2. MR FRASER HAS HIMSELF LOOKED CLOSELY AT THE ALTERNATIVE WORDING PROPOSED. WE ARE TOLD THAT HE DOES NOT FEEL HE CAN ACCEPT OUR BOTH OMITTING REFERENCE TO REGIONAL SUPPORT AND QUALIFYING (IE "WIDEST POSSIBLE") COMMONWEALTH SUPPORT. HE HOPES WE CAN ACCEPT THE FORMS OF WORDS IN THE FINAL SENTENCE OF THE FIRST PARAGRAPH OF MIPT.
3. SENIOR AUSTRALIAN OFFICIALS STRESS THAT AUSTRALIA IS CONCERNED THAT SHE MIGHT BE SEEN BY AFRICAN COMMONWEALTH OPPONENTS (EG NIGERIA AND ZAMBIA) OF A SETTLEMENT WITH MUZOREWA AS HAVING ACQUIESCED IN A JOINT STATEMENT (CONTAINING THE PHRASE "WIDEST POSSIBLE SUPPORT IN THE COMMONWEALTH") WHICH WOULD ALLOW A SETTLEMENT WITH MUZOREWA

WITHOUT FULL SUPPORT FROM THE MOST IMPORTANT REGIONAL COMMONWEALTH COUNTRIES INVOLVED. OFFICIALS FURTHER OBSERVE THAT THE AUSTRALIAN PROPOSED FORM OF WORDS IS AMBIVALENT ENOUGH FOR AUSTRALIAN AND BRITISH SPOKESMAN TO INTERPRET AS THEY WISH. THE AUSTRALIANS COULD INTERPRET ''COMMONWEALTH SUPPORT'' AS MEANING THE SUPPORT OF THE MOST IMPORTANT AFRICAN COMMONWEALTH COUNTRIES. WE COULD INTERPRET IT AS MEANING THE MAXIMUM COMMONWEALTH SUPPORT IT WAS POSSIBLE TO SECURE.

4. MY OWN SUGGESTION WOULD BE THAT, WHEN THIS IS DISCUSSED BETWEEN DELEGATIONS, WE SHOULD TRY AGAIN FOR ''WITH THE WIDEST POSSIBLE SUPPORT BOTH FROM THE COMMONWEALTH AND THE INTERNATIONAL COMMUNITY'' WHICH BY THE SAME TOKEN, SHOULD BE WIDE ENOUGH FOR AUSTRALIAN INTERPRETATION AND DOES NOT MAKE A DISTINCTION BETWEEN DEGREES OF SUPPORT FROM THE COMMONWEALTH AND OTHERS. BUT I FEAR WE SHALL HAVE TROUBLES OVER THIS. AN ALTERNATIVE MIGHT BE: ''TO WORK WITH THE COMMONWEALTH AND OTHERS TOWARDS A PEACEFUL RESOLUTION OF THE PROBLEM OF RHODESIA WITH THE WIDEST POSSIBLE SUPPORT OF THE INTERNATIONAL COMMUNITY.''

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RESTRICTED

FM CANBERRA 270645Z JUNE 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 355 OF 27 JUNE

AND IMMEDIATE TOKYO

VISIT BY THE PRIME MINISTER: PROPOSED JOINT STATEMENT
MIPT: LUSAKA AND THE COMMONWEALTH

MRS THATCHER AND MR FRASER ALSO DISCUSSED THE FORTHCOMING COMMONWEALTH HEADS OF GOVERNMENT MEETING, TO BE HELD IN LUSAKA FROM 1-8 AUGUST. THEY REAFFIRMED THE HIGH VALUE THAT THEIR GOVERNMENTS ATTACHED TO THE COMMONWEALTH LINK AND THEIR DETERMINATION TO MAINTAIN THE STRENGTH AND INTEGRITY OF THE COMMONWEALTH. THEY AGREED ON THE IMPORTANCE OF THE FORTHCOMING LUSAKA MEETING, COMING AS IT DOES AT A TIME WHEN SOUTHERN AFRICAN PROBLEMS - IN PARTICULAR RHODESIA - HAVE ASSUMED A GREATER URGENCY. THE TWO PRIME MINISTERS EXPRESSED THEIR FIRM INTENTION, AGAINST THE BACKGROUND AND TRADITIONS OF THE COMMONWEALTH, TO WORK TOWARDS A PEACEFUL RESOLUTION OF THE PROBLEM OF RHODESIA WITH COMMONWEALTH SUPPORT AND THE WIDEST POSSIBLE SUPPORT OF THE INTERNATIONAL COMMUNITY.

THE TWO PRIME MINISTERS ALSO DISCUSSED THE IMPORTANT ROLE OF THE COMMONWEALTH IN RELATION TO INTERNATIONAL ECONOMIC ISSUES AND THE NORTH/SOUTH DIALOGUE, AND EXAMINED MATTERS THAT MIGHT COME UP AT LUSAKA IN THESE FIELDS.

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FM CANBERRA 270623Z JUNE 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 354 OF 27 JUNE

AND IMMEDIATE TOKYO

VISIT BY THE PRIME MINISTER: PROPOSED JOINT STATEMENT
MIPT: INTERNATIONAL POLITICAL DEVELOPMENTS

MRS THATCHER AND MR FRASER REVIEWED MAJOR INTERNATIONAL POLITICAL DEVELOPMENTS AFFECTING GLOBAL STABILITY, INCLUDING EAST/WEST RELATIONS AND THE SALT II AGREEMENT, DEVELOPMENTS IN THE MIDDLE EAST AND PROGRESS IN INTERNATIONAL ARMS CONTROL EFFORTS. THEY UNDERLINED THE KEY IMPORTANCE OF THE NUCLEAR NON-PROLIFERATION TREATY AS THE CENTREPIECE OF NUCLEAR ARMS CONTROL AND THE BASIS OF INTERNATIONAL TRADE AND COOPERATION IN THE PEACEFUL USES OF NUCLEAR ENERGY. THEY EXPRESSED DEEP CONCERN THAT GREAT HARM WOULD BE DONE TO SUCH TRADE AND COOPERATION AND TO INTERNATIONAL STABILITY IF ANY ADDITIONAL STATE WERE TO EMBARK UPON THE DEVELOPMENT OF A NUCLEAR EXPLOSIVE CAPABILITY. THEY ALSO REAFFIRMED THEIR COMMITMENT TO THE CESSATION OF NUCLEAR TESTING BY ALL STATES IN ALL ENVIRONMENTS. THEY AGREED THAT A COMPREHENSIVE NUCLEAR TEST BAN WOULD BE AN IMPORTANT NEW BARRIER TO THE SPREAD OF NUCLEAR WEAPONS AND TO THE EXPANSION OF EXISTING NUCLEAR ARSENALS, AND WOULD ENHANCE CONFIDENCE AMONG STATES THROUGHOUT THE WORLD. MR FRASER URGED THE UNITED KINGDOM TO CONTINUE ITS EFFORTS IN THE TRILATERAL NEGOTIATIONS WITH THE UNITED STATES AND THE SOVIET UNION TO CONCLUDE A COMPREHENSIVE TEST BAN AGREEMENT AND PRESENT IT TO THE COMMITTEE ON DISARMAMENT IN GENEVA AS SOON AS POSSIBLE.

THE TWO PRIME MINISTERS REVIEWED POLITICAL DEVELOPMENTS IN THE ASIAN REGION, AND EXPRESSED THEIR CONCERN ABOUT THE CONTINUED FIGHTING AND TENSION IN THE INDO CHINA AREA. IN THIS REGARD THEY EXCHANGED VIEWS ABOUT THE TRAGIC HUMANITARIAN PROBLEM OF THE INDO-CHINESE REFUGEES AND THE FAILURE OF INTERNATIONAL EFFORTS TO ACHIEVE SOLUTIONS. THEY AGREED THAT THE REGIONAL COUNTRIES OF FIRST ASYLUM AND THE SMALL GROUP OF GOVERNMENTS INVOLVED IN RESETTLEMENT SHOULD NOT BE LEFT WITH THE TOTAL BURDEN. THE PROBLEM WAS NOT FOR A FEW COUNTRIES ALONE.

BOTH PRIME MINISTERS AGREED THAT THE PROBLEM OF THE REFUGEES WAS NOW OF SUCH DIMENSIONS THAT IT COULD NOT BE SOLVED BY INCREASED RESETTLEMENT OPPORTUNITIES AND THAT THE ONLY EFFECTIVE SOLUTION WAS ACTION TO CHECK THE CONDITIONS CAUSING THE OUTFLOW. BOTH LEADERS WERE STRONGLY OF THE VIEW THAT THE REMEDY LAY WITH THE VIETNAMESE GOVERNMENT WHOSE IRRESPONSIBLE ACTIVITIES WERE THE DIRECT CAUSE OF THE TRAGIC EXODUS. THIS VIEW DID NOT UNDERESTIMATE THE IMPORTANT NEED TO SECURE MORE RESETTLEMENT PLACES IN THIRD COUNTRIES AND THE NEED FOR FURTHER FINANCIAL ASSISTANCE IN SUPPORT OF REFUGEE OPERATIONS.

(FURTHER PARAGRAPHS TO BE DRAFTED ON REFUGEES).

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RESTRICTED

FM CANBERRA 272545Z JUN 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 353 OF 27 JUNE

AND TO IMMEDIATE TOKYO

VISIT BY THE PRIME MINISTER: PROPOSED JOINT STATEMENT
MPT: TOKYO SUMMIT AND WORLD ECONOMIC PROBLEMS

MRS THATCHER REVIEWED THE TOKYO ECONOMIC SUMMIT MEETING IN WHICH SHE HAD TAKEN PART ON 29-30 JUNE. THE TWO PRIME MINISTERS DISCUSSED THE CURRENT ENERGY SITUATION AND THE ADVERSE EFFECTS ON GLOBAL INFLATION RATES AND ON ECONOMIC ACTIVITY LEVELS OF OIL PRICE INCREASES AND SUPPLY CONSTRAINTS. THEY AGREED THAT CONSISTENT WITH THE NEED TO AVOID EXCESSIVE DEMAND FOR OIL, POLICIES OF ALL GOVERNMENTS SHOULD AS SOON AS POSSIBLE BE DIRECTED TOWARDS REMOVING OFFICIALLY-IMPOSED CONSTRAINTS WHICH PREVENT THE PRICE OF PETROLEUM PRODUCTS MOVING TO WORLD MARKET LEVELS. THIS WOULD ENCOURAGE EXPLORATION, CONSERVATION AND THE DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES, AND A MUCH-NEEDED REDUCTION IN WORLD OIL CONSUMPTION.

THE TWO PRIME MINISTERS REAFFIRMED THEIR GOVERNMENTS'S SUPPORT FOR THE COMMUNIQUE OF 22 MAY OF THE MINISTERIAL MEETING OF THE INTERNATIONAL ENERGY AGENCY GOVERNING BOARD AND THE ENERGY REFERENCES IN THE COMMUNIQUE OF 14 JUNE OF THE ORGANISATION FOR ECONOMIC COOPERATION AND THE DEVELOPMENT MINISTERIAL COUNCIL MEETING. THEY DISCUSSED THE STEPS THEIR GOVERNMENTS ARE TAKING TO FOLLOW UP THE DECISIONS REACHED AT THESE MEETINGS. MRS THATCHER NOTED MR FRASER'S RECENT STATEMENT, ANNOUNCING MAJOR GOVERNMENT INITIATIVES DESIGNED TO ENSURE THAT AUSTRALIA'S ENERGY PRODUCTION AND USAGE PATTERNS ADJUST SMOOTHLY TO THE EMERGING WORLD ENERGY SITUATION.

MRS THATCHER AND MR FRASER NOTED THAT THERE HAD BEEN SOME PROGRESS BY THE ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT COUNTRIES IN TERMS OF MORE BALANCED ECONOMIC GROWTH AND REDUCED INTERNATIONAL PAYMENTS IMBALANCES. AT THE SAME TIME, THEY EXPRESSED CONCERN AT THE RECENT ACCELERATION IN INFLATION RATES AND AFFIRMED THE KEY IMPORTANCE OF POLICIES TO BRING INFLATION UNDER CONTROL. THEY AGREED THAT THE CONSEQUENCES OF INFLATION INCLUDED SLOWER GROWTH, INCREASED UNEMPLOYMENT AND PROTECTIONISM. THEY NOTED THAT HIGH RATES OF INFLATION HAD RESULTED IN REDUCED MARKET OPERATIONS PARTICULARLY FOR

RESULTED IN REDUCED MARKET OPPORTUNITIES, PARTICULARLY FOR DEVELOPING COUNTRIES. THEY THEREFORE CALLED UPON ALL COUNTRIES TO PURSUE POLICIES TO CONTROL INFLATION AND PROGRESSIVELY TO ELIMINATE PROTECTIONISM.

THE TWO PRIME MINISTERS AGREED THAT A SLOWER GROWTH IN THE VOLUME OF INTERNATIONAL TRADE WAS DETRIMENTAL TO THE INTERESTS OF ALL COUNTRIES, ESPECIALLY DEVELOPING COUNTRIES. THEY AFFIRMED THE CONTINUED IMPORTANCE OF ACHIEVING SIGNIFICANT REDUCTIONS IN BARRIERS TO WORLD TRADE, INCLUDING AGRICULTURAL TRADE. THEY ALSO NOTED THAT THE RECENT ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT STUDY OF THE IMPACT OF THE NEWLY INDUSTRIALIZING COUNTRIES ON INTERNATIONAL PRODUCTION AND TRADE IN MANUFACTURES HAD CONCLUDED THAT THE RAPID EXPANSION OF EXPORTS BY NEWLY INDUSTRIALIZING COUNTRIES HAD IN FACT BEEN ACCOMPANIED BY A FASTER EXPANSION OF THEIR IMPORTS FROM THE INDUSTRIALIZED COUNTRIES.

THE TWO PRIME MINISTERS REVIEWED THE OUTCOME OF UNCTAD V AND REAFFIRMED THEIR COMMITMENT TO CONSTRUCTIVE COOPERATION WITH THE

DEVELOPING COUNTRIES IN THE FOLLOW-UP TO UNCTAD V, AND IN THE PREPARATIONS FOR A NEW INTERNATIONAL DEVELOPMENT STRATEGY, AND IN MORE SPECIALISED FORUMS. THEY NOTED THAT THE PRINCIPAL CONCERNS OF DEVELOPING COUNTRIES INVOLVED QUESTIONS OF THE GROWTH OF THE WORLD ECONOMY AND WORLD TRADE, AND THE ASSOCIATED PROBLEMS OF PROTECTIONISM AND STRUCTURAL ADJUSTMENT. THEY AGREED THAT THERE WAS A NEED TO REACH ACCOMMODATION WITH DEVELOPING COUNTRIES ON THESE ISSUES IF DEVELOPING COUNTRIES WERE TO CONTINUE TO SUPPORT THE EXISTING ECONOMIC SYSTEM. THEY AGREED THAT THE RESOLUTION ON THESE ISSUES, TABLED BY THE AUSTRALIAN GOVERNMENT AT UNCTAD V, HAD BEEN A USEFUL STEP TOWARDS THIS.

MRS THATCHER AND MR FRASER NOTED THE SIGNIFICANCE WHICH THE ESTABLISHMENT OF A COMMON FUND WOULD HAVE FOR THE DEVELOPING COUNTRIES. THEY EXPRESSED SATISFACTION WITH THE SUBSTANTIAL PROGRESS ACHIEVED SO FAR. THEY NOTED THAT WHILE THERE WAS NOW AGREEMENT ON THE BASIC PRINCIPLES OF A COMMON FUND, THERE WAS A PRESSING NEED TO BUILD ON THE PROGRESS ALREADY MADE. THEY AGREED THAT DEVELOPED COUNTRIES SHOULD JOIN AND AGREE TO PARTICIPATE FINANCIALLY IN ALL VIABLE COMMODITY AGREEMENTS WHERE THEY HAD AN INTEREST IN THE PRODUCT CONCERNED. THIS WOULD FACILITATE THE ESTABLISHMENT OF A BROADER-BASED COMMON FUND, WHICH WOULD DRAW PART OF ITS FUNDS FROM SUCH COMMODITY AGREEMENTS. THEY ALSO NOTED THAT DEVELOPING COUNTRY SUGAR PRODUCERS HAD EXPRESSED CONCERN AT UNCTAD V THAT THE EUROPEAN COMMUNITY HAD FAILED TO JOIN THE INTERNATIONAL SUGAR AGREEMENT.

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RESTRICTED

FM CANBERRA 270549Z JUN 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 352 OF KWU JUNE

AND IMMEDIATE TOKYO

VISIT BY THE PRIME MINISTER: PROPOSED JOINT STATEMENT
RELATIONS

MIPT: BILATERAL RXTATIONS, THE EEC AND ENERGY.

THE TWO PRIME MINISTERS REVIEWED THE RANGE OF THE BILATERAL
RELATIONSHIP AND DISCUSSED WAYS IN WHICH IT MIGHT BE FURTHER
STRENGTHENED.

THE TWO PRIME MINISTERS AGREED ON THE IMPORTANCE OF THE
BRITISH GOVERNMENT'S POSITIVE POLITICAL COMMITMENT TO
MEMBERSHIP OF THE EUROPEAN COMMUNITY. MRS THATCHER INDICATED
HER GOVERNMENT'S DETERMINATION TO MAKE A START ON CORRECTING THE
EUROPEAN COMMUNITY'S BUDGETARY IMBALANCE, WHICH IS IMPOSING
DISPROPORTIONATE AND INCREASED COSTS TO BRITAIN IN SUPPORT OF
THE COMMUNITY'S COMMON AGRICULTURAL POLICY.

THE TWO PRIME MINISTERS DISCUSSED AUSTRALIA'S RELATIONS WITH
THE COMMUNITY. THEY WELCOMED RECENT PROGRESS, IN PARTICULAR
THE MTN BILATERAL AGREEMENT RECENTLY APPROVED BY THE AUSTRALIAN

GOVERNMENT AND THE EUROPEAN COMMUNITY COUNCIL, WHICH WILL GIVE IMPROVED ACCESS FOR AGRICULTURAL PRODUCTS AND PROVIDE A BASIS FOR FURTHER PROGRESS IN RESOLVING PROBLEMS BETWEEN AUSTRALIA AND THE COMMUNITY IN FUTURE. MR FRASER NOTED THAT THE COMMUNITY'S AGRICULTURAL POLICIES CONTINUED TO CAUSE SERIOUS DIFFICULTIES FOR AUSTRALIAN TRADE.

MR FRASER RE-AFFIRMED THE IMPORTANCE AUSTRALIA ATTACHES TO THE CONTINUED DEVELOPMENT OF ITS RELATIONS WITH THE COMMUNITY, AND THE NEED FOR CONTINUING CONSULTATION, PARTICULARLY IN THE TRADE AND COMMERCIAL AREA, BUT ALSO IN OTHER AREAS SUCH AS ENERGY AND INTERRELATED STRATEGIC AND POLITICAL QUESTIONS.

IN THIS REGARD THE AUSTRALIAN PRIME MINISTER DREW ATTENTION TO AUSTRALIA'S POSSESSION OF VERY LARGE ENERGY RESOURCES. THE TWO PRIME MINISTERS DISCUSSED IN BROAD OUTLINE AUSTRALIA'S SALES OF COOKING AND STEAMING COAL TO BRITISH BUYERS, IN THE CONTEXT OF A PROPOSAL BY THE FORMER BRITISH GOVERNMENT TO IMPOSE LICENSING CONTROLS ON IMPORTS OF COOKING COAL. MRS THATCHER INDICATED HER GOVERNMENT'S DESIRE TO PLACE NO IMPEDIMENTS IN THE WAY OF AUSTRALIA DEVELOPING ITS COAL TRADE WITH THE UNITED KINGDOM.

THE AUSTRALIAN PRIME MINISTER NOTED THAT BRITAIN AND OTHER STATES OF THE EUROPEAN COMMUNITY ARE POTENTIAL CUSTOMERS FOR AUSTRALIAN URANIUM. MR FRASER RECALLED THAT UNDER AUSTRALIAN GOVERNMENT POLICY, NEW URANIUM SALES SHIPMENTS COULD NOT BE EXPORTED UNTIL NUCLEAR SAFEGUARDS ARRANGEMENTS HAD BEEN CONCLUDED BETWEEN AUSTRALIA AND THE PURCHASING COUNTRY. MRS THATCHER CONFIRMED BRITAIN'S INTEREST IN OBTAINING URANIUM FROM AUSTRALIA UNDER NEW CONTRACTS, AS WELL AS BRITAIN'S INTEREST IN SEEING THE PROPOSED UNITED KINGDOM/AUSTRALIA BILATERAL NUCLEAR SAFEGUARDS AGREEMENT COME INTO FORCE.

BOTH LEADERS NOTED WITH CONCERN THAT NEGOTIATIONS BETWEEN EURATOM AND AUSTRALIA ABOUT SAFEGUARDS HAD YET TO BEGIN, AND THEY UNDERLINED THE IMPORTANCE OF A SAFEGUARDS AGREEMENT BETWEEN EURATOM AND AUSTRALIA BEING BROUGHT INTO FORCE IN TIME FOR DELIVERIES TO BRITAIN IN 1981 OF URANIUM UNDER NEW CONTRACTS.

TEBBIT

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RESTRICTED

FM CANBERRA 270544Z JUN 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 351 OF 27 JUNE

AND IMMEDIATE TOKYO

VISIT BY THE PRIME MINISTER

1. THE PRIME MINISTER'S DEPARTMENT HAVE PASSED TO US A PROPOSED JOINT STATEMENT, DRAFTED ENTIRELY BY AUSTRALIAN OFFICIALS BUT NOT YET SEEN BY MR FRASER, TO BE ISSUED AFTER PRIME MINISTERIAL TALKS. APART FROM STANDARD OPENING AND CLOSING PASSAGES GIVING A BROAD ACCOUNT OF THE VISIT AND THE CORDIAL RELATIONSHIP, THE SUBSTANCE OF THE DRAFT (WHICH RUNS TO 24 PARAGRAPHS) BEGINS:

DISCUSSION COVERED FOUR BROAD AREAS:

BILATERAL RELATIONS BETWEEN AUSTRALIA AND THE UNITED KINGDOM AND THE EUROPEAN COMMUNITY, THE TOKYO ECONOMIC SUMMIT MEETING, INTERNATIONAL AND REGIONAL POLITICAL DEVELOPMENTS, AND THE FORTHCOMING COMMONWEALTH HEADS OF GOVERNMENT MEETING IN LUSAKA.

2. MY SIX IFTS GIVE THE DRAFT TEXT OF THE SECTIONS ON: (A) BILATERAL RELATIONS, THE EEC AND ENERGY: (B) THE TOKYO SUMMIT AND WORLD ECONOMIC PROBLEMS: (C) INTERNATIONAL POLITICAL DEVELOPMENTS: (D) LUSAKA AND THE COMMONWEALTH: (E) COMMENT ON PASSAGE CONCERNING RHODESIA: (F) COMMENT ON OTHER PASSAGES WHICH WE MIGHT WISH TO HAVE AMENDED.

TEBBIT

0747z/27

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

26 June 1979

Dear Bryan,

You asked for speech notes for the Prime Minister's two dinners in Canberra on 30 June and 1 July, and notes for use in speaking to the Canberra Press Club on 1 July. The High Commissioner says that Mr Fraser prefers not to have speeches at dinners he hosts and will not be expecting speeches at the Prime Minister's return dinner. Nor will the Governor-General make a speech at his lunch on 1 July. We are double-checking and are asking our High Commissioner to prepare material on a contingency basis.

/ I attach speech notes, based on advice from Canberra, which the Prime Minister may wish to use with the Press Club. The Australians will be expecting to hear a reaffirmation of the importance of our bilateral relations and of our common interests and values in a changing world, on the occasion of the first official visit of a British Prime Minister for 21 years. Mrs Thatcher will also no doubt wish to say something on the points which arose in her discussions with Mr Fraser. In particular, the draft includes a substantial passage on Rhodesia.

/ I also attach a copy of Canberra telno 329, listing the sort of questions which the media in Australia may put to the Prime Minister, together with notes covering the Rhodesia points which are likely to be raised, in so far as we are able to provide briefing in advance of the talks in Canberra.

I am copying this letter and enclosures to Martin Vile (Cabinet Office).

Jon ewe,
J S Wall

J S Wall
Private Secretary

Bryan Cartledge Esq
10 Downing Street

CONFIDENTIAL



26 JUN 1979

~~DRAFT OUTLINE FOR~~ PRIME MINISTER'S SPEECH TO
THE PRESS CLUB IN CANBERRA, 1 JULY

I am delighted that I have been able to visit

Why have I come to Australia as Prime Minister within

~~2~~ ³ months of taking office? ~~In order to underline~~ the

fundamental closeness, importance and relevance of ~~the~~
~~UK/Australian~~ ties, ~~between Australia and the United~~
~~Kingdom.~~

~~The Tokyo Summit took me to the Pacific area. Visit provides~~
~~an opportunity to brief your Prime Minister on its outcome.~~

Our ties are historical, constitutional, ethnic, linguistic
and cultural - and family: how often does a visiting PM
find her daughter among the professional, local audience
at such an occasion? ^{such as Mrs?} Our links bear on the fundamentals
of our free way of life, the loss of which has brought
misery to many in less fortunate countries.

Our ties are also practical, as evidenced by the size of
British investment in Australia, and our close trading relations.

One important example: uranium. We wish to diversify and buy
from assured and reliable sources of supply, ~~such as~~
~~Australia.~~ ^{is high among them. is helpful to you} This will build up your influence in the world
and makes a major contribution to meeting the world's growing
energy problems, ~~which were~~ ^{As you know, this was} one of our prime concerns ~~in Tokyo.~~ ^{at the}

~~Economic Summit~~ ^{which I have just attended in Tokyo.}
~~Our~~ ^{This, my} relationship is not to be taken for granted. ~~My~~ ^{third}
~~visit~~ ^{to Australia (the 1st, for one, is not so -)} shows I do not. Friendships, like gardens, need to be
cultivated. Traditions and inherited values are still valid
and valuable. ^{workhardly need to be given new life}
^{and relevance.}

/Even

Even the oldest, closest friends need to keep in touch and to tell each other of their hopes and fears and see how they can co-operate in the new challenges, opportunities and dangers of a rapidly evolving world. I hope that Australians will see in my visit an earnest of ~~my~~ ^{the British} Government's determination to continue that effort. ~~I have~~ Every confidence that our specially close relationship can be maintained.

~~That~~ The relationship is not and should not be static and unchanging. Britain readily acknowledges Australia's growing contribution and potential in many fields, to balance the long-standing British contribution to Australia.

~~That~~ The relationship is not weakened by each of our needs to be involved in events and developments in our own parts of the world. For example, NATO is of ^{benefit} value to Australia: ~~and~~ also Britain is of more use to Australia inside the European Community than she would have been outside. Australia's concern with events in South-East Asia and

the Pacific are not only understood but shared by my Government: ~~eg. refugees, Hong Kong and my Conference initiative.~~ Your great and increasing contribution to our understanding of your Asian neighbours to the North and West of Australia much valued.

We are both assailed by the problem of the Vietnamese and the impact of this on Hong Kong

~~eg. refugees, Hong Kong and my Conference initiative.~~ Your great and increasing contribution to our understanding of your Asian neighbours to the North and West of Australia much valued.

As you know, I have urged the UN Secretary-General to exercise an international influence in an as amiable to mobilize a world-wide effort to get to grips with this crisis situation.

/We

We have common internal problems and challenges too, not least in revitalising our economies by restoring initiative to the people, where it belongs. ^{We are} ~~well~~ dedicated to reducing the role of government and to increased opportunities for the individual. (~~References here to~~

~~some of the philosophical bases of government policies~~
 We share a belief in the importance of ^{of} ~~an~~ increased emphasis on personal choice, incentive and ^{of} ~~an~~ independence, which go down well in Australia.)

(individual

Australia's commitment to ^{was demonstrated by your} ~~the~~ Mutual membership of the Commonwealth ^{Prime Minister's} ~~Mr Fraser's~~ initiative in calling the first Commonwealth Regional Conference in Sydney last year ^{another is} ~~and to the one planned~~ ^{to take place} in New Delhi in 1980.

We both see the Commonwealth as a uniquely valuable bridge and recognise the importance of next month's Heads of Government meeting in Lusaka.

We both have a positive ^{Our} ~~positive~~ approach to the difficult problems on the Lusaka agenda. ^{will be to help} ~~Particular concern~~ to bring peace and stability to Africa, one of our major priorities in the field of foreign affairs. Southern Africa presents ^{us with} ~~two particularly difficult~~ problems ^{of special difficulty.}

On Namibia, we are working with other Western countries to reach early agreement on the five power plan for UN supervised elections.

/Rhodesia

Rhodesia is ^{of course} one of the subjects I have discussed with Mr Fraser. My Government are determined to bring the country back to legality with the widest possible international recognition. We also intend to do everything possible to end the war which is causing ~~great~~ ^{such serious} suffering in Rhodesia itself and in neighbouring countries. None of the possible ways of achieving these aims is excluded. We have embarked on a programme of intensive consultations: Lord Harlech has recently returned from Africa where he had constructive discussions with leaders of the countries most closely concerned; we have a senior ^{official,} ~~official~~ Foreign & Commonwealth Office, ~~based~~ ^{official} in Salisbury to keep in touch with Bishop Muzorewa, to provide him with encouragement and support in his difficult tasks.

Based on the

^{of course} There will be consultations at the Heads of Government meeting in Lusaka - and that will not be the end of the process. We are taking full account of the views of our friends and partners in the Commonwealth and outside. But our first responsibility must be to the people of Rhodesia - it is their future ^{which is} at stake.

The new British Government has ^{a new} ~~new~~ aspirations and vision for Britain. ^{We believe we can bring men to reality} ~~Belief in what it can~~ ^{and that} ~~achieve and what this can mean~~ ^{will be of benefit not only to our own people} to Australia and the rest of the world. (10)

~~The special regard and affection that Prime Minister holds for Australia.~~

GOVERNMENT POLICY?

1. We have said that our aim is to bring Rhodesia back to legality in conditions of the widest possible international recognition. We are determined to make every effort to end the conflict in Rhodesia and bring about a lasting settlement based on the democratic wishes of the people of that country.

DOES THE GOVERNMENT CONSIDER THAT THE FIFTH PRINCIPLE HAS NOW BEEN SATISFIED?

2. It is clear that considerable progress has been made towards satisfying the principles accepted by successive British Governments. However, the Government recognise that doubts remain in some quarters and this is one of the subjects which Lord Harlech discussed in Africa.

WHAT IS STOPPING THE GOVERNMENT RECOGNISING THE NEW RHODESIAN GOVERNMENT AND LIFTING SANCTIONS IMMEDIATELY?

3. We have made it clear that our objective is to restore Rhodesia to legality amid wide international recognition and help to end the war. This is the most effective way in which to carry out our responsibilities and to help Rhodesia.

LORD HARLECH'S MISSION

4. The Government asked Lord Harlech to consult with the Commonwealth and other African governments most closely concerned (Zambia, Tanzania, Botswana, Malawi, Mozambique, Nigeria and Angola). He also saw representatives of the Patriotic Front. The purpose of our consultations is to discover the best way to progress towards the objective of bringing Rhodesia back to legality with the widest possible international acceptance.

THE APPOINTMENT OF MR DAY TO SALISBURY

5. The Government consider it essential to maintain contact with Bishop Muzorewa and his administration and to consult with them. For that reason a senior FCO official, Mr Derek Day, will be paying extended visits to Salisbury. He will remain London-based; and his presence does not imply recognition.

WHAT ABOUT THE PATRIOTIC FRONT?

6. Lord Harlech has been in contact with PF representatives. It would be unrealistic to ignore them. We will not neglect any way to advance the prospects of peace and stability for Rhodesia.

ARE THE GOVERNMENT ABANDONING THE IDEA OF A NEGOTIATION INVOLVING ALL THE PARTIES TO THE DISPUTE?

7. Of course not. We should welcome this if there were any realistic possibility of a successful negotiation being held.

HAVE THE ANGLO-AMERICAN PROPOSALS BEEN ABANDONED?

8. There have been major developments in Rhodesia since the Anglo-American Proposals were formulated, and they have to a considerable extent been overtaken by events.

CAN A CONSTITUTION BE ACCEPTABLE THAT MAINTAINS WHITE CONTROL OVER KEY AREAS LIKE THE JUDICIARY AND THE ARMED FORCES?

9. There is now a black majority government in Rhodesia. This represents a major advance on which we must now seek to build to bring Rhodesia back to legality with the widest possible recognition.

WILL THE GOVERNMENT TAKE NO ACTION ON RECOGNITION AND THE LIFTING OF SANCTIONS BEFORE THE COMMONWEALTH HEADS OF GOVERNMENT MEETING IN LUSAKA?

10. The Government has defined its objective. This will involve the closest consultation with the Commonwealth. (The Government are considering the way ahead in the light of Lord Harlech's discussions.)

WHAT ATTITUDE WILL BRITAIN BE TAKING AT LUSAKA?

11. We shall explain to our partners that we consider that there is a new situation in Rhodesia as a result of the elections there, and that we should be building on that change.

DIFFERENCES WITH MR. FRASER

12. Our fundamental objectives are the same. We both wish to see Rhodesia returned to legality amid wide international recognition and an end to the war.

WHY NO ACTION YET?

13. We have acted. We sent Mr Day to Salisbury to establish regular contact with Bishop Muzorewa and have engaged in a process of close consultation with the African states most closely concerned.

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GRS 900

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DESKBY 200930Z

FM CANBERRA 200545Z JUN 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 329 OF 20 JUNE

MIPT: PRIME MINISTER'S VISIT: PRESS QUESTIONS

1. BELOW IS A LIST OF THE SORT OF QUESTIONS THINK MIGHT BE RAISED AT THE PRESS CLUB, OR IN THE TV INTERVIEWS WITH WILLESEE AND CARLTON. AFTER THE EMPHASIS THEY LAID DURING THE BRITISH ELECTION ON CONSERVATIVE LINKS WITH THE AUSTRALIAN LIBERALS, THE MEDIA MAY NOW, PERVERSELY, BE SNIFFING AROUND FOR EVIDENCE OF "DIFFERENCES OF VIEW" BETWEEN HMG AND THE AUSTRALIAN GOVERNMENT - ESPECIALLY ON RHODESIA, WHICH IS SEEN AS MR FRASER'S MAIN EXTERNAL PREOCCUPATION.

A) SOUTHERN AFRICA

TIMETABLE FOR BRITISH DECISIONS ON RHODESIA.

WHAT ATTITUDE WILL BRITAIN BE TAKING AT LUSAKA?

FUTURE OF SANCTIONS.

WHAT PROGRESS REPORTS FROM SPECIAL MISSIONS ALREADY SENT TO SOUTHERN AFRICA?

DIFFERENCES WITH MR FRASER AND THE AUSTRALIAN GOVERNMENT.

WHY HASN'T THE NEW BRITISH GOVERNMENT ALREADY ACTED ON ITS MANIFESTO PROMISE IN RESPECT OF PROMPT ACTION ON RHODESIA?

WAS ANY AGREEMENT REACHED THIS WEEKEND ON JOINT ANGLO-AUSTRALIAN APPROACHES TO SOUTHERN AFRICAN ISSUES?

B) REFUGEES

FUTURE BRITISH POLICY TOWARDS VIETNAMESE REFUGEES?

IS BRITAIN LOOKING TO AUSTRALIA TO TAKE MORE

VIETNAMESE REFUGEES?

WAS THIS ISSUE A MAJOR TOPIC IN THE CANBERRA TALKS?

PROSPECTS FOR AN INTERNATIONAL CONFERENCE ON REFUGEES?

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/C) HEADS

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C) HEADS OF GOVERNMENT MEETING

ISSUES THAT BRITAIN WILL BE SEEKING TO RAISE AT LUSAKA?
COULD BRITISH ATTITUDES CREATE TENSIONS THAT COULD
PERMANENTLY DAMAGE THE COMMONWEALTH OF NATIONS?

D) THE COMMONWEALTH OF NATIONS

DOES MRS THATCHER SHARE MR FRASER'S COMMITMENT TO
THE MODERN COMMONWEALTH?
MRS THATCHER'S VIEW OF THE ROLE AND RELEVANCE OF
TODAY'S COMMONWEALTH?

E) FOREIGN RELATIONS

FUTURE POLICY TOWARDS RUSSIA AND CHINA?
DOES REDUCTION IN BRITISH AID POINT TO A HARDENING
OF ATTITUDE TO THE NORTH/SOUTH DIALOGUE?
DEGREE OF INTEREST AND INVOLVEMENT "EAST OF SUEZ"
PARTICULARLY CONCERNING SOVIET EXPANSION IN THE
INDIAN OCEAN.

WOULD MRS THATCHER LIKE TO SEE AUSTRALIA INVOLVED
WITH THE GROUP OF NATIONS MAKING UP THE TOKYO ECONOMIC
SUMMIT?

FOLLOWING HER TALKS IN TOKYO, HOW DOES MRS THATCHER
SEE WORLD ECONOMIC TRENDS?

HAS CHEAPER AIR TRAVEL BETWEEN OUR TWO COUNTRIES
BEEN ACHIEVED AT THE COST OF BADLY STRAINED RELATIONS
WITH ASEAN?

ARE YOU EXPECTING AUSTRALIA TO HOLD THE BABY WHEN
YOU WITHDRAW FROM YOUR REMAINING COMMITMENTS IN THE
PACIFIC?

F) EEC

H.M.G.'S ATTITUDE TO EUROPE?

WILL THE NEW BRITISH GOVERNMENT SUPPORT AUSTRALIAN
MOVES FOR A BETTER EEC DEAL?

G) IMMIGRATION

WILL MRS THATCHER'S GOVERNMENT BE MAKING IT HARDER
FOR AUSTRALIANS TO ENTER BRITAIN?

(NEW BRITISH NATIONALITY ACT.)

THE CONSERVATIVE GOVERNMENT'S ATTITUDE TO COLOURED
IMMIGRATION IN BRITAIN?

● THE BRITISH ECONOMY

IF THE NEW BUDGET IS GOING TO BE INFLATIONARY (AS REPORTED), DOESN'T MRS THATCHER SHARE THE AUSTRALIAN PRIME MINISTER'S CONTENTION THAT DEFEATING INFLATION IS THE FIRST PRIORITY IN RESTORING THE NATIONAL ECONOMY?

MRS THATCHER'S PHILOSOPHY ON INDIRECT VERSUS DIRECT TAXES. POTENTIAL FOR INCREASED BRITISH INVESTMENT IN AUSTRALIA?

I) INDUSTRIAL RELATIONS

THE PLACE OF TRADE UNIONS IN SOCIETY.

IS THE NEW BRITISH GOVERNMENT CONFIDENT THAT IT WILL BE ABLE TO WORK WITH THE TRADE UNIONS?

IS THERE ALREADY A CONFRONTATION LOOMING IN THE WAKE OF THE NEW BUDGET?

(NEED TO PARRY QUESTIONS ON STRIKE SITUATION IN AUSTRALIA.)

J) ENERGY

IMPACT OF THE ENERGY CRISIS ON BRITAIN?

HOW WILL BRITAIN COPE?

ATTITUDE OF THE NEW BRITISH GOVERNMENT TOWARDS NUCLEAR POWER?

DOES THE UK REALLY NEED AUSTRALIAN URANIUM?

K) RELATIONSHIPS WITH AUSTRALIA

HOW IMPORTANT DOES THE NEW GOVERNMENT RATE ITS RELATIONSHIPS WITH AUSTRALIA?

DOES MRS THATCHER FEEL A PARTICULAR RAPPORT WITH MR FRASER AND THE AUSTRALIAN GOVERNMENT?

WHY DID SHE MAKE SUCH AN EARLY VISIT TO AUSTRALIA?

L) CONSERVATIVE/LIBERAL RELATIONSHIPS

THE VALUE OF CLOSE RELATIONSHIPS BETWEEN THE CONSERVATIVE PARTY AND THE LIBERAL PARTY OF AUSTRALIA.

THE VALUE OF THE AUSTRALIAN CAMPAIGN EXPERIENCE AND LORD CARRINGTON'S FLYING VISIT TO AUSTRALIA SHORTLY BEFORE THE BRITISH ELECTIONS.

M) WOMEN IN POLITICS

HAS MRS THATCHER HAD A CHANCE TO IDENTIFY ANY SPECIAL PROBLEMS FOR A WOMAN AT NO 10?

WOULD MRS THATCHER LIKE TO SEE WOMEN MORE ACTIVE IN AUSTRALIAN POLITICS?

N) VISION FOR BRITAIN

WHAT DOES MRS THATCHER FORESEE FOR BRITAIN UNDER ITS NEW CONSERVATIVE GOVERNMENT?

IS BRITAIN IN DECLINE?

OPPORTUNITIES FOR DEVELOPING AND RAISING ITS WORLD PROFILE.

EXPECTATIONS AND AIMS FOR THE PEOPLE OF BRITAIN.

O) NORTHERN IRELAND

ANY INITIATIVES FOR RESOLVING THIS PROBLEM?

TEBBIT

FILES

SPD

NEWS D

OID

PS

PS/LPS

PS/MR.RIDLEY

PS/PUS

SIR A DUFF

SIR A PARSONS

MR.CORTAZZI

MR.MURRAY

MR.LEAHY

20.6.79



NOTE OF A MEETING BETWEEN THE CHANCELLOR OF THE EXCHEQUER
AND THE RT. HON. PHILIP LYNCH, AUSTRALIAN MINISTER OF COMMERCE
AND INDUSTRY AND DEPUTY LEADER OF THE AUSTRALIAN LIBERAL PARTY

Mr. Lynch called on the Chancellor at 9.30 a.m. on Tuesday, 19th June accompanied by the Australian High Commissioner, Mr. Currie, Secretary, Department of Commerce and Industry, and Mr. Hill from the High Commissioner's office. The Chancellor was accompanied by Mr. Turnbull.

2. After the usual exchange of courtesies, Mr. Lynch described the state of the Australian economy. The Liberal Government had halved the rate of inflation, improved the control of the monetary aggregates and reduced the budget deficit to 3.3 per cent of GDP. The Government had also applied a brake to the growth of wages. Nevertheless, wage inflation remained the central problem. Although the Government had continued the formal indexation provisions of its Labour predecessors, some flexibility remained, and it was always open to the Government to argue for a nil norm before the Arbitration Court. Indexation was also subject to a ceiling, above which only flat rate increases in pay were allowed. The Chancellor replied that pay bargaining also remained a problem in the United Kingdom. The Government eschewed direct intervention in pay negotiations: restraint in the private sector depended mainly on "jaw-boning", supported by firm monetary control. In the public sector, the results of comparability studies might help to take the edge off pay demands in the next round.



3. Mr. Lynch asked whether industry would face a crunch at the end of the year. The Chancellor thought that was not the case, at least in terms of business liquidity or prices. But a continuing high exchange rate and firm monetary control could be expected to have its effect on industry.

4. Mr. Lynch then asked whether the announced cuts in public expenditure would have a very significant effect on capital works. The Chancellor said he thought not: the public expenditure cuts had attracted less opposition than might have been expected. The construction industry had been fairly restrained. And the business community had been amongst those urging the Government to take a proper hold of public expenditure.

5. Mr. Lynch commented that the Australian Government had also maintained the support of the business community for their policy of retrenchment, though he sensed growing concern over the composition of the budget deficit as well as its size. There was a fair amount of criticism that cuts had fallen disproportionately on capital expenditure and hence on jobs, and too little on welfare expenditure.

6. The Chancellor asked Mr. Lynch about consultation processes in Australia. How formal were these? Mr. Lynch replied that consultations about economy policy were now part of established machinery. The annual round of consultations had just been completed prior to the Budget in July. The Government reckoned to give each of the main industrial groups e.g. the heavy equipment manufacturers, about an hour of discussion and they could submit papers if they wished. There was also a standing Consultative Group of about 20 members, which included the main representatives of organised labour and business, one of whose purposes was to discuss the state of the economy. Discussions with this group on the whole were pretty satisfactory. There were separate consultative groups of Manufacturers and Economists, the last being the least satisfactory of the three.



The Chancellor likened the standing consultative group to NEDC, and commented that a Council of Economic Advisers was an idea which the Government also had under consideration.

Mr. Lynch said he thought the Liberal Government engaged in a more widespread and effective process of consultation than the Labour Government had done.

7. Commenting on Mr. Lynch's reference to welfare expenditure, the Chancellor said that social expenditure has also remained relatively free from reductions in this country. His Budget had just announced very large increases in pensions and other benefits. The Chancellor went on to describe how pension uprating had been linked by the Labour Government to prices and earnings, but the Government had now announced a break with the latter. Mr. Lynch commented that since Australian pensions were uprated retrospectively in line with the consumer price index, pensioners had recently fared better than the working population. This fact, coupled with a now ageing population, had produced some pressure to reduce the size of the social budget. But this was not easy politically, especially in a pre-Election year.

8. High Commissioner asked the Chancellor whether he had said anything about benefits for strikers in his Budget Speech. The Chancellor said he had not. But the problem was not simply related to benefits, but also to the availability of tax rebates. Arguably the latter were more important. There was widespread agreement that benefits ought to be taxed, which in turn would reduce the size of rebates, but there was very little agreement on how this could be achieved economically. The High Commissioner commented that the UK tax system was too efficient: in Australia, tax refunds were available only after the end of the income tax year.



9. Mr. Lynch then asked how long the Chancellor thought it would take before his Budget began to have an effect on people's attitudes. The Chancellor said that changing attitudes always took longer than expected. But the fiscal changes in the Budget were only part of a strategy which involved progressive deregulation of the economy and removal of a whole range of factors inhibiting enterprise. Mr. Lynch remarked on the similarity with the programme of tax reduction followed by the Liberal Government in Australia. Their programme had additionally included a number of selective tax stimuli. These had taken some time to operate and the economy was only just showing signs of real recovery. Profits were still too low; the public deficit was too high. Next year's Budget would be very important for political reasons, not least because public expectations had been inflated. The trouble was that stringency had a price in political terms. Continuing, Mr. Lynch said that Australia's economic recovery was beginning to have an effect on the consumer price index. The Government were also working on monetary growth and hoped to get it down below 10 per cent. Australia was benefitting from the world shortage of minerals and the demand for agricultural products, but their exports suffered because Australia lacked a rebatable indirect tax like VAT. This was something they would need to look at after the next Election. Meanwhile, they relied on a combination of export and investment incentives. Mr. Lynch said that the system of investment allowances had been very successful.

10. The Chancellor raised the subject of trades union reform. Mr. Lynch mentioned progress on industrial legislation and secret ballots, commenting that labour unrest had been significantly less under the present Government than when the Australian Labour Party had been in power. But good labour relations were about attitudes not about the law.



11. The Chancellor asked about changes in Australian capital taxation. Mr. Lynch confirmed that Australia had no federal capital gains tax, nor any longer any estate duty. At the federal level they had wiped the slate clean. Moreover, even state capital taxes had been largely reduced or abolished, even in Labour-controlled states. There had been no popular opposition to the removal of capital taxes. Opposition to capital taxes had even figured in the Labour programme in some states. The Chancellor said he would like to be better informed about these changes and asked if Mr. Lynch would let him have further details. [Mr. Hill is arranging for this to be done.]

12. Mr. Lynch then asked how the Chancellor had found the mood of the OECD at the Ministerial meeting the previous week. The Chancellor described the meeting as very sombre. There had been a natural concentration on energy, with a wide appreciation of the fact that reliance on the price mechanism would not solve the problem without genuine progress on conservation. Mr. Lynch then asked whether the United States position had shifted at all. The Chancellor said that Mr. Blumenthal had not said anything very new. There had been some criticism by others of the US oil subsidy. He agreed with Mr. Lynch that it would be difficult to persuade OPEC to take a helpful attitude unless they were also persuaded that the oil-consuming countries were taking energy conservation seriously.

13. Mr. Lynch then asked what had been said about positive adjustment measures. The Chancellor said discussion had been overlaid by fears of inflation and the effects of lower growth, including the effects on the LDCs.

14. The meeting concluded with a brief discussion about overseas investment, in which the Chancellor referred to the relaxations on exchange control in his Budget. It was important for the UK to build up its stock of overseas assets, whilst we enjoyed the benefit of North Sea oil. Mr. Lynch expressed



warm approval, saying that Australia was as anxious as ever to attract British capital. There were good investment opportunities, particularly in mineral exploration and development. It was important to Australia to preserve her share of world trade in competition with the rapidly developing countries of South East Asia.

15. Mr. Lynch thanked the Chancellor for receiving him, and the meeting closed at about 10.15 a.m.

AMB

(A.M.W. BATTISHILL)

20th June, 1979

Circulation:

Chief Secretary
Financial Secretary
Minister of State (C)
Minister of State (L)
Sir Douglas Wass
Sir Kenneth Couzens
Sir Lawrence Airey
Mr. Barratt
Mr. Jordan-Moss
Mr. Hancock
Mrs. Hedley-Miller
Mr. Turnbull
Mr. Ridley
Mr. Lovell)
PS/IR) see paragraphs 8 and 11
Mr. Cropper)

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Australia

Cabinet Office
Whitehall,
London, SW1.

PS(79) 18

18th June, 1979

Dear Private Secretary,

P.A. Jun 20

Visit of the Prime Minister to Australia, 30th June-1st July 1979

This letter sets out the briefing arrangements for the Prime Minister's visit to Australia from 30th June to 1st July 1979.

The objectives for the visit, as approved by the Prime Minister, are at Annex A. The list of briefs to be prepared, with an indication of Departmental responsibility, is at Annex B. The instructions on format are at Annexes C and D.

75 copies of each brief should be sent to the Cabinet Office, 70 Whitehall to arrive no later than 1700 hours on Thursday, 21st June. They should be addressed to Mrs. Wagner in Committee Section, who should be consulted (telephone no. 233 7628) about any technical points arising.

I am sending copies of this letter to the Private Secretaries to Sir Michael Palliser, Sir Douglas Wass, Sir Frank Cooper, Sir Kenneth Clucas, Sir Peter Carey, Sir Jack Rampton, Sir John Garlick, Mr Brian Hayes and to Bryan Cartledge (No. 10).

Yours sincerely,

(Signed) M.J. VILE

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VISIT BY THE PRIME MINISTER TO AUSTRALIA: 30 JUNE / 1 JULY

UK OBJECTIVES

1. To brief Mr Fraser about the Tokyo Summit and to discuss world economic issues (including energy).
2. To establish a personal relationship and understanding between the two Prime Ministers.
3. To underline the importance we attach to Australia and the value of keeping in close contact and of taking account of each other's interests.
4. To discuss the forthcoming Commonwealth Heads of Government Meeting in Lusaka; in particular to consult on policies towards Rhodesia.
5. To seek support for the Prime Minister's proposal to hold an international conference on Indo-China refugees and also to seek a greater Australian resettlement effort.
6. To explain to Mr Fraser the Government's determination to turn the economy round so that Britain can make its proper contribution to world affairs.
7. To welcome the successful conclusion of the recent EEC/Australia MTN negotiations and to express the hope that this will create the basis for a more positive chapter in EEC/Australia relations.
8. To stress the importance we attach to the Australia market.
9. To confirm to Mr Fraser the British requirement for Australian uranium.
10. To welcome and encourage Australia's increased involvement in the development and welfare of the South Pacific region, and to affirm our continuing commitments there.

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ANNEX B

LIST OF BRIEFS FOR THE PRIME MINISTER'S VISIT TO
AUSTRALIA, 30 JUNE- 1 JULY 1979

<u>PMVS(79)</u>	<u>Lead Department</u>	<u>In consultation with</u>
1. Steering Brief	FCO	As appropriate
2. Anglo-Australian Relations	FCO	
3. Commonwealth Heads of Government Meeting in Lusaka	FCO	
4. Rhodesia	FCO	
5. Southern Africa (i. e. Namibia; South Africa, including sporting contacts)	FCO	Environment
6. Australian-British Trade (including coal imports)	Trade	Industry, FCO, Energy
7. Australian Relations with the EEC	FCO	MAFF
8. Uranium (including safeguards and Marilinga Waste)	Energy	MOD, FCO
9. Indo-China and ASEAN (including Refugees)	FCO	
10. East-West Relations, including Relations with China	FCO	MOD
11. Defence (including sales and Indian Ocean Peace Zone)	FCO	MOD
12. Australia's Attitude to the North-South Dialogue and the Common Fund	FCO	
13. The South Pacific	FCO	
14. Air Services	FCO	Trade
15. Background Brief on Australia (including personality notes)	FCO	

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INSTRUCTIONS ABOUT FORMAT

All briefs should be laid out in the same way with a top page in accordance with the specimen layout at Annex D. Those preparing briefs should note the following:-

- (a) Briefs should be concise. Each brief should if possible be no more than four sides long.
- (b) The main body of each brief should comprise two sections, a concise list of Points to Take, followed by a factual Background section which distinguishes clearly between information which can be freely used and information which should not be disclosed.
- (c) Briefs should be complete and self-contained and with all the information required on that particular subject. Briefs should not be divided into separate self-contained sub-sections.
- (d) Briefs should be typed in double spacing, using both sides of the paper. Pages should be numbered at the foot of each page.
- (e) The top page only should bear the symbol and number of the briefs in the top left-hand corner (e. g. PMVS(79) 13), with the date of production below; a copy number in the top right-hand corner; and the visit heading, the title of the brief (in capitals) and the name of the Department responsible (as in Annex D).
- (f) Briefs should bear at the foot of the last page, on the left-hand side, the name of the originating Department and the date of origin.
- (g) If late developments require a brief to be amended or updated, an addendum should be prepared. It should be set out in the standard way with the brief number (e. g. PMVS(79) 13 Addendum) and title to which it relates at the top of the front page. The Private Secretary to the Secretary of the Cabinet should be informed when an addendum is in preparation.
- (h) Additions to the list of briefs in Annex B require the authorisation of the Private Secretary to the Secretary of the Cabinet.

[CLASSIFICATION]

ANNEX D

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVS(79) [Serial No.]

COPY NO

[Date of Production]

PRIME MINISTER'S VISIT TO AUSTRALIA
30 JUNE-1 JULY 1979

[Leave 1½"
margin]

[SUBJECT] [Insert subject in capitals]

Brief by [name of originating Department e. g. Foreign
and Commonwealth Office]

[At the foot of the last page:-]

[Department of origin e. g. Foreign and Commonwealth Office]

[Date of origin]

[CLASSIFICATION]

CONFIDENTIAL F6



10 DOWNING STREET

From the Private Secretary

18 June 1979

Prime Minister's Visit to Australia
30 June/1 July: Rhodesia

Thank you for your letter of 15 June, with which you enclosed a possible counter draft of the passage on Rhodesia which Australian officials wish to include in a joint statement on the Prime Minister's visit to Australia at the end of this month.

The Prime Minister has seen your letter and its enclosures. She has commented that her own strong preference would be to state simply that Rhodesia had been discussed and leave it at that. If the Australians are unwilling to agree to this, however, the Prime Minister would be content with the revised formulation enclosed with your letter.

B. G. CARTLEDGE

J.S. Wall, Esq.
Foreign and Commonwealth Office

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Australia

212

603

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file JS



10 DOWNING STREET

From the Private Secretary

16 June 1979

THE PRIME MINISTER'S VISIT TO AUSTRALIA,
30 JUNE/1 JULY

The Prime Minister has seen your minute of 14 June to me about the agenda, objectives and briefs for her talks with the Australian Prime Minister in Canberra on 30 June /1 July.

The Prime Minister is content with what is proposed.

B. G. CARTLEDGE

Martin Vile, Esq.,
Cabinet Office.

KRB



Prime Minister Foreign and Commonwealth Office

London SW1A 2AH

Agree that the attached
formulation should be
sent to the Australians?

15 June, 1979

Dear Bryan,

BM
11/6

The Prime Minister's Visit to Australia
30 June - 1 July : RHODESIA

The Australian Prime Minister is concerned about the handling of Rhodesia in public statements during the Prime Minister's visit to Canberra. Australian officials have drafted a passage on Rhodesia for inclusion in a joint statement on the visit. The text is in paragraph 7 of Canberra telegram No 287 enclosed.

[A] /

This is not wholly suitable in its present form. I enclose a revised version based on the Australian draft, which in Lord Carrington's view is fully compatible with our objectives, while taking account of Mr Fraser's concerns about the Commonwealth. If the Prime Minister agrees, we shall ask our High Commission in Canberra to propose this to the Australian Government.

Yes - but would prefer
to say just that
we dismissed Rhodesia
have it done
for ever,
Stephen

J S Wall

B G Cartledge Esq
10 Downing Street
London S W 1

that
not.



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" The Prime Ministers expressed their firm intention, against the background and traditions of the Commonwealth, to work for a peaceful resolution of the problem of Rhodesia, with the widest possible support in the Commonwealth and the international community. "

CONFIDENTIAL

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GRS 1000

CONFIDENTIAL

FM CANBERRA 060600Z JUN 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 287 OF 6 JUNE

YOUR TELEGRAM NO 201

VISIT BY THE PRIME MINISTER

1. SOME CHANGES IN THE PROGRAMME SUGGESTED IN MY TELEGRAM 273 WILL BE REQUIRED IN THE LIGHT OF THE PRIME MINISTER'S EARLIER DEPARTURE APART FROM ANY OTHER WISHES SHE MAY HAVE. POSSIBLE REARRANGEMENTS ARE CONTAINED IN MY IMMEDIATELY FOLLOWING TELEGRAM.
2. WE ALSO HAVE TO CONSIDER THE INVITATION SENT DIRECT TO THE PRIME MINISTER BY TELEGRAM BY THE NATIONAL PRESS CLUB TO ADDRESS THEM AT A LUNCH WHICH, IF ACCEPTED, WOULD HAVE TO BE ON JULY 1.
3. I WAS ABOUT TO TELEGRAPH AMENDED RECOMMENDATIONS IN THE LIGHT OF FURTHER DISCUSSIONS WITH EGGLETON AND YEEND WHEN MR FRASER GOT IN TOUCH WITH ME AGAIN PERSONALLY. HE IS DELIGHTED AT THE PROSPECT OF SEEING THE PRIME MINISTER HERE AND WITH THE HIGHLY FAVOURABLE IMPACT WHICH THE VISIT'S ANNOUNCEMENT HAS HAD. HE STILL SHOWED HIMSELF, HOWEVER, AMAZINGLY SENSITIVE ABOUT THE PRESS ARRANGEMENTS BECAUSE OF HIS PREOCCUPATION WITH RHODESIA. HE SPOKE ONCE MORE ON THE LINES OF PARAGRAPH 3 OF MY TELEGRAM 272 EMPHASISING HIS WORRY THAT, ALTHOUGH WE HAD THE SAME OBJECTIVES, THERE WERE STILL DIFFERENCES BETWEEN US ON RHODESIA. HE ARGUED THAT ANY RETURN TO LEGALITY MUST HAVE AT LEAST THE TACIT ACCEPTANCE OF THE FRONT LINE STATES AND THE PATRIOTIC FRONT, OTHERWISE RECOGNITION WOULD SIMPLY ENSURE THAT THE AFRICANS WOULD DESTROY BISHOP MUZUREWA'S ZIMBABWE WITH RUSSIAN AND CUBAN SUPPORT, THE COMMONWEALTH WOULD BE SPLIT AND MOTIONS TO EXPEL BRITAIN FROM THE COMMONWEALTH WOULD BE MOVED AND PERHAPS CARRIED AT LUSAKA. I ARGUED THAT HE WAS EXAGGERATING THE DIFFERENCES, THAT YOU WERE MOVING WITH GREAT CIRCUMSPECTION AND THAT

CONFIDENTIAL

/ BRITISH POLICY

BRITISH POLICY WAS NOT SIMPLY TO GO AHEAD WITH RECOGNITION WITHOUT PREPARATION OR CONSULTATION EVEN THOUGH THE SIX PRINCIPLES HAD BEEN LARGELY MET. IT WAS RATHER THAT THERE WAS A NEW REALITY IN RHODESIA ON WHICH WE SHOULD BUILD AND THAT YOUR OBJECTIVE WAS TO BRING RHODESIA TO LEGAL INDEPENDENCE THROUGH DE-ESCALATING THE WAR AND SEEKING WIDE INTERNATIONAL RECOGNITION, EXTENSIVE CONSULTATIONS TO THAT END WERE ALREADY UNDER WAY.

4. MR FRASER REVERTED TO THE THESIS THAT IF THE PRIME MINISTER ASSERTED UNDER QUESTIONING THAT THERE WERE NO DIFFERENCES BETWEEN US ON RHODESIA THIS WOULD REDUCE AUSTRALIA'S USEFULNESS AT LUSAKA AND THAT, CONTRARY-WISE, IF WE ADMITTED THAT THERE WERE DIFFERENCES, THE PRESS WOULD HAVE A FIELD-DAY AND HE WOULD HAVE GREAT TROUBLE WITH HIS OWN BACK-BENCHERS.

5. IT EMERGED THAT MR FRASER'S PREFERENCES (IN DESCENDING ORDER) WOULD BE:

- A) TO TREAT THE VISIT AS PRIMARILY AN OFFICIAL ONE FOR PURPOSES OF INTERGOVERNMENTAL CONSULTATIONS, TO BE CONCLUDED BY A JOINT STATEMENT, BUT WITHOUT A PRESS CONFERENCE,
- B) TO HAVE A JOINT STATEMENT, PLUS A TV INTERVIEW BY THE PRIME MINISTER:
- C) AS IN (B) PLUS A HALF HOUR'S VISIT BY THE PRIME MINISTER TO THE PRESS CLUB FOR A TALK OF SAY 15 MINUTES WITH 10 MINUTES FOR QUESTIONS.
- D) A FULL PRESS CLUB LUNCH.

6. MR FRASER AGREES THAT THE CHOICE IN THIS IS FOR THE PRIME MINISTER HERSELF. I AM PERSONALLY OF THE OPINION THAT A VISIT WITHOUT A PRESS APPEARANCE WOULD BE UNTHINKABLE AND TO DO THEM CREDIT SENIOR AUSTRALIAN

OFFICIALS AGREE WITH THIS. ON BALANCE I THEREFORE RECOMMEND THAT COURSE C IS THE RIGHT ONE. EGGLETON AGREES (PLEASE PROTECT) AND INSISTS THAT A TV INTERVIEW WITHOUT A WIDER PRESS APPEARANCE WOULD GIVE MUCH PROFESSIONAL DISSATISFACTION. I SHOULD BE GRATEFUL FOR INSTRUCTIONS.

7. MR FRASER HAS ALREADY INSTRUCTED HIS OFFICIALS TO START DRAFTING POSSIBLE SECTIONS OF THE JOINT STATEMENT FOR SUBMISSION TO YOU AND THEY HAVE ALREADY PRODUCED, SUBJECT TO HIS APPROVAL, THE FOLLOWING FORMULATION AS THE KERNEL OF THE PASSAGE ON RHODESIA:

"BOTH LEADERS EXPRESSED THEIR FIRM INTENTION, AGAINST THE BACKGROUND AND TRADITIONS OF THE COMMONWEALTH, TO WORK FOR MODERATION AND RECONCILIATION ON THE PRESSING ISSUE OF RHODESIA AND TO DIRECT THEIR EFFORTS TO BRINGING ABOUT A PEACEFUL SOLUTION TO THAT COUNTRY'S PROBLEMS, A SOLUTION WHICH WOULD COMMAND COMMONWEALTH AND REGIONAL SUPPORT AS WELL AS THAT OF THE WIDER INTERNATIONAL COMMUNITY".

8. PLEASE SEE MY IMMEDIATELY FOLLOWING TELEGRAM.

TEBBIT

[COPIES SENT TO NO 10 DOWNING STREET]

FILES
SPD
P & C D
RHODESIA D
CCD
NEWS D
PS
PS/LPS
PS/MR BLAKER
PS/MR LUCE
PS/PUS
SIR A DUFF
MR CORTAZZI
MR MURRAY
MR WILLIAMS



15 JUN 1979

CONFIDENTIAL

Ref. A09773

MR. CARTLEDGE

Yes -
Mr.
Visit to Australia by the Prime Minister 30th June-1st July

Prime Minister

Content with the outline agenda in para. 3 and with the attached lists of objectives and briefs?

*6/24
14/2*

It has been agreed with the Australians that after the Economic Summit in Tokyo, the Prime Minister will go on to make an official visit to Canberra. There will be at least one and possibly two sessions of talks and possibly a dinner given by Mr. Malcolm Fraser.

2. Mrs. Thatcher has visited Australia before in 1972 and 1976 and she has also met Mr. Fraser before, but this is the first working visit by a British Prime Minister to Australia for nearly two decades and it accordingly acquires great significance in Australian minds.

3. There will be no fixed agenda, but we and the Australians expect that the two Prime Ministers will wish to concentrate on Anglo-Australian relations; the Tokyo Summit and Energy Problems; the Commonwealth, the Heads of Government Meeting in Lusaka and African questions; and Developments in Asia, chiefly of course the problem of the Vietnam refugees. The only bilateral problem is the question of import licences on coking coal which is the largest Australian export commodity. If Commission approval is given in time, the two Prime Ministers may also wish to sign the United Kingdom/Australian Bilateral Safeguards Agreement (to cover uranium imports from Australia). If so, separate recommendations will be made about this.

4. I attach a proposed outline of British objectives and an assessment of Australian objectives. I also enclose a suggested list of briefs. Since we have agreed that the arrangements for this visit should be kept separate from those for Tokyo, there will be a slight duplication of briefing on some of the political subjects. But this set of briefs will of course be written with the Australians in mind. However we do not propose to provide any additional briefing on the subjects on the Tokyo Summit agenda about which, of course, Mr. Fraser will be particularly interested in hearing Mrs. Thatcher's views.

CONFIDENTIAL

I should be grateful if you would let me know if the Prime Minister is content with these proposals.

We shall arrange for briefs to be submitted by 12.00 noon on Friday, 22nd June.

MJV

M. J. VILE

14th June, 1979

VISIT BY THE PRIME MINISTER TO AUSTRALIA: 30 JUNE / 1 JULY

UK OBJECTIVES

1. To brief Mr Fraser about the Tokyo Summit and to discuss world economic issues (including energy).
2. To establish a personal relationship and understanding between the two Prime Ministers.
3. To underline the importance we attach to Australia and the value of keeping in close contact and of taking account of each other's interests.
4. To discuss the forthcoming Commonwealth Heads of Government Meeting in Lusaka; in particular to consult on policies towards Rhodesia.
5. To seek support for the Prime Minister's proposal to hold an international conference on Indo-China refugees and also to seek a greater Australian resettlement effort.
6. To explain to Mr Fraser the Government's determination to turn the economy round so that Britain can make its proper contribution to world affairs.
7. To welcome the successful conclusion of the recent EEC/Australia MTN negotiations and to express the hope that this will create the basis for a more positive chapter in EEC/Australia relations.
8. To stress the importance we attach to the Australia market.
9. To confirm to Mr Fraser the British requirement for Australian uranium.
10. To welcome and encourage Australia's increased involvement in the development and welfare of the South Pacific region, and to affirm our continuing commitments there.

VISIT BY THE PRIME MINISTER TO AUSTRALIA: 30 JUNE / 1 JULY

PROBABLE AUSTRALIAN OBJECTIVES

1. To establish a good working relationship with the Prime Minister. In domestic terms Mr Fraser wishes to show that Britain is taking Australia seriously and that he is a leader of Commonwealth and world stature. He has to avoid any suggestion of undue susceptibility to UK influence.
2. To discuss the Commonwealth Heads of Government Meeting; to emphasise the need to carry as many Commonwealth countries as possible with us in the action we take over Rhodesia.
3. To have a first hand account of the Tokyo meeting.
4. To seek continued UK assistance over improved Australian trading access to the EEC, and in particular to the UK.
5. To explain Australia's sympathies for third world aspirations, especially in the North/South dialogue.
6. To exchange views on developments in Asia, including Vietnam refugees.
7. To discuss Soviet global policies with special reference to the Indian Ocean, and defence matters.

VISIT BY THE PRIME MINISTER TO AUSTRALIA

Suggested List of Briefs

1. Steering Brief
2. Anglo-Australian Relations
3. Commonwealth Heads of Government Meeting in Lusaka
4. Rhodesia
5. Southern Africa (ie Namibia; South Africa, including sporting contacts)
6. Australian/British trade (including coal imports)
7. Australian relations with the EEC
8. Uranium (including safeguards)
9. Indo-China and ASEAN (including refugees)
10. East-West relations, including relations with China
11. Defence (including sales and Indian Ocean Peace Zone)
12. Australia's attitude to the North-South Dialogue and the Common Fund.
13. The South Pacific
14. Air Services
15. Background brief on Australia (including personality notes)

From: The Private Secretary to Sir Arthur Hockaday KCB CMG
Second Permanent Under Secretary of State

CONFIDENTIAL



MINISTRY OF DEFENCE

Main Building, Whitehall, London SW1A 2HB

Telephone (Direct Dialling) 01-218 - 7115

(Switchboard) 01-218 9000

13 June 1979

2nd PUS/396/79

Private Secretary to
Sir John Hunt, GCB
Cabinet Office

P. D. G. W. 14/6

Dear Martin

VISIT TO AUSTRALIA BY PRIME MINISTER: 30 JUNE - 1 JULY

In Sir Frank Cooper's absence his copy of Sir Michael Palliser's letter of 7 June to Sir John Hunt has come to Sir Arthur Hockaday. Sir Arthur is content with the proposals in Sir Michael's letter.

2. As regards briefing we should be glad to be consulted about briefs 3, 8 and 11 although FCO will no doubt wish to take the lead on drafting these. The relevant MOD points of contact are given at Annex.

3. In addition, we feel that there should be some defensive briefing on the recent removal of nuclear waste from Maralinga. I think we would wish to take the lead in drafting this; our point of contact would be Mr. D C Fakley D Science 6.

4. I am sending copies of this letter to the Private Secretaries to Sir Michael Palliser and the other recipients of his letter.

Yours sincerely

Jane R Binstead

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13 JUN 1979



Brief 3

B M Norbury, Head of DS 11 (Ext 3287MB), or
W A Perry, Head of DS 8 (Ext 6592MB)

Brief 8

J Elliott, Head of DS 2 (Ext 2433MB)

Brief 11

B M Norbury (general issues)

P Mehew, Head of DS 13 (Ext 6855MB) Defence Sales

J M Legge, Head of DS 17 (Ext 2296MB) Arms Control
Matters.

Copies to:

Private Secretaries to:

Sir Michael Palliser, GCMG
FCO

Sir Douglas Wass KCB
Treasury

B D Hayes Esq CB
MAAF

Sir Kenneth Clucas KCB
Department of Trade

Sir Peter Carey KCB
Department of Industry

Sir Jack Rampton KCB
Department of Energy

Sir Kenneth Berrill KCB
Cabinet Office

B G Cartledge Esq
No. 10



Foreign and Commonwealth Office

London SW1A 2AH

7 June 1979

Sir John Hunt, GCB
Cabinet Office

Dear John,

P.A. GWA
JLW

VISIT TO AUSTRALIA BY THE PRIME MINISTER 30 JUNE / 1 JULY

1. It has been agreed with the Australians that after the Economic Summit in Tokyo, the Prime Minister will go on to make an official visit to Canberra. There will be at least one and possibly two sessions of talks and possibly a dinner given by Mr Malcolm Fraser.
2. Mrs Thatcher has visited Australia before in 1972 and 1976 and she has also met Mr Fraser before, but this is the first working visit by a British Prime Minister to Australia for nearly two decades and it accordingly acquires great significance in Australian minds.
3. There will be no fixed agenda, but we and the Australians expect that the two Prime Ministers will wish to concentrate on Anglo-Australian relations; the Tokyo Summit and Energy Problems; the Commonwealth; the Heads of Government Meeting in Lusaka and African questions; and Developments in Asia, chiefly of course the problem of the Vietnam refugees. The only bilateral problem is the question of import licenses on coking coal which is the largest Australian export commodity. If Commission approval is given in time, the two Prime Ministers may also wish to sign the UK/Australian Bilateral Safeguards Agreement (to cover uranium imports from Australia). If so, we shall be making separate recommendations about this.
4. I attach a proposed outline of British objectives and an assessment of Australian objectives. I also enclose a suggested list of briefs. Since we have agreed that the arrangements for this visit should be kept separate from those for Tokyo, there will be a slight duplication of briefing on some of the political subjects. But we shall, of course, need to ensure that this set of

/briefs



briefs is written with the Australians in mind. I propose however that there is no need to provide any additional briefing on the subjects on the Tokyo Summit agenda about which, of course, Mr Fraser will be particularly interested in hearing Mrs Thatcher's views. I suggest, if you and the other recipients of this letter agree, that the briefs should be coordinated by the Cabinet Office.

20. 11. 86
M. Palliser

Michael Palliser

ccs:

Sir Douglas Wass KCB
HM Treasury

B D Hayes Esq CB
MAFF

Sir Frank Cooper KCB CMG
MOD

Sir Kenneth Clucas KCB
Department of Trade

Sir Peter Carey KCB
Department of Industry

Sir Jack Rampton KCB
Department of Energy

Sir Kenneth Berrill KCB
Cabinet Office

B G Cartledge Esq
No 10

VISIT BY THE PRIME MINISTER TO AUSTRALIA: 30 JUNE / 1 JULY

UK OBJECTIVES

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VISIT BY THE PRIME MINISTER TO AUSTRALIA: 30 JUNE / 1 JULY

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VISIT BY THE PRIME MINISTER TO AUSTRALIA

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13. The South Pacific
14. Air Services
15. Background brief on Australia (including personality notes)



58 JUN 1979

Australia



AUSTRALIAN HIGH COMMISSION · LONDON

FROM THE DEPUTY HIGH COMMISSIONER

5 June 1979

Dear Bryan,

Handwritten initials and scribbles.

The Australian Prime Minister made the attached statement in the House of Representatives at 1700 hours Canberra time on 5 June. You will see that Canberra accepted the two suggestions you made yesterday and that there are two or three other minor changes.

I am sending a copy of this letter and its attachment to John Snodgrass in the Foreign Office.

Yours sincerely,

Michael Cook

(M.J. Cook)

Mr B.G. Cartledge,
Private Secretary (Overseas Affairs)
to the Prime Minister,
Prime Minister's Office,
10, Downing Street,
LONDON SW1.

TEXT OF STATEMENT BY THE AUSTRALIAN PRIME MINISTER
IN THE HOUSE OF REPRESENTATIVES ON 5 JUNE 1979

QUOTE:

I am very pleased to announce that the newly elected Prime Minister of Great Britain, the Rt. Hon. Margaret Thatcher, MP, has accepted an invitation to visit Australia and will be here on 30 June and 1 July. The visit is particularly welcome, coming as it does so soon after Mrs Thatcher's assumption of office.

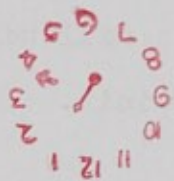
Mrs Thatcher's association with Australia is a long standing one, which is appreciated by all of us. She visited Australia in 1972 and again in 1976, and her visit on this occasion as Prime Minister will serve to emphasise the close consultation that has been such a feature of relations between Australia and Britain over the years. Both Governments value their close association, which reflects the very real interests and traditional ties between our two countries.

As well as providing an opportunity for a broad review of Australia-United Kingdom relations, the visit will permit both Prime Ministers to discuss other important matters, including the results of the Tokyo Summit, the forthcoming Commonwealth Heads of Government Meeting to be held in Lusaka in August, and international developments generally.

2.

All Australians will give Mrs Thatcher a very warm welcome during her visit.

UNQUOTE.



- 5 JUN 1979

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DESKBY 052100Z

FM FCO 041856Z JUN 79

TO IMMEDIATE CANBERRA

TELEGRAM NUMBER 202 OF 4 JUNE

INFO IMMEDIATE WELLINGTON PRIORITY PORT MORESBY SUVA HONIARA
NUKU'ALOFA VILA

YOUR TELNO 270: VISIT BY THE PRIME MINISTER.

AFTER CONSULTATION WITH AUSTRALIA HOUSE, NO 10 WILL MAKE THE
FOLLOWING ANNOUNCEMENT AT 0800 B S T ON TUESDAY 5 JUNE:-

THE PRIME MINISTER, THE RT. HON. MARGARET THATCHER, M P, WILL
VISIT AUSTRALIA FROM 30 JUNE TO 1 JULY.

DURING THE VISIT, THE PRIME MINISTER WILL HAVE DISCUSSIONS WITH
THE AUSTRALIAN PRIME MINISTER, THE RT. HON. MALCOLM FRASER.

AMONG SUBJECTS TO BE COVERED IN THE TALKS WILL BE BILATERAL RELATIONS
BETWEEN BRITAIN AND AUSTRALIA, THE RESULTS OF THE TOKYO ECONOMIC
SUMMIT MEETING AND THE FORTHCOMING COMMONWEALTH HEADS OF GOVERNMENT
MEETING IN LUSAKA.

NOTE TO EDITORS

THIS VISIT WILL TAKE PLACE ON THE PRIME MINISTER'S RETURN FROM
THE ECONOMIC SUMMIT MEETING IN TOKYO (28 AND 29 JUNE). SHE HAS
VISITED AUSTRALIA TWICE BEFORE - IN 1972 AND IN 1976.

2. WE UNDERSTAND AUSTRALIAN GOVERNMENT WILL MAKE SIMILAR
ANNOUNCEMENT IN CANBERRA AT SAME TIME.

CARRINGTON

FILES

NEWS D

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PS/KPS

PS/PUS

SIR A. DUFF

MR KEAHY

MR CORTAZZI

MR STRATTON

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AND PRESS OFFICE NO10 DOWNING ST

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GRS120

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DESKBY 042200Z

FM FCO 041818Z JUNE 79

TO IMMEDIATE CANBERRA

TELEGRAM NUMBER 201 OF 4 JUNE.

YOUR TELNO 272 AND IFTS. VISIT BY THE PRIME MINISTER.

1. FOLLOWING CONSULTATIONS WITH AUSTRALIA HOUSE AN ANNOUNCEMENT ABOUT THE VISIT WILL BE MADE IN LONDON AT 8 AM LOCAL TIME TOMORROW 5 JUNE. TEXT, WHICH WILL NOT BE IDENTICAL WITH MR FRASER'S PROPOSAL, WILL BE TELEGRAPHED TO YOU LATER THIS EVENING.
2. NO 10 HAVE DISCUSSED WITH AUSTRALIA HOUSE THE TEXT OF THE ANNOUNCEMENT MR FRASER WOULD LIKE TO MAKE (YOUR TELNO 275) AND HAVE SUGGESTED THAT THE PENULTIMATE PARAGRAPH CONCERNING MR FRASER'S LETTER TO MRS THATCHER ABOUT LUSAKA SHOULD BE OMITTED FROM ANY FORMAL STATEMENT.
3. TELEGRAMS WILL FOLLOW ABOUT PROGRAMME. MEANWHILE YOU SHOULD KNOW THAT THE PRIME MINISTER WILL HAVE TO LEAVE AFTER THE DINNER ON 1 JULY.

CARRINGTON

FILES

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PS/LPS

PS/MR BLAKER

PS/PUS

SIR A. DUFF

MR CORTAZZI

MR MURRAY

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Subject

GR 130

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. 19A/79 *Endo* *na*

CONFIDENTIAL

DESKBY 042130Z

FM F C O 041600Z JUN 79

TO IMMEDIATE WELLINGTON

TELEGRAM NUMBER 109 OF 4 JUNE 1979

INFO CANBERRA

GM
76

WELLINGTON TELNO 112 (NOT TO ALL) :
VISITS TO AUSTRALIA AND NEW ZEALAND.

PLEASE CONVEY FOLLOWING MESSAGE FROM THE PRIME MINISTER TO
MR MULDOON.

BEGINS :

IT WILL SOON BE ANNOUNCED THAT I SHALL BE PAYING A
BRIEF VISIT TO AUSTRALIA OVER THE WEEKEND OF 30 JUNE,
IMMEDIATELY AFTER THE TOKYO SUMMIT. I WOULD MUCH HAVE
LIKED TO VISIT NEW ZEALAND TOO BUT THIS WILL NOT BE
POSSIBLE AS I HAVE TO BE BACK IN LONDON BY 3 JULY FOR
THE VISIT OF PRESIDENT TURBAY OF COLUMBIA, WHO IS
COMING AS A GUEST OF THE GOVERNMENT. I AM SURE YOU WILL
UNDERSTAND.

I GREATLY LOOK FORWARD TO SEEING YOU HERE ON 11 JUNE.

ENDS

[COPIES PASSED TO NO 10 DOWNING ST.]

CARRINGTON

FILES
SPD
SAND
FED
HK & GD
FRD
NEWS.D
PS
PS/LPS

PS/MR BLAKER
PS/PUS
SIR A BUFF
MR CONTAZZI
MR BUTLER
MR MURRAY

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CABINET OFFICE

CONFIDENTIAL

Australia

CONFIDENTIAL



AUSTRALIAN HIGH COMMISSION · LONDON

FROM THE DEPUTY HIGH COMMISSIONER

4 June 1979

*PM has seen and
agrees - by
the pa.*

Dear Bryan,

The Australian Prime Minister, Mr Malcolm Fraser, proposes to release tomorrow, 5 June, the attached statement about Mrs Thatcher's visit to Australia. Canberra has asked for urgent advice - which because of the time difference effectively means by close of business in London today - whether Downing Street would have any difficulty with the proposed text or with the proposed timing.

I am sending a copy of this letter and its attachment to Hugh Cortazzi and Donald Murray in the Foreign Office.

Yours sincerely,

Michael Cook

(M. J. Cook)

Mr B.G. Cartledge,
Private Secretary (Overseas Affairs)
to the Prime Minister,
Prime Minister's Office,
10, Downing Street,
LONDON, SW1.

CONFIDENTIAL

CONFIDENTIAL

PRIME MINISTERIAL STATEMENT ON MRS THATCHER'S
VISIT TO AUSTRALIA

PROPOSED RELEASE TIME - 5 JUNE

QUOTE

I am very pleased to announce that the newly elected Prime Minister of Great Britain, the Rt Hon. Margaret Thatcher, M.P., will visit Australia from 30 June to 2 July. The visit is a particularly welcome one, coming as it does so soon after Mrs Thatcher's assumption of office.

Mrs Thatcher's association with Australia is a long standing one, which is appreciated by all of us. She visited Australia in 1972 and again in 1976, and her visit on this occasion as Prime Minister will serve to emphasise the close consultation that has been such a feature of relations between Australia and Britain over the years. Both Governments value their close association, which reflects the very real interests and long-standing ties between our two countries.

As well as providing an opportunity for a broad review of Australia-United Kingdom relations, the visit will permit both Prime Ministers to explore other important matters, including the results of the Tokyo Summit and the forthcoming Commonwealth Heads of Government Meeting in Lusaka in August.

I have already written to Mrs Thatcher about issues that will be discussed at Lusaka and the bearing they will have on the prospects for long term stability in Southern Africa. I look forward to hearing at first hand Mrs Thatcher's views on developments there.

All Australians will give Mrs Thatcher a very warm welcome.

UNQUOTE

CONFIDENTIAL

CONFIDENTIAL

4 JUN 1979



[Faint, mostly illegible text, possibly bleed-through from the reverse side of the page]

11/11/79

[Faint text at the bottom of the page]

CONFIDENTIAL

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

FW GOW
- OK -
GOW
4/6

4 June 1979

Dear Sir

Visit by the Prime Minister to Australia

Since the New Zealand Government will be disappointed that the Prime Minister will not have time to visit Wellington as well as Canberra after the Toyko Summit, Lord Carrington recommends that she should send a personal message to the New Zealand Prime Minister before the announcement is made. I attach a draft telegram.

The Prime Minister is giving a lunch for Mr Muldoon on 11 June.

Yours sincerely
Peggie Turner

PP (J S Wall)
Private Secretary

B G Cartledge Esq
10 Downing Street
LONDON

CONFIDENTIAL

File No. FP.026/10

Department SPD

OUTWARD

Drafted by (Block Capitals) S G COOK

TELEGRAM

Tel. Extn. 233 3686

Security Classification CONFIDENTIAL
Precedence IMMEDIATE
DESKBYZ

FOR COMMS. DEPT. USE	Despatched (Date) (Time)Z	POSTBYZ
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 (Security Class.) CONFIDENTIAL (Caveat/ Privacy marking)
 (Codeword) (Deskby)..... Z

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AND TO (precedence/post)

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REPEATED TO (for info) CANBERRA

SAVING TO (for info)

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 Mr Cortazzi
~~Copies to: xx~~
 Mr Butler
 Mr Murray
 Copies to:
 PS/10 Downing St.
 PS/Cabinet Office

[TEXT]

Wellington telno 112 (Not to all) : Visits to Australia and New Zealand.

1. Please convey following message from the Prime Minister to Mr Muldoon.
 BEGINS.

It will soon be announced that I shall be paying a brief visit to Australia over the weekend of 30 June, immediately after the Tokyo Summit. I would much have liked to visit New Zealand too, but ~~regret~~ this will not be possible as I have to be back in London by 3 July for the visit of President Turbay of Columbia, who is coming as a guest of the government. I am sure you will understand.

I greatly look forward to seeing you here on 11 June.

ENDS

10 9 8 7 6 5 4 3 2 1
11 12 11 5

- 4 JUN 1979

CONFIDENTIAL

DESKBY 021000Z

FM CANBERRA 020600Z JUN 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 270 OF 2 JUNE
INFO WASHINGTON, TOKYO.

YOUR TELEGRAM NUMBER 197 (OF 1 JUNE)

VISIT BY THE PRIME MINISTER

1. MR FRASER WILL BE DELIGHTED TO RECEIVE A VISIT BY THE PRIME MINISTER ON THE DATES PROPOSED. HE HAD BEEN ON THE POINT OF SUGGESTING IT HIMSELF. HE HAS A STATE PREMIERS' CONFERENCE IN CANBERRA ON 29 JUNE BUT THAT IS NO OBSTACLE TO TALKS ON 30 JUNE AND 1 JULY.
2. MR FRASER WOULD LIKE TO KNOW WHEN YOU PROPOSE TO MAKE AN ANNOUNCEMENT. SO FAR AS THE AUSTRALIANS ARE CONCERNED, THE SOONER THE BETTER, PROVIDED THEY HAVE ENOUGH NOTICE TO PUT SOMETHING OUT HERE AT THE SAME TIME.
3. I WILL FORWARD A SUGGESTED OUTLINE PROGRAMME AS SOON AS POSSIBLE. IT WOULD BE HELPFUL TO KNOW WHETHER THE PRIME MINISTER WILL BE TRAVELLING BY RAF AIRCRAFT OR COMMERCIALY AND LATEST TIME OF DEPARTURE FROM CANBERRA WHEN KNOWN.
4. NEEDLESS TO SAY I AM DELIGHTED THAT THE PRIME MINISTER IS MAKING THIS VISIT. IT WILL BE SEEN BY THE AUSTRALIANS AS A GREAT COMPLIMENT AND LANDMARK IN OUR RELATIONS AFTER SUCH A LONG GAP SINCE THE LAST VISIT BY A BRITISH PRIME MINISTER IN OFFICE.
5. NO MENTION WAS MADE OF MR VANCE ON EITHER SIDE.

TEBBIT

FILES

SAD

FED

HRGD

FRD

PEO

PS

PS/LAS

PS/MR HURD

PS/MR RIDLEY

PS/MR BLAKER

PS/MR MARTEN

PS/MR LUCE

SIR A DUFF

MR CORTAZZI

MR BUTLER

MR MURRAY

COPIES TO

~~PS/NO 10 DOWNING ST~~

PS/CABINET OFFICE

CONFIDENTIAL

of PM Terms Abroad,
Tokyo and Canberra
Admin.



cc co

SS

10 DOWNING STREET

From the Private Secretary

1 June 1979

21
BF ~~20.6.79~~

OVERSEAS VISITS BY THE PRIME MINISTER

Thank you for your letter of 21 May, in which you conveyed the Foreign and Commonwealth Secretary's advice that the Prime Minister should pay a brief visit to Australia immediately after the Economic Summit in Tokyo on 28/29 June.

The Prime Minister has now been able to consider your letter and accepts Lord Carrington's recommendation. I should therefore be grateful if you would arrange for an approach to be made to the Australian Government to suggest that the Prime Minister might fly to Canberra from Tokyo overnight on 29/30 June and have talks with Mr. Fraser on 30 June/1 July. The timing of the Prime Minister's departure from Canberra to London should be left open for the time being: the Prime Minister may wish to reach London by the evening of 2 July rather than early in the morning of 3 July as suggested in the annex to your letter - I shall let you have the Prime Minister's final decision on this as soon as possible.

The main purpose of the Prime Minister's visit to Australia will, of course, be to give Mr. Fraser a first-hand account of the Tokyo Summit meeting. Briefing on other subjects will, however, of course be required and I should be grateful if this could reach me not later than 1700 on Thursday, 20 June.

I am sending a copy of this letter to Martin Vile in the Cabinet Office.

B. G. CARTLEDGE

J.S. Wall, Esq.,
Foreign and Commonwealth Office.

ASD

Top Copy filed on CONFIDENTIAL

PM Tours Abroad,
May 79, Tokyo and
Canberra Admin.



Foreign and Commonwealth Office

London SW1A 2AH

21 May 1979

Dear Bryan,

Overseas Visits by the Prime Minister

Thank you for your letter of 11 May asking for the views of the Foreign and Commonwealth Secretary on the places the Prime Minister might visit after the Tokyo Summit.

Lord Carrington thinks that, rather than going to Singapore and Malaysia, the Prime Minister should consider a brief visit to Australia. The reasons are as follows:

- (a) No British Prime Minister has made a visit of substance to Australia since Mr Macmillan;
- (b) The importance of the UK/Australia connection and of our political and commercial interests;
- (c) The growing importance and influence of Australia, not just in Asia and the Pacific, but also more widely: Australia's Chairmanship of the Regional Commonwealth Heads of Government meeting in Sydney last year was a notable success;
- (d) The Australian Prime Minister had hoped for a seat at the Tokyo Summit, and the Japanese would have given it to him if all the others had agreed. If the Prime Minister's first action after the summit is to go to Canberra to tell Mr Fraser about it, this would do more than any other gesture to show the Australians the value we put on the relationship. It might also forestall the Japanese.

There would be no need for Mrs Thatcher to go also to New Zealand, because the New Zealand Prime Minister, Mr Muldoon, will be in London next month (10 to 12 June); and the Prime Minister will be entertaining him to lunch.

The attached outline travel schedule shows that the Prime Minister could spend two days (and nights) in Canberra and still get back to London in good time before her proposed meeting with President Turbay of Colombia, about which I am writing to you separately.

/If

Bryan Cartledge Esq
10 Downing Street

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If the Prime Minister would still prefer to visit South-East Asia, Lord Carrington thinks there would be no need to visit Singapore because Mr Lee Kuan Yew, the Prime Minister, will also be in London in June and Mrs Thatcher could see him then. In this case a visit to Kuala Lumpur could be combined with one to Delhi, where there would be much value in establishing a personal relationship with Mr Desai well in advance of Lusaka. The outline travel schedule covers this as well.

Lord Carrington will also arrange to visit one or two countries after Tokyo, once he knows the Prime Minister's plans.

I am copying this letter to Martin Vile (Cabinet Office).

For ever,

Stephen

J S Wall
Private Secretary



PRIME MINISTER'S VISITS

DRAFT OUTLINE TRAVEL SCHEDULE

All times indicated are local

First Alternative: Australia

		<u>Flight Time</u>
Friday 29 June	Lve Tokyo 2100 hours	9 hrs 50 mins
Saturday 30 June	Arr Canberra 0750 hours	
Monday 2 July	Lve Canberra 1300 hours	26 hours
Tuesday 3 July	Arr London 0600 hours	

Second Alternative: Malaysia, India

		<u>Flight time</u>
Saturday 30 June	Lve Tokyo 0900 hours	
Saturday 30 June	Arr Kuala Lumpur 1430 hrs	7 hrs
Sunday 1 July	Lve Kuala Lumpur 0900 hrs	
Sunday 1 July	Arr Delhi 1205 hours	5 hrs 5 mins
Monday 2 July	Lve Delhi 2100 hours	
Tuesday 3 July	Arr London 0680 hours	13 hrs 50 mins

END

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February 2010