

12/13

PART ONE

NEW FILE COVER

CONFIDENTIAL FILING

Visits of Australian Prime Ministers,
Mr Malcolm Fraser to London.

AUSTRALIA

Visits of Mr Hawke

PTI:

Briefing for PM's meeting with Mr Hawke 21/4/86
in attached folder.

January 1986

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
18.4.86							
21.4.86							
22.4.86							
PTI ENDS							
PREM 19/1675							

PART 1 ends:-

MR HAWCG to PM. 22. 4. 86

PART 2 begins:-

CDP to PM 31. 8. 88

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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T77AE/86

④
COP
Prime Minister
22/4

SUBJECT CC MASTER
OPS

PRIME MINISTER
CANBERRA

Freedom AUSTRALIA: Views of Mr Hawke, Jan 1980

22 April 1986

Dear Margaret,

I write to express my appreciation for the opportunity to have discussions with you during my recent visit to London.

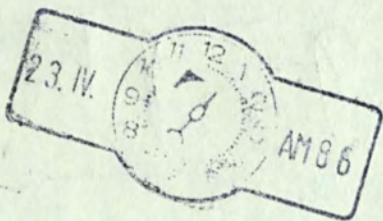
As members of the Commonwealth, our two countries have much in common and have always enjoyed a long tradition characterised by close understanding. I was, therefore, pleased that our talks on this occasion allowed me to express Australia's views on a number of issues not only of concern to the Commonwealth but also on the areas which now concern the broader international community.

Thank you again for the time which you made available.

Yours Sincerely
R.J.L. Hawke

R.J.L. Hawke

The Rt Hon Margaret Thatcher, MP
Prime Minister and First Lord of the Treasury
10 Downing Street
LONDON SW1



САНКТ-ПЕТЕРБУРГ
БРИДЖИ И КОМПАНИ

Lee
CONFIDENTIAL



JA
bc pc

SUBJECT MASTER

10 DOWNING STREET

From the Private Secretary

21 April 1986

Dear Robert,

**PRIME MINISTER'S MEETING WITH
THE PRIME MINISTER OF AUSTRALIA**

I enclose a record of the plenary session of the Prime Minister's talks with Mr. Hawke which were held this afternoon.

I am copying this letter to Ivor Llewellyn (MAFF), Michael Gilbertson (Department of Trade and Industry) and Michael Stark (Cabinet Office).

Yours sincerely,
Charles Powell

(Charles Powell)

R. N. Culshaw, Esq.,
Foreign and Commonwealth Office.

JA

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PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF AUSTRALIA
AT 1615 ON MONDAY 21 APRIL AT 10 DOWNING ST

Prime Minister	Mr. Hawke
Minister of Agriculture, Fisheries and Food	Australian High Commissioner
Secretary of State, Dept of Trade and Industry	Mr. M. Codd (Secretary, Dept of Prime Minister & Cabinet)
Baroness Young	Mr. G. Miller (Secretary, Dept of Primary Industry)
Mr. Williamson (Cabinet Office)	Mr. V. Fitzgerald (Secretary, Dept of Trade)
Dr. Wilson (FCO)	Mr. P. Flood (Deputy Secretary, Department of Foreign Affairs)
Mr. Titchener (DTI)	Mr. P. Barron (Prime Minister's Political Adviser)
Mr. Wentworth (MAFF)	Mr. G. Evans (Private Secretary to the Prime Minister)
Mr. Powell (Private Secretary to the Prime Minister)	

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The Common Agricultural Policy

Mr. Hawke said that he thought that Australia and the United Kingdom shared a good deal of common ground about the difficulties resulting from the application of the common agricultural policy. Australia exported about 80 per cent of its agricultural production, which represented about 40 per cent of its export earnings. It was clear, therefore, why better access to world markets and a reduction in subsidised competition was essential. Australia had suffered the loss of its markets in Europe as the European Community moved to self-sufficiency and was losing markets elsewhere as surpluses were disposed of with subsidy. Australia itself was not subsidising its agricultural exports. He had put to President Reagan that agriculture should be high on the agenda of the next GATT round and that this should be made clear at the Tokyo Economic Summit.

The Prime Minister said that there were world-wide agricultural problems. The incidence of protection and subsidy was just as high, if not higher, in the United States and Japan as it was in the European Community. The United Kingdom, however, did not like the way in which the common agricultural policy was being run. Prices of important products such as cereals were being held too high within the Community, in particular because of the needs of German farmers as seen by the German Government, which had to take this position in order to maintain the political coalition. This in turn tended to hold other price levels up. Now that the French were net contributors to the Community budget their position on agriculture was more reasonable. The United Kingdom was continuing to work for price restraint and for measures to limit all the year round intervention; and was seeking consideration of action to take some land out of production ("set aside"), possibly for replacement by woodland.

The Minister of Agriculture, Fisheries and Food said that the United Kingdom was trying very vigorously to bring the operation of the common agricultural policy back to reality.

The Commission had made clear the consequences if action were not taken, for example the potential growth in the cereals stock up to 80 million tonnes by the beginning of the next decade. There had been cuts in real terms in the level of price support in the Community in recent years and farmers' incomes were under pressure; in the United Kingdom, for example, as a result of this price pressure and bad weather, incomes had fallen by 43 per cent last year. We intended to press on with our search for a better balance in the common agricultural policy and this would be helped by the restraining effect of the financial guideline for agriculture, although this was already under pressure.

GATT round

Mr Hawke said that he was concerned to know what view those Community member states present at the Tokyo Economic Summit would take about the place of agriculture in the next GATT round. The Secretary of State for Trade and Industry explained that the Community's position, as determined in the declaration of 19 March 1985, was that the Community was ready to work towards improvements within the existing framework of the rules and disciplines in GATT covering all aspects of trade in agricultural products but that this same resolution reiterated the determination not to place in question the fundamental objectives and mechanisms of the common agricultural policy. There would no doubt be considerable hedging among the member states. The United Kingdom thought it inevitable that agriculture would be discussed in the next GATT round. It was relevant that the United Kingdom would have the Presidency of the Council of Ministers during the latter part of this year when the Community's position on the GATT round might be further developed. The present formula would remain unless and until a new position were established. The Prime Minister said that the objections raised by President Mitterrand at the last Economic Summit had indicated already the difficulty of handling agriculture in the new GATT round. Because both President Mitterrand and Monsieur Chirac would be present at the Tokyo Economic Summit it was even more difficult to foresee the French position this time. The

Community formula, however, did not preclude the United Kingdom from supporting at Tokyo the view that agriculture must be reasonably dealt with in the next GATT round.

Relations with the United States

Mr Hawke said that he had sought from the United States two conditions on the latest United States' export subsidisation of agricultural products; first, that this should be targetted away from Australian markets; and, secondly, that in targetted markets supplies from non-subsidising exporters, such as Australia, should be maintained. He thought, however, that there would be nonetheless some effect on Australian exports. The Minister of Agriculture, Fisheries and Food said that the United States export enhancement programme was a bad policy which would reduce prices by putting an additional \$1 billion of subsidy into world markets and would damage all exporters. On the current trade dispute between the United States and the European Community about United States exports to Portugal and Spain it seemed now that the United States would delay any aggressive action beyond 1 May. The United States had been completely unreasonable on this point. It must have been clear for a long time that the mechanisms of the common agricultural policy would be applied to Spain and Portugal. In any event, the changes in Portugal were not affecting United States' trade in the immediate future.

Community's 1986 price package and immediate issues

The Minister of Agriculture, Fisheries and Food said that there were tough measures in the current price package. The effective support price for cereals would fall and a further 3 per cent cut in milk production was being proposed. The Australian Government should be aware that there were also pressures in the other direction, in particular because of the greater strength of Southern member states seeking more support for Mediterranean products. There was also pressure to put restrictions on imports of non-grain feeding stuffs, of which the Community was a major importer. The United Kingdom would continue to press for a tough price package but had also to ensure that certain elements which discriminated against

larger farmers had to be removed. There would also be serious difficulties later this year about access for New Zealand butter, since Monsieur Guillaume, the new French Minister of Agriculture, had taken a strong line in public about these imports. Mr Hawke said that, in view of these difficulties and the possibility of further disposals by the Community of its agricultural stocks, his conclusion was that he was optimistic about the United Kingdom attitude but pessimistic about early and significant changes in the operation of the common agricultural policy. The Prime Minister said that we had faced similar difficulties in past years and we would remain persistent in seeking improvements in the operation of Community agricultural support.

East/West relations and Arms Control

The Prime Minister said that she thought British and Australian views on East/West relations and arms control were not far apart. It was important to register progress on arms control at the next US/Soviet Summit.

Mr. Hawke believed that the United States was taking a positive approach. Much of the Gorbachev proposals was propaganda. But they also indicated areas where progress should be possible, for instance on INF and Chemical weapons. He hoped that the Alliance would not forget the implications for Asia of the INF negotiations.

Trade with Japan

The Prime Minister enquired whether the Australian government had registered any progress in opening up the Japanese market. Mr. Hawke said that he had conducted negotiations with the Japanese in 1984 but these had yielded only sparse results.

Australian Bicentennial

Mr. Hawke expressed disappointment at the United Kingdom's inability to allow Australia to have one of the two originals of the Constitution of Australia Act. The Prime Minister acknowledged the disappointment but pointed to the difficult precedent which would be created.

Australian Economy

The Prime Minister congratulated Mr. Hawke on the success of the Australian economy. Mr. Hawke doubted whether the same high rate of expansion could be maintained as in the past two years, but expected continuing steady growth.

The meeting ended at 1730.

C.D.P.

C. D. Powell

21 April 1986

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ccpc ✓
SUBJECT CC MASTER
Copied to SA AFRICA Relations - Pt. 7
10 DOWNING STREET

From the Private Secretary

21 April 1986

Dear Tony,

PRIME MINISTER'S MEETING WITH THE PRIME MINISTER
OF AUSTRALIA

The Prime Minister had a talk with Mr. Hawke for some 45 minutes this afternoon before the plenary session of Anglo-Australian talks. Mr. Hawke was accompanied by the Australian High Commissioner only.

Libya

Mr. Hawke said that he had been surprised at the amount of opposition in Britain and more generally in Europe to the United States' action against Libya. He had found the Americans almost equally surprised. In his view the evidence for Libya's complicity in terrorism was overwhelming though he had some reservations about the wisdom of going as far as the Americans felt it necessary to do in publishing intelligence material. The Prime Minister agreed that it was sad that nowadays you had to publish evidence to convince people that you were telling the truth. More generally, far too much information had leaked out in Washington in advance about the Americans' plans to take action. But she remained convinced that the American action had been entirely justified. There were times when the only way to defend yourself against force was to use force. She believed that opinion in the United Kingdom was gradually coming round to understand this.

Mr. Hawke said that, on his return to Canberra, he would look seriously at the question of whether to allow the Libyan People's Bureau in Australia to remain. The Australians had already reduced its size in January in response to the American request for some action. The Prime Minister said that the Libyan People's Bureaux were undoubtedly centres for sponsoring terrorism. She was sceptical as to whether other European countries would go so far as to close them down though she understood that agreement had just been reached in Luxembourg to reduce their size.

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Mr. Hawke observed that the Americans did not seem to be unduly worried about reaction of Arab Governments. The Prime Minister thought it too early to reach definite conclusions about this. Arab Governments themselves had reacted calmly but might come under further pressure from their public opinion.

Mr. Hawke said that he had been told in Washington that Soviet naval vessels stationed off Libya had failed to give the Libyan Government early warning of the American attack. The Americans were not sure whether this was deliberate or simply incompetence.

New Zealand Ship Visits

Mr. Hawke said that he had discussed the question of New Zealand ship visits with Lady Young during her visit to Australia. He admired the United Kingdom's persistence in trying to find a solution to the problem. But he did not think that the so-called China Formula would help as far as New Zealand was concerned. His personal view was that there was little point in negotiations. The New Zealand Government would not change its position. The Prime Minister said that she was inclined to agree. Mr. Lange was completely hooked on his policy and seemed determined to stay hooked.

Mr. Hawke said that he had told President Reagan that when New Zealand legislated on ships' visits, Australia would not want to see the ANZUS Treaty abrogated. He envisaged an exchange of letters which would keep it in operation between Australia and the United States. At the same time Australia would maintain its bilateral defence cooperation with New Zealand, but would not share intelligence material obtained from the United States. No-one could blame the United States for the way they have handled New Zealand over this matter. The Americans had conducted themselves eminently reasonably.

The Prime Minister said that we had tried hard to find a way around the problem but Mr. Lange himself had been no help. She doubted whether the present discussions would lead to a tolerable result. But we would nonetheless go on supporting New Zealand in the European Community and on other matters.

South Africa

The Prime Minister said that she thought that she and Mr. Hawke agreed on the importance of the Eminent Persons Group. It probably represented the last hope of peaceful progress in South Africa. But President Botha had to be brought along carefully. Statements of the sort recently made by Mrs. Mandela only made matters more difficult. The South African Government were naturally worried about what would happen if the ANC agreed to suspend violence but were in practice unable to control their supporters. But she believed that the South African Government were at last

beginning to face reality and that a suspension of violence leading to talks between the South African Government and black representatives including the ANC could be brought about.

Mr. Hawke said that he had discussed those issues in Washington. He had detected a perceptible change in the American analysis. They no longer saw South Africa as a long-term problem: they realised that there had to be progress towards a solution now. The Administration fully supported the Eminent Persons Group strategy and President Reagan had written to President Botha in this sense. The Americans also had other initiatives in mind. But it was essential that President Botha should give the Eminent Persons Group a definite response. Vague promises of willingness to consider taking action on the points put forward by the Group would not be enough.

The Prime Minister said that one had to have some understanding for the South African Government's concerns. They needed reassurance that if they agreed to act on the points put forward by the Eminent Persons Group, the latter would really be able to persuade the ANC to suspend violence. A lot depended on the ANC. Mr. Hawke said that Mr. Fraser seemed certain that they would suspend violence if there was a positive response from the South African Government to the Eminent Persons Group's proposals. The Prime Minister repeated that it would be a mistake to drive President Botha too hard. Nor should we give up too soon. We must be sure that it was simply not possible to persuade President Botha to move further before abandoning the Eminent Persons Group initiative.

Mr. Hawke asked whether the Prime Minister had any views about where and when the Review meeting should take place. He understood that various informal soundings suggested that the first week of August would suit several people well. The Prime Minister said that July would be very difficult indeed for her and the first week of August no better. She would much prefer the meeting to be held towards the middle of September. This would give the Eminent Persons Group's initiative more time to make progress. Another possibility would be to have a preliminary meeting of Foreign Ministers in July with Heads of Government meeting later.

Mr. Hawke doubted whether the conclusions of Nassau would stretch to postponing the Review meeting of Heads of Government until September. He did not want to be dogmatic or risk the possible success of the initiative by holding the meeting too soon. But all the elements were there to enable the South African Government to reach its decision and there were no obvious arguments for delay. The Prime Minister said that it all depended on whether one's priority was to maintain the time-frame established at Nassau or to achieve a positive result. No other way forward had a similar chance of success. It would be tragic to ruin the prospects of the Eminent Persons Group by pushing ahead too fast.

South Pacific Nuclear Free Zone

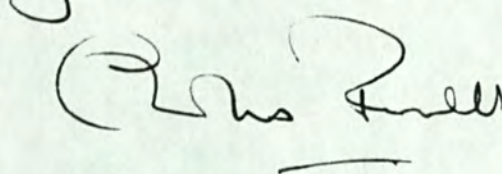
Mr. Hawke said that Australian officials had talked to their British counterparts about the draft Treaty for a South Pacific nuclear free zone. He had also mentioned the matter during his recent visit to Washington. He believed that the United States' Administration were persuaded about the appropriateness of the provisions of the Treaty. Australia would not be a party to the Treaty if it were to infringe on the rights of the United States or of ANZUS. But he had received an explicit reassurance from CINCPAC that the Americans saw the proposed Treaty in positive terms and did not regard it as an inhibition on the options of the United States' forces. He hoped that the Prime Minister would consider United Kingdom adherence to the Protocols favourably.

The Prime Minister said that she was very sceptical of such proposals. You did not create a nuclear free zone simply by declaring one. The Soviet Union would not take the slightest notice. The matter would need to be considered and discussed very carefully. She could give no commitment.

Australian Bicentennial

Mr. Hawke expressed gratitude for the British Government's cooperation over the Australian Bicentennial.

I am copying this letter to John Howe (Ministry of Defence) and Michael Stark (Cabinet Office).

Yours sincerely,


C D POWELL

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office

MEETING WITH MR HAWKE

- i) Congratulate him on successful visit to the United States.
- ii) South Africa. Important that Eminent Persons Group be given every chance to succeed. Reasonably encouraging response from Botha. President Reagan has weighed in with support. EPG should give South African Government time to formulate a sufficiently positive response to allow dialogue with them to continue. Also important not to rush Review meeting. Perhaps Foreign Ministers could have a progress report in July and Heads of Government to review in the autumn.

iii) Agriculture. Noted assurances you received from United States. Mistake to believe that US agriculture less subsidised than EC. Per capita it is considerably more. We are far from happy with CAP. But have worked hard for price restraint. Ready to see a new GATT round tackle agriculture. Mr Jopling to expand.

iv) Economic and Trade Issues

Do not let him forget Australia's high tariffs on industrial products (average 24% as against EC 4.9%). Paul Channon to expand on any problems. Difficulties of expanding Economic Summit membership well-known. No immediate likelihood of expanding G10.

- v) Libya. Welcome stronger Australian line used in White House statement. Explain our policy.
- vi) East/West Relations and Arms Control. Give an account of prospects. Explain why non-nuclear world not realistic. Urge realism on Comprehensive Test Ban Treaty.
- vii) New Zealand and Ship Visits. Ask for account of his talks in Washington and assessment of implications for ANZUS if no compromise between US and NZ reached.
- viii) Australia's Bicentenary. We are giving specially commissioned sale training ship. Sorry we cannot let them have original of the Commonwealth of Australia Constitution Act.

ix) Australian Royal Commission on British Nuclear Tests.

Ready to contribute to further clean up but no justification for asking us to bear costs.



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MR POWELL

--- I attach, for inclusion in a letter which you may wish to send to Mr Galsworthy (FCO), a note of the points made on agriculture during the discussion between the Prime Minister and Mr Hawke, the Prime Minister of Australia, today.

Df Williamson
D F WILLIAMSON

21 April 1986

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The common agricultural policy

Mr Hawke said that he thought that Australia and the United Kingdom shared a good deal of common ground about the difficulties resulting from the application of the common agricultural policy. Australia exported about 80 per cent of its agricultural production, which represented about 40 per cent of its export earnings. It was clear, therefore, why better access to world markets and a reduction in subsidised competition was essential. Australia had suffered the loss of its markets in Europe as the European Community moved to self-sufficiency and was losing markets elsewhere as surpluses were disposed of with subsidy. Australia itself was not subsidising its agricultural exports. He had put to President Reagan that agriculture should be high on the agenda of the next GATT round and that this should be made clear at the Tokyo Economic Summit.

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GATT round

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in agricultural products but that this same resolution reiterated the determination not to place in question the fundamental objectives and mechanisms of the common agricultural policy. There would no doubt be considerable hedging among the member states. The United Kingdom thought it inevitable that agriculture would be discussed in the next GATT round. It was relevant that the United Kingdom would have the Presidency of the Council of Ministers during the latter part of this year when the Community's position on the GATT round might be further developed. The present formula would remain unless and until a new position were established. The Prime Minister said that the objections raised by President Mitterrand at the last Economic Summit had indicated already the difficulty of handling agriculture in the new GATT round. Because both President Mitterrand and Monsieur Chirac would be present at the Tokyo Economic Summit it was even more difficult to foresee the French position this time. [REDACTED] The [REDACTED] Community formula, however, did not preclude the United Kingdom from supporting at Tokyo the view that agriculture must be reasonably dealt with in the next GATT round.

Relations with the United States

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a bad policy which would reduce prices [redacted] by putting an additional \$1 billion of subsidy into world markets and would damage all exporters. On the current trade dispute between the United States and the European Community about United States exports to Portugal and Spain it seemed now that the United States would delay any aggressive action beyond 1 May. The United States had been completely unreasonable on this point. It must have been clear for a long time that the mechanisms of the common agricultural policy would be applied to Spain and Portugal. In any event, the changes in Portugal were not affecting United States' trade in the immediate future.

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its agricultural stocks , his conclusion was that he was optimistic about the United Kingdom attitude but pessimistic about early and significant changes in the operation of the common agricultural policy. The Prime Minister said that we had faced similar difficulties in past years and we would remain persistent in seeking improvements in the operation of Community agricultural support.

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Foreign and Commonwealth Office

London SW1A 2AH

18 April 1986

John Charles,

*DNets with
with PM*

Visit of the Australian Prime Minister

With my letter of yesterday's date I sent you briefing for Mr Hawke's call on the Prime Minister on Monday 21 April.

Brief No 3 (South Africa: COMGEP) has had to be slightly revised and I enclose the amended version.

I am copying this letter and the revised brief to John Mogg (DTI), Ivor Llewellyn (MAFF) and David Williamson (Cabinet Office).

Yours ever

R N Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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PRIME MINISTER

MEETING WITH MR HAWKE

You are to see Mr Hawke on Monday afternoon. You will first have a half an hour's tête-à-tête meeting with him.

Thereafter we have set aside 1¹/₂ hours for a seminar-type meeting in the Cabinet Room. This is at Mr Hawke's request.

You will recall that you had to cancel the working supper which you had offered him in order to attend the gala performance for The Queen's Birthday.

I suggest that you concentrate on South Africa in the restricted meeting leaving the other subjects for the wider session. You may have to lean quite heavily on Mr Hawke to agree to continuation of the Eminent Persons Group and to postpone a Review meeting until September.

You will be supported at the wider meeting by the Minister of Agriculture, the Trade and Industry Secretary and Lady Young. Mr Hawke will have six officials. Since the Minister of Agriculture has to leave for a meeting in Brussels it would be a kindness to take agriculture first in the wider meeting.

Background

Mr Hawke comes to London from Washington and is going on to Brussels, Rome and Athens. His political position at home is at present very strong not least because of the poor showing of the opposition. No further election is required until 1988. The main domestic issues in Australia are the continuance of the Accord achieved by Mr Hawke under which Government business and unions work together for economic recovery; taxation; reform and the granting of Aboriginal land rights.

The main purpose of Mr Hawke's visit is to show Australians that he is out there and battling for Australia's agricultural exports. His particular target is the CAP and he will be

Looking for a rumbustious argument with the EC Commission in Brussels. You will want to know that he saw Lady Young a week ago in Australia.

I attach a telegram from John Leahy which sets out the background more fully.

Agenda

You will want to have a good go at him on South Africa. He appears sceptical whether the Eminent Persons Group is really getting anywhere and inclined to accept a recommendation that it should be wound up. You will want to convince him that there is a reasonable prospect of an encouraging response from the South African Government and that further contacts between them and the EPG would be well worthwhile. It would be a great mistake to pre-empt this: there is no alternative course which offers better prospects of making progress. The United Kingdom is no more ready than before to impose economic sanctions and you believe the same to be true of President Reagan. You do not therefore favour rushing into a review conference and think that July is likely to be too early - though if pressed you might suggest a preliminary review meeting by foreign ministers then to be followed by a Head of Government session subsequently. The latter ought to be in London, though you would not object if Mr Pindling were to take the chair.

Progress reports

In the wider session you will want to start with agriculture. In some ways our interests are not too different, since we both have a pretty poor opinion of the CAP. But you must also bat for the Community and point out that Europe has taken agricultural price cuts in real terms in the last three years and the current proposals are for a freeze. It cannot be said that Europe isn't doing its bit. He should not forget that the Americans and the Japanese subsidise their agriculture even more heavily than the EEC. We are ready to see a new GATT round tackle agriculture thought it would be a mistake to set expectations too high. You can ask Mr Jopling to expand

on this.

On other economic and trade issues you will not want to let him forget Australia's high tariffs on industrial products (average 24 per cent as against the EEC's 4.9 per cent). He will press you to support Australia's inclusion in the Economic Summit: you will want to let him down gently. Australia also wants to get in on the G10. You might invite Mr Channon to comment on other trade issues.

On foreign affairs you might explain the reasons for our support for American actions over Libya. Mr Hawke's response was luke-warm though not openly hostile. You might give him a brief account of the prospects for East/West relations and arms control. He tends to hold unrealistic views on the latter, in particular on a Comprehensive Test Ban Treaty where he is inclined (like Mr Kinnock) to want to go straight into negotiations before we know whether there is any real basis for them. You will want to explain your views why a nuclear free world is not realistic. Your Times interview attracted much attention in Australia.

On Pacific issues you need to have a talk about New Zealand and ship visits. While we are ready to continue dicussions with New Zealand to find a solution, we are not going to compromise on our neither-confirm-nor-deny policy. (The brief on this - which comes under Pacific issues - is worth reading). You will want to suss out whether Australia is likely to feel under pressure to follow New Zealand's example, and consider the implications for ANZUS if no compromise between New Zealand and the United States can be reached. Mr Hawke may also raise the hoary subject of a South Pacific Nuclear Free Zone Treaty. We are sceptical of this but do not actually need to jump on it.

On the bilateral side there are two matters likely to come up. The first is the Australia Bicentenary 1988. You will recall that we set aside a million pounds for a gift and are giving them a specially commissioned sail training ship for the

E. R.

benefit of young people. He continues to hanker after having the original of the Commonwealth of Australia Constitution Act on permanent loan, and is discontented at our refusal to export it. The second issue is the outcome of the Australian Royal Commission on British Nuclear Tests. Here you will not want to let him draw you down the path of offering to contribute to further clean-up of the test site. We are ready to give technical help but there is no justification for expecting us to bear any further clean up costs.

I attach the briefs.

e.d.?

Charles Powell

18 April 1986

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

17 April 1986

Joan Channon,

Visit of the Australian Prime Minister

/ As requested in your letter of 11 April, I attach briefing for Mr Hawke's call on the Prime Minister on Monday 21 April. The briefing includes a draft press line, a list of the Australian officials who will accompany Mr Hawke, a personality note on Mr Hawke and a background brief on Australia. Most of the briefing is on the subjects that Mr Hawke has said he would like to raise, but briefing on bilateral issues and on the Anglo-Irish International Fund is also provided. The brief on Libya is of necessity skeletal; we can if necessary supply updated material on Monday 21 April.

Mr Hawke has agreed that the two-hour meeting should begin at 1530, the first half hour being a private tête-à-tête with notetakers only. He is also content that his party should be limited to a total of eight.

You asked that the Foreign Secretary, the Trade and Industry Secretary and the Minister for Agriculture should attend. Mr Channon and Mr Jopling have confirmed they will do so.

As the Foreign Secretary will be attending the FAC on Monday afternoon, you have agreed that Lady Young should attend the meeting with Mr Hawke in his place. Dr Wilson, the Assistant Under-Secretary responsible for Australia, will be present.

/ Since Mr Hawke's visit to London is so short, we did not consider it necessary for our High Commissioner in Canberra to return for it. Sir John Leahy has, however, provided a useful scene-setting telegram, a copy of which I attach. Mr Hawke's overseas tour has taken him to Washington and will take him on to Brussels, Rome and Athens after leaving London. His main concern will be to demonstrate to Australians his concern and support for Australian agricultural exports, even

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though few Australian farmers support the Australian Labor Party. As Sir J Leahy says, Mr Hawke's political position is strong, largely thanks to the poor showing of the Opposition. The next general election need not be held until early 1988.

I am copying this letter and the briefing to John Mogg (Department of Trade and Industry), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food) and David Williamson (Cabinet Office).

Yours ever

A handwritten signature in blue ink, appearing to read 'R N Culshaw' with a stylized flourish at the end.

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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PRIME MINISTER'S MEETING WITH THE AUSTRALIAN PRIME MINISTER,
MR HAWKE, MONDAY 21 APRIL

LIST OF BRIEFS

1. Economic Issues
Tokyo Summit
New GATT Round
2. East/West Relations and Arms Control
3. South Africa COMGEP
4. Pacific Issues
ANZUS and Ship Visits
South Pacific Nuclear Free Zone Treaty
Australian Bicentenary 1988
Australian Royal Commission on Nuclear Tests
5. Libya
6. Anglo-Irish Agreement: International Fund
7. EC/Australian Co-operation in R&D/EUREKA

Background Brief

South Pacific Department
Foreign and Commonwealth Office

April 1986



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PRIME MINISTER'S MEETING WITH THE AUSTRALIAN PRIME MINISTER,
MR HAWKE, MONDAY 21 APRIL

BRIEF NO 1: ECONOMIC ISSUES

Our Objectives

1. To brief Australians on our approach to Tokyo Summit, and prospects for world economy.
2. To seek Australian support for approach to new GATT round.

Arguments To Use

General

1. Discussion likely to focus on whole range of international issues.
2. Debt, exchange rate system and need for international monetary conference likely to feature most.
3. Good prospects for sustainable, non-inflationary growth in world economy. Major threats still posed by debt, protectionism and imbalances.
4. On debt, case-by-case approach best way forward.
5. Build on recent initiatives, eg Baker plan.
6. Lower interest rates and fall in effective value of American dollar (now 25% lower than February 1985) help.
7. Overall, cheaper oil had positive effect on world economy, reducing inflation and interest rates; but major oil exporters hit hard.



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New GATT Round

8. Know Australia agrees crucial importance of launch of new round at September GATT Ministerial.
9. World trading system - vital to UK and Australia - under severe protectionist pressure (US, Japan etc). New round essential to combat this.
10. Work together to build up developing country confidence that new round will address issues of importance to them, eg textiles and agriculture, if developed country concerns in services and graduation of NICs to be met.
11. EC clearly prepared to deal with long term future of trade in textiles.
12. Hope Australians can help persuade LDCs that discussion of services not inimical to their economic interests.
13. ASEANS also need encouragement to play more active role to counter negative efforts of eg Brazil and India.
14. Note Australian interest in including agriculture. EC accepts this.
15. Important Australia prepared to join general reduction of protection, by reducing industrial tariffs.

His Objectives

1. To seek British support for invitation to 1987 Summit. (Australia hoped to be invited to Tokyo Summit).



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2. To express interest in joining G10 (Spain has asked to join).
3. To press agriculture as major priority in new GATT round.
4. To persuade Prime Minister to encourage full consideration of GATT round at Tokyo.

Your Response

Summit membership

1. Formally for Italians, as hosts, to invite. Would have to consult partners. Understand aspirations. Concerned others then press to come. Difficult to draw line.

G10 Meetings

2. Spanish application being considered. If Australia makes formal application, unlikely final decision before 1988, when G10 countries meet to review level of loan to IMF.

GATT

3. Share Australian views about need for substantial progress on agriculture. Sensitive area, though have got EC to express willingness to discuss all issues.
4. EC made clear in March 1985 FAC declarations committed to work for improvements in existing GATT rules in agriculture, but fundamental objectives of CAP must be protected.
5. Agree on need to bring agriculture more within GATT disciplines.

6. New GATT round alone cannot bring reform of CAP, any more than induce Japanese and Americans to dismantle systems of heavy domestic agricultural subsidy and protection. But it will

(a) add to pressures for reduction of costly support in US, EC and elsewhere.

(b) provide forum in which 'mutual and balanced subsidy reductions' could be made.

7. Growing EC recognition present over-production cannot continue.

8. CAP price cuts in real terms in last three years. Milk quotas agreed 1984. EC farmers incomes substantially reduced over last year.

9. Current proposals include price freeze for most commodities and measures to reduce return for cereals and beef producers.

10. Determined achieve restrictive settlement. Main problem German ambivalence and resistance to price cuts.

11. Certainly intention that Tokyo Summit fully address trade issues, and re-assert importance of launching new round at September Ministerial.

Tactical Arguments

1. EC world's largest food importer. Australia imports only 0.5% of world food and agricultural products.

2. If new GATT round is to succeed in reversing protectionism, must address full range of issues eg tariff peaks. EC's average duty levels on industrial products approximately 4.9%, none above 20%: Australia's average approximately 24%, with some (eg bed linen) as high as 150%.



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Background

1. Issue of Australian participation at Summits last raised before London 1984. Then agreed instead, as hosts, to give full debriefing.

2. They have also, in past, expressed interest in joining G10, (countries participating in General Arrangement to Borrow, system whereby IMPF augments funds raised by subscriptions).

3. Mr Hawke will have just visited Washington and will go on to Brussels, Rome and Athens.

4. EC/Australia relations sensitive. Australians very critical of Commission decision to postpone high level official talks in April because believed Australians prepared for major attack on EC.

5. Commission also took exception to appointment without consultation of Mr Lindsay Duthie as Special Australian Trade Representative to EC, in London.

6. We agree with Commission Australians too aggressive but have insisted Commission must work for successful talks with Mr Hawke on 22 April, to parallel his successful visit to Brussels in 1985 (which led to EC agreement not to exploit traditional Australian markets for beef in Far East).

7. Australia fully supports new GATT round: her priority to force pace on agriculture. Her intention is to use new round to conduct major attack on CAP, especially export subsidies, while preserving own South-East Asian export markets. Likely will seek alliance with USA to attack CAP. August 1985 report (independent) from Australian Bureau of Agricultural Economics on EC agricultural policy very critical of CAP: concluded CAP had changed EC from one of largest importers to second largest exporter of temperate products and



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depressed world prices by 16%. Agree with much of report and with main conclusions.

8. Australia looks to UK as main ally within EC. Has shown impatience that EC position on new round agenda not advanced beyond 19 March 1985 FAC declaration:

"Community is ready to work towards improvements within the existing framework of the rules and disciplines in GATT covering all aspects of trade in agricultural products, both as to imports and exports, taking full account of the specific characteristics and problems in agriculture [but that] the Council is determined that the fundamental objectives and mechanisms both internal and external of the CAP shall not be placed in question".

Commission cautious of proposing more formal negotiating mandate, fearing more protectionist Member States may use discussion to frustrate forward EC position; but seems committed to genuine negotiation.

Foreign and Commonwealth Office
April 1986

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PRIME MINISTER'S MEETING WITH THE AUSTRALIAN PRIME MINISTER,
MR HAWKE, MONDAY 21 APRIL

BRIEF NO 2: EAST/WEST RELATIONS AND ARMS CONTROL

Our Objectives

1. To exchange assessment of current state of East/West relations, including prospects for next US/Soviet Summit.
2. To give our assessment of major arms control negotiations; to convince him our objections to resumption of CTBT negotiations on grounds of inadequate verification are genuine, and enquire of Australian position on SDI.

Arguments To Use

1. Gorbachev's speech to Party Congress concentrated on US/Soviet relations and arms control. Dobrynin's appointment as Party Secretary with responsibility for international affairs underlines importance Soviet Union attaches to superpower relationship. But welcome his appointment: brings someone with 25 years experience of West into centre of Soviet decision making.

Summit

2. Regret Soviet decision to postpone Shultz/Shevardnadze meeting. Setback to US/Soviet dialogue, just as it seemed to be unblocked, says little for Soviet seriousness about arms control negotiations. Urgent need for restoration of momentum. Gorbachev has made clear interest in further summit, hope take place this year.
3. Gorbachev has linked timing of next summit to US readiness to reach agreement on test ban, INF. Easter Weekend proposal for test ban summit in Europe was blatant propaganda.



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4. But has kept doors open for Summit in US: will not want to be blamed for allowing Summit to slip into 1987. In Soviet interest as much as West's to keep superpower relationship alive.

Arms Control

5. Prospects for next round of Geneva negotiations gloomy given lack of Soviet response in last round. Fully support US position at Geneva. Alliance consultation impressive feature of process. President Reagan's proposals of 24 February (INF) and 1 November proposals on strategic systems and space provide basis for agreement. Gorbachev's 15 January proposals mainly related to INF. New conditions on UK/French forces at least as unacceptable as previous claim for compensation. Welcome firm US rejection. UK conditions unchanged. Remain committed to Trident.

6. In reply to Gorbachev emphasised aim to create more secure world rather than abolish nuclear weapons for own sake: need to tackle causes of insecurity which make nuclear weapons necessary. For now nuclear weapons essential part of West's deterrent strategy.

7. Arms control negotiations should focus on areas where progress possible, rather than grand goals whose realisation difficult. West wants progress on conventional and CW imbalances as well as nuclear matters. UK-inspired Western attempt to break deadlock at MBFR so far met with disappointingly inadequate Eastern response. UK attaches highest priority to reduction in US-Soviet strategic arsenals.

CTB

8. Gorbachev made great play with Soviet moratorium. Declaratory gesture whose propaganda nature became clearer longer it continued and more Gorbachev tried to write it up. Consistent Soviet approach to argue only political commitment needed for verification problems



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to fall into place. Puts cart before horse. Russians cannot brush aside Western concerns over verification, problems still to be resolved.

9. UN resolutions for immediate resumption of negotiation unhelpful. Tend to legitimise Soviet position. But glad to see Conference on Disarmament delegations approaching this in more realistic spirit.

SDI

10. UK position remains based on Camp David 4 points and respect for ABM Treaty.

UK/Soviet Relations

11. Still no dates for Shevardnadze visit: not likely before summer. Mr Walker in Moscow today to 24 April. Lord Whitelaw to lead IPU delegation to Moscow 23 May - 2 June. Murakhovsky (new agricultural supremo) to UK in June. Russians interested in relationship but disappointed wedge-driving not making greater progress here and in Europe.

Soviet/Australian Relations

12. Your bilateral relations with Soviet Union? Any greater Soviet interest since Gorbachev? Any follow-up to Hayden's visit to Moscow, June 1985?

His Objectives

1. Greater UK flexibility on CTBT.

Your Response

2. No point in committing ourselves until solutions to outstanding



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problems more apparent. Russians appear forthcoming on verification, claiming prepared to accept on-site inspection, global seismic monitoring networks and so on. Their position remains that national technical means are adequate. On-site inspection only "where necessary". Not adequate. International seismic monitoring network could have role to play. But do not know how would work. Must proceed from practical, rather than simply declare objective at outset. Tempting for West to call Russians' bluff by engaging in negotiations. But serious matter where real security interests involved.

Background

1. Dobrynin, Soviet Ambassador to Washington for 25 years, was elevated to the CPSU Central Committee Secretariat at the Party Congress. After his farewell call on President Reagan on 8 April, it was announced that Shevardnadze would meet Shultz in Washington in mid-May.

A 2. Copy of the Prime Minister's letter to Mr Gorbachev of 27 February attached.

3. Prime Minister's remarks in interview with The Times on 28 March attracted considerable attention. Good opportunity to explain to Mr Hawke reasons why nuclear free world not realistic goal at moment and that West will continue to rely on nuclear weapons for foreseeable future.

4. US consulted Australians, as an Asian ally, prior to responding to 15 January proposals. No particular Australian angles, although in common with Japanese, concerned that any INF agreement relating to Europe not be at expense of Asian security.

CTB

5. At last session of UNGA and New Zealand sponsored resolution



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calling for immediate resumption of negotiations on Comprehensive Test Ban Treaty. Departed from traditional Western approach at Geneva Conference on Disarmament which called for further work with view to negotiations. Despite resolution, Australians more sensible at Conference on Disarmament in current session. They want non-negotiation mandate for Ad Hoc Committee. Much less bad than their 1985 UN resolution, but still causes us problems. Americans appear stoutly opposed. Hints that US opposed even to existing Western non-negotiating mandate. Even though UK's position gives rather different emphasis than Americans for not restarting trilateral negotiations for a CTBT, have to recognise we have no interest in provoking or allowing row at Geneva in which Americans isolated. Should aim to achieve consensus among Western Group to counter Soviet position.

SDI

6. US Defence Secretary recently visited Australia. Press saw visit as attempt to change Australians' minds in favour of participating in SDI research. Mr Weinberger seems to have failed.

Foreign and Commonwealth Office
April 1986

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10 DOWNING STREET

THE PRIME MINISTER

27 February 1986

{ revised page 3 }
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cc *Acro*

Srv O

Alan M...

Mr Albin

Mr Dinnick

Mr G...

DSG 083/30	
RECEIVED IN REGISTER	
- 5 MAR 1986	
DESK OFFICER	
INDEX	PA

Dear Mr. Gorbachev

Thank you for your letter of 14 January explaining your latest arms control proposals. I have considered them with great care and discussed them with our closest allies. I have also studied your remarks on the subject in your speech to the Twenty-Seventh Party Congress.

Every sensible person would like to see a world in which armaments on the scale which both East and West at present maintain were no longer necessary. But such a world will not be achieved unless we can create a climate of confidence between East and West which sadly eludes us at present. I know that both you and President Reagan have embraced the goal of freeing the world of nuclear weapons. But this is a long-term aspiration, and simply to set down an arbitrary time-table for achieving it is not in my view a practical approach. We need to tackle the causes of the insecurity which make nuclear weapons necessary. As I said to you when you visited the United Kingdom - a visit which we remember with pleasure - nuclear weapons at present make an essential contribution to preserving peace and stability. I am convinced that both East and West will continue to rely on them in their deterrent role for the foreseeable future.

To acknowledge that nuclear weapons will continue to be needed is no reason why they cannot be reduced. Such reductions must make both sides feel more, not less, secure.

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If that security is to be found at lower levels of armament, then we need to focus on realistic arms control measures across the board which are both balanced and verifiable. It seems to me that a number of quite detailed proposals are on the table which now need to be the subject of thorough negotiation:

- On strategic weapons, both you and President Reagan agreed at your meeting in Geneva to work for 50% reductions. The United States tabled detailed proposals on 1 November for applying such reductions. I should like to see the Soviet Union respond constructively and in detail to these proposals at the expert, negotiating level.
- As regards space and strategic defence, the four points upon which I agreed with President Reagan at Camp David on 22 December 1984 seem to me to offer a good basis on which to proceed. Since research activities are not prohibited under the ABM Treaty and a ban on laboratory research could not in any case be verified, it is fruitless to make renunciation of research activities a pre-condition for reductions in strategic weapons. The way forward must surely lie through steps to strengthen the effectiveness of the ABM Treaty. I was surprised that your letter did not refer to this Treaty which is surely a fundamental achievement of arms control.
- As to INF, President Reagan's recent response to your proposals was discussed with us and has our full support. The conditions which you specify are, as they relate to British forces, unreasonable and unacceptable. The British deterrent force is a minimum one, and I spelled out in my letter of 7 November to you the only conditions on which we would be prepared to consider reductions in it.

Greater stability and security will not be achieved without parallel steps to correct the imbalance in conventional forces, and without widening the scope of East/West discussions to deal with regional, bilateral and human rights issues.

We need early progress in the MBFR talks in Vienna, in the negotiations on chemical weapons, and at the Stockholm Conference on Disarmament in Europe. In all these negotiations, adequate provisions for verification will be an essential part of any agreements. I was glad that your letter recognised the central importance of verification. And I hope that your reference to on-site inspection in connection with chemical weapons will be followed up with more detailed proposals. As you know, Britain holds the chairmanship of the Ad Hoc Group on Chemical Weapons at the Conference on Disarmament in Geneva in 1986. We shall do everything possible to encourage real progress towards an agreement to control chemical weapons. I have to say, however, that the recent Eastern response to the West's novel proposals at the MBFR talks in Vienna was disappointing. Verification also remains the key to progress towards a comprehensive ban on nuclear testing, and further work is required on this before resumption of the tripartite negotiations which you propose would be worth while.

These issues should all feature largely on the agenda for the visit which I hope Mr. Shevardnadze will soon pay us, and I look forward to discussing them with him - and in due course with you.

Kind regards.

Yours sincerely

Raymond Storer

Mr. Mikhail Sergeevich Gorbachev



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PRIME MINISTER'S MEETING WITH THE AUSTRALIAN PRIME MINISTER,
MR HAWKE, MONDAY 21 APRIL

BRIEF NO 3: SOUTH AFRICA

COMMONWEALTH GROUP OF EMINENT PERSONS (COMGEP)

Our Objectives

1. To stress importance of keeping COMGEP initiative in play.
2. To avoid ill-timed external pressure at crucial stage.
3. To promote case for meeting to review Commonwealth Accord being held in London but to explain that, for timetable reasons, Prime Minister would find it difficult to attend Heads of Government meeting before September.
4. To discourage pressure for sanctions.

Arguments

1. Increasing polarisation and continuing unrest in South Africa reinforces urgent need for dialogue in context of suspension of violence on all sides. Important that COMGEP initiative be kept in play and vital for success there be no ill-timed external pressures at delicate stage.
2. Work and conduct of Group impressive - seems to have succeeded making wide range of contacts in South Africa. Obvious difficulties in bridging gap, but SAG and FLS appear to have accepted COMGEP as genuine attempt to break impasse. Group appear reasonably happy with progress so far.



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3. Fraser suggested we brief President Reagan and seek support. I have done. I have also written to President Botha. Important that he reacts positively. Division in South African Cabinet over response. Pik Botha's role. Vital he has time to persuade President Botha. Believe Group should appreciate this and give SAG time (Group's next meeting London on 30 April). Your views?

4. Have been giving thought to Commonwealth meeting to review COMGEP report. London seems obvious place. Sensible logistically Commonwealth Secretariat. Also convenient for others. I am ready to take part if others want meeting at Head of Government level. But my programme is such I cannot see way to attending meeting before September.

5. Continuing need for COMGEP-type mechanism to help promote dialogue in South Africa. If COMGEP did not exist, would have to be invented. Need consider carefully whether extending mandate.

6. [If raised] Remain opposed to financial and trade boycotts. Stiffen resistance to change and boost reactionaries when we should encourage progressive. Risk further weakening economy; rising unemployment. Raise black expectations without prospect delivery, increase frustration and worsen cycle of violence. No guarantee results. Has anyone really thought through consequences? Failure of sanctions leave us spectators to catastrophe.

His Objectives

1. To emphasise importance Australia attaches to maintaining and increasing pressure on SAG.
2. To ensure Review of Commonwealth Accord takes place as soon as possible after Group's Report submitted.



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Your Response

1. UK has played and will continue to play its part in measured approach. EC measures and Commonwealth Accord clear political signals to SAG but realistically cannot expect SAG to rush into far-reaching decisions. Must encourage those pressing for further and faster peaceful reform. Must avoid driving SAG into laager. SAG not about to capitulate and ill-timed pressure counter-productive.

Background

1. Mr Hawke told Lady Young in Canberra on 11 April that COMGEP seemed to be making some progress, although Mr Fraser had not yet briefed him in detail of Group's activities. He had not yet decided whether Group should continue in existence after report in June, but could see good reason for this. It might result in more sober consideration of issues than might otherwise be the case. Although he believed Commonwealth should do all it could to apply pressure on South Africa, some of ideas raised at Nassau would be difficult politically in Australia. Trade embargo without full Commonwealth support would, for example, be impractical. Mr Hawke did not comment on modalities for Commonwealth review.

2. Group still awaiting SAG's reply to paper entitled "A Possible Concept for Negotiations", left with South African Ministers (Mr Hawke will be aware, but may not have seen text.) In essence, paper proposes that SAG take number of steps based on Commonwealth Accord. ANC should undertake to suspend violence and enter negotiations. Prime Minister has been in confidential correspondence with President Botha urging positive South African response.

3. Lord Barber told us in confidence that some members of Group may prefer to wind up exercise if SAG not responded by Group's meeting in London on 30 April. He will argue strongly against. If



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no positive response from South Africans meanwhile, he will argue Group should continue efforts, perhaps probing ANC position more fully. Lord Barber has seen Shultz and urged him to impress upon Fraser and Obasanjo (Co-Chairmen due to visit Washington later this month) that Group represented unique opportunity to break impasse. Lord Barber, like others, privately critical of Malcolm Fraser's performance as Co-Chairman.

Southern African Department
Foreign and Commonwealth Office

April 1986

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PRIME MINISTER'S MEETING WITH THE AUSTRALIAN PRIME MINISTER,
MR HAWKE, MONDAY 21 APRIL

BRIEF NO 4: PACIFIC ISSUES

a) ANZUS AND SHIP VISITS

i) Our Objectives

1. To assure Mr Hawke that, while continuing discussions with New Zealand in hope of acceptable solution to ship visits problem, no possibility of compromising NCND policy or allowing New Zealand Government to drive wedge between ourselves and US.
2. To seek Mr Hawke's views on:
 - a. likely consequences for ANZUS if US fails to reach agreement with New Zealand over naval ship visits;
 - b. whether non-nuclear policies of New Zealand Government likely to lead to increasing pressure on Australian Government to adopt similar policies;
 - c. whether Mr Hawke sees any scope for Australians to influence New Zealand Government.

ii) Arguments to Use

1. Mr Hawke aware from discussions with Lady Young in Canberra on 10 April that New Zealand Ministers adopted constructive tone during Lady Young's visit to New Zealand. Proposal for further official level exchanges welcome. Encouraging that New Zealanders now appear to recognise that any settlement must include United States.
2. We recognise danger New Zealand seek to play this abng and try to divide UK and US. Intend to keep in close touch with Americans and not do anything to compromise joint policy over NCND.

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iii) His Objectives

1. To leave Mr Lange to stew in his own juice unless he changes his policy, but no realistic prospect of this.
2. To emphasise danger that any agreement which allows Mr Lange to claim he has got his own way would increase pressure from Australian Left Wing.

iv) Your Response

1. Under no illusion about prospects for success. Appreciate dangers but:
 - a. will not budge on NCND;
 - b. consider worth persevering because risk of damage to bilateral relations and Western security interests if legislation enacted as presently drafted;
 - c. want to show New Zealand Government we have taken pains to try to find solution, if possible.

Background

1. At New Zealand invitation, Foreign and Commonwealth Secretary wrote to Mr Lange on 28 January suggesting possible amendments to New Zealand "Nuclear Free Zone, Disarmament and Arms Control Bill" so as to enable RN ships to visit New Zealand without compromising our NCND policy. Mr Lange sent non-committal reply suggesting discussion during Lady Young's visit.
2. During visit Lady Young suggested one way forward might be to combine amendments to New Zealand legislation with similar formula to that agreed with the Chinese (whereby Chinese state their policy and we state we were aware of it but that it was our policy neither to confirm nor deny whether our ships were carrying nuclear weapons).
3. New Zealanders put forward non-paper which took account of suggestion and proposed further official level exchanges.

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4. Australians (Mr Hawke in particular) remain sceptical. During discussions with Lady Young no Australian Minister responded to suggestion that they might do more to educate New Zealand public opinion on realities of situation.

b) SOUTH PACIFIC NUCLEAR FREE ZONE TREATY

i) Our Objectives

1. To dispel any illusions Australians may have about prospects for UK ratification of Treaty Protocols.

ii) Arguments

1. No UK decision before drafts finalised.

2. Naturally wish to consult close allies and take their views into account once Protocols finalised.

iii) His Objectives

1. To seek UK views on accession to Protocols, given similarity to UK general policy on NWFZs.

iv) Your Response

1. Talks with South Pacific Forum Delegation useful but no decision possible while Protocols in draft.

Background

1. Australia prime instigator of South Pacific Nuclear Free Zone Treaty, opened for signature August 1985. Three Additional Protocols (still in draft) to which Nuclear Weapon States are invited to accede, committing them inter alia not to test nuclear weapons in Zone.

2. Previous French Government viewed Treaty as direct attack against their testing programme and political influence in region. New administration's view similar.

3. Although we generally support concept of NFZs (provided NWS do not exist already in the area), we have avoided firm position because of French sensitivities.

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4. Delegation from South Pacific Forum Working Group visited nuclear weapon states in February to discuss draft Protocols. Team had full day's discussions with UK officials. UK side sought clarifications on certain points in Treaty, but gave no commitment on UK accession.

5. US still studying text but have not ruled out possibility of acceding to one or two of Protocols.

c) AUSTRALIAN BICENTENARY 1988

i) Our Objectives

1. To assure Australian Prime Minister of British Government's full support.

ii) Argument

1. The Bicentenary special opportunity to consolidate and further our relationship with Australia.

iii) His Objectives

1. To ensure Britain's contribution is sufficiently prestigious, to encourage generous contributions from others and to enhance Australia's image.

2. Possibly to continue to press for gift of an original copy of Commonwealth of Australia Constitution Act, rather than loan of original and gift of facsimile.

iv) Your Response

1. British Government have committed £1 million, national gift will be specially commissioned sail training ship for benefit of young people of Australia. Separate Parliamentary gift for new Parliament building. Britain also participating in Brisbane EXPO. The Britain-Australia Bicentennial Committee planning wide range of activities in both countries, with funds from private sector.

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2. [Defensive] Neither of two original copies of Commonwealth of Australia Constitution Act can leave Britain permanently. Would interrupt complete sets of nationally important documents.

Background

1. The Britain-Australia Bicentennial Committee (BABC) (Chairman Sir Peter Gadsden) liaising with Australian Bicentennial Authority (ABA). Celebrations in Britain will begin in May 1987, bicentenary of embarkation of First Fleet.

Funding

2. FCO funding of £1 million. Announced by Prime Minister in letter of 30 May 1985 to Mr Hawke. British Council expect to fund additional arts events.

EXPO 88

3. Britain first country to announce participation in Brisbane EXPO. Funding (not announced) additional to £1 million. Financial support will be sought from British companies. Theme: "Leisure in Age of Technology".

Official Gift

4. £850,000 set aside to provide national gift. Prime Minister announced gift in letter to Mr Hawke of 13 January. Mr Hawke called it "most generous gesture" and "most appropriate way in which to mark our joint concern for the welfare of young people for generations to come". Proposed that vessel be sailed to Australia by combined British and Australian crew, in time for Tall Ships event, before presentation to Australian Government. Building contract due to be signed later this month. Name for vessel under consideration.

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Parliamentary Gift

5. Agreed subject to formal approval of both Parliaments, that British Parliament present Viceregal Chair to new Australian Parliament building, due to be opened in Bicentenary year.

Bicentenary Events

6. Hoped tours in Australia will include National Theatre, Academy of Ancient Music, and Royal Ballet. The Australians negotiating directly with Palace for exhibition from Queen's collection.

7. As centrepiece in both countries BABC planning with British Museum (Natural History) major exhibition: "Australia 1770-1880: the Discovery of a Continent". ABA so far reluctant to endorse its tour in Australia. We are pressing for this.

Australian Bicentennial Authority

8. Good deal of debate in Australia over desired theme of Bicentenary. Criticism of ABA much reduced following the appointment in November 1985 of new Chairman, Mr Jim Kirk.

Commonwealth of Australia Constitution Act

9. In 1985 Mr Hawke wrote to Prime Minister requesting on permanent loan one of two original copies of the Commonwealth of Australia Constitution Act. Request declined on grounds that allowing either House of Lords copy, as Parliament's record of its own proceedings, or Public Record Office copy, as national archive record, to leave Britain. would set undesirable precedent.

First Fleet Re-enactment Project

10. In January Mr Hawke sought Prime Minister's participation in launch of First Fleet Re-enactment Project. The Prime Minister decided not to attend. Event later cancelled but

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private organiser, Jonathan King, plans launch in May at which high level attendance may again be sought. We would continue to advise against this.

d) AUSTRALIAN ROYAL COMMISSION ON BRITISH NUCLEAR TESTS [IF RAISED]

i) Our Objective

1. To confirm readiness to provide technical advice but avoid commitment to contributing to further clean-up.

ii) Our Arguments

1. Existing agreements with Australia (1968 and 1978) include UK commitment to furnish technical advice. Now doing this through Technical Assessment Group (TAG).

2. Based on same agreements, not convinced UK obliged to meet any further clean-up costs.

iii) His Objective

1. To obtain UK agreement to meet costs of further clean-up.

iv) Your Response

1. Still to be convinced of any further UK obligation.

Background

1. Australian Royal Commission (under Justice McClelland) recommended in November 1985 that, inter alia, UK pay costs of further clean-up.

2. Clear Australian Government sees report as rather embarrassing. Discussions in London with responsible Australian Minister, Senator Evans, led to establishment of Australian Technical Assessment Group, including UK experts, currently examining various clean-up options.

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3. UK also participating in Australian Consultative Group, primary purpose of which is to provide channel for State and Aborigine interests.

South Pacific Department
Foreign and Commonwealth Office

April 1986

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PRIME MINISTER'S MEETING WITH THE AUSTRALIAN PRIME MINISTER,
MR HAWKE, MONDAY 21 APRIL

BRIEF NO 5: LIBYA

1. The Prime Minister will be aware of the facts.
- B 2. Copy of Australian statement at Flag B.

Foreign and Commonwealth Office

April 1986

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US ATTACK ON LIBYA: AUSTRALIAN REACTIONS

1. MR HAWKE MADE A STATEMENT IN PARLIAMENT THIS AFTERNOON EXPRESSING DEEP REGRET OVER THE CONFLICT AND CALLING ON BOTH SIDES TO EXERCISE RESTRAINT, SUSPEND HOSTILITIES, AND ENGAGE IN GENUINE EFFORTS TO ACHIEVE A PEACEFUL RESOLUTION OF THEIR DIFFERENCES. HE SAID THAT SUSPENSION OF HOSTILITIES WOULD MEAN NOT ONLY THE USA TERMINATING ITS MILITARY ENGAGEMENT, BUT ALSO THAT LIBYA MUST CEASE ITS "INDISCRIMINATE EXPORT OF TERRORIST ACTIVITIES" AGAINST CIVILIANS.

2. MR HAWKE SAID THAT THE AUSTRALIAN GOVERNMENT ACCEPTED THAT THERE WAS A SUBSTANTIAL BODY OF EVIDENCE OF LIBYAN INVOLVEMENT IN AND DIRECTION OF INTERNATIONAL TERRORISM. HE AND THE FOREIGN MINISTER HAD SEEN "APPARENTLY COMPELLING EVIDENCE" OF A DIRECT LINE OF COMMAND FROM LIBYA TO THE BERLIN NIGHT-CLUB BOMBING. THE GOVERNMENT WOULD WORK WITH OTHERS FOR A CONCERTED SUSTAINED EFFORT AGAINST INTERNATIONAL TERRORISM.

3. THE LEADER OF THE OPPOSITION, MR HOWARD, EXPRESSED SUPPORT FOR AMERICAN ACTIONS AS JUSTIFIABLE SELF-DEFENCE, AND CRITICISED THE GOVERNMENT FOR ITS LUKEWARM ATTITUDE.

LEAHY

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LIBYA CRISIS
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PS/LADY YOUNG
PS/MR RENTON
PS/MR EGGAR
PS/PUS
CHIEF CLERK
MR FERGUSSON
MR DEREK THOMAS
MR GOODALL
SIR W HARDING
SIR D MIERS
MR DAVID THOMAS
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MR ANDERSON LEGAL ADVISERS

[REPEATED AS REQUESTED]



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PRIME MINISTER'S MEETING WITH THE AUSTRALIAN PRIME MINISTER,
MR HAWKE, MONDAY 21 APRIL

BRIEF NO 6 : ANGLO-IRISH AGREEMENT: INTERNATIONAL FUND

Our Objective

1. To find out whether Australian Government have decided to contribute to International Fund for Ireland.

Argument to Use

1. We and Irish first approached Australians on 12 February. Helpful to have early indication of Australian intentions.

Tactical Argument

1. Contributions from other countries would help allay unfounded Unionist suspicions that this is solely American fund for exclusive benefit of Catholic minority. If Americans not only contributors, Fund's administration less susceptible to interference from supporters of extreme Irish nationalism in Congress.

His Objective

1. Mr Hawke probably worried about budgetary implications of Australian contribution. He may, as Mr Hayden did in February hint at connection between Australian contribution and British contribution to clean-up of nuclear test sites at Maralinga.

Our Response

1. We understand financial difficulties. Australian Government publicly welcomed Anglo-Irish Agreement. We hope will feel able to express support by making contribution which will benefit North and South.

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2. [For defensive use only] Wrong to link Fund and Maralinga. Australian Government well aware of HMG's position. We remain to be convinced of any further obligations for clean-up.

Background

1. Prime Minister generally aware of background. Congress has two Bills before it. House of Representatives' Bill would provide \$50 million a year in cash for 5 years. Administration's Bill provides \$250 million over 5 years, of which only \$20 million a year in cash. Final position likely to be compromise between two Bills with some cash element, but outcome unlikely for some weeks.

2. Australian and Canadian Governments invited to contribute in February. Neither yet decided. Australian officials not optimistic. Lady Young mentioned our hope for Australian contribution to Mr Hayden on 10 April. He replied request still being considered. Canadians not decided, but we hope their final response positive.

Republic of Ireland Department
Foreign and Commonwealth Office

April 1986

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PRIME MINISTER'S MEETING WITH THE AUSTRALIAN PRIME MINISTER,
MR HAWKE, MONDAY 21 APRIL

BRIEF NO 7: EC/AUSTRALIAN CO-OPERATION IN R&D/EUREKA

Our Objectives

1. Welcome participation of Australian companies in EC R&D programmes.

Arguments to Use

1. Opportunities probably greatest in programmes like ESPRIT and BRITE and for Australian companies with research capability in Europe.
2. Australian participation not excluded in EUREKA projects but would depend on invitation from European companies involved.

His Objective

1. To press for UK support for Australian participation.

Your Response

1. Welcome in principle.

Background

1. Participation in EC R&D by companies from outside Community not excluded. Normal criterion is that company have research operation in Europe though Commission have no clear guidelines. Australian companies might be interested in ESPRIT (information technology), BRITE (industrial technology) and RACE (telecommunications) programmes. Useful to have Australians in European camp on standards in such areas as IT and telecommunications. Participation in EC programmes would promote this.

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2. Similar rules about participation in projects by outside companies apply to EUREKA where country membership extends beyond EC. But invitation to participate depends on other companies involved, not governments.

Foreign and Commonwealth Office

April 1986

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BACKGROUND BRIEF

AUSTRALIA

INTRODUCTION

- / 1. Basic statistics are attached.

POLITICAL

2. The Australian Commonwealth (ie Federal) Government has power over external affairs, defence, taxation, external trade and finance, immigration, social services and some inter-state economic matters. All matters not ascribed to the Commonwealth by the Constitution remain the responsibility of State Governments. Controversy arises from time to time between the Commonwealth and the States, occasionally over jurisdiction, but more usually over allocation of Federal funds.

3. The State legislatures are independent of the Federal Parliament, and all except Queensland are bicameral. The present administrations are:

New South Wales	:	Australian Labor Party (ALP) Premier, Mr Wran
Queensland	:	National Party Premier, Sir J Bjelke-Petersen
South Australia	:	ALP Premier Mr Bannon
Tasmania	:	Liberal Premier Mr Gray
Victoria	:	ALP Premier Mr Cain
Western Australia	:	ALP Premier Mr Burke



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The Northern Territory has been self-governing since 1978. The Chief Minister is Mr Ian Tuxworth.

ECONOMIC

4. The two main pillars of the Australian economy are agriculture (wheat, meat, wool, sugar) and primary industry (vast reserves of practically every known mineral). Secondary industry is inefficient and heavily protected. Economic indicators up to the end of December 1985 point to continued growth in the economy with GDP increasing by 4.9%. The first quarter of 1986 has shown that activity has slowed. The level of unemployment fell to 7.8% at end year but has since risen to 8%. The inflation rate at the end of 1985 stood at 8.2%. The outlook for price rises (some estimate between 8% and 10% inflation rate for 1986) is not good, given the continuing low level of the Australian dollar. Its value fell dramatically against the US dollar and sterling in 1985. Although it has since stabilised, it remains volatile and fundamentally weak. Australia's balance of payments also shows substantial deficits. The current account deficit for the current year is forecast at A\$12,250 bn.

5. Australia remains one of the UK's major trading partners. In 1985 visible exports were worth £1.37 billion and invisibles about £800 million. We are also a major investor in Australia; some 1,500 British companies have a presence there.

FEDERAL GOVERNMENT

6. Members of the House of Representatives are elected for three years and senators for six. Half the senators stand for re-election every three years and the intention is that House of Representatives and half-senate elections should be held simultaneously.

7. The Australian Labor Party, led by Mr Hawke, won a sweeping victory in March 1983. Before that, since 1949, Labor had held



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office only once from 1972 to 1975. Mr Hawke called an early election in December 1984, the widespread expectation being that he would be returned with an increased majority. In the event his majority in the (enlarged) Lower House was reduced from 25 to 16. The balance of power in the Senate is held by a small group of 7 Democrats; the ALP holds 34 seats and the Coalition 33. Until last autumn, Mr Hawke and the ALP's popularity had fallen further. Since then, however, opinion polls have shown a revival in the Federal Government's standing.

8. The main domestic political issues of the day are:-

- (i) the continuance of the Accord achieved by Mr Hawke whereby Government, business and unions work together for the country's economic recovery. After signs of strain during the summer months when the Australian Council of Trade Unions (ACTU) indicated it would fight the Government's plan to discount wage rises, an agreement to cover the next two years was reached between the two sides on 4 September. Wages will now be discounted to take into account the effects of the Australian dollar's depreciation on the Consumer Price Index, in return for a tax cut. A separate claim of 4% will also be redressed by a 3% increase in occupational pensions from July 1986.

- (ii) the issue of taxation reform. Despite the Government's failure to achieve majority support at a tax summit held in early July for its preferred options for a 12.5% comprehensive retail sales tax - a substantial broadening of the income tax base and reductions in rates failed to achieve majority support - the taxation reform package, announced on 19 September, indicates that this Government has achieved far more than any previous administration. The key features are moderate cuts in income tax, the introduction of a capital gains tax, full imputation of tax on dividends and a new tax on fringe benefits.



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(iii) the granting of aboriginal land rights. Large tracts of land, including Ayers Rock, have already been returned to aboriginal communities and more such actions are planned. This is opposed by mining and farming interests.

9. In the field of foreign affairs Australia plays a full part in Commonwealth and UN affairs, and is currently a member of the Security Council. She is particularly concerned with developments in South East Asia and the Pacific, is a party to the ANZUS Defence Treaty, and a member of the South Pacific Forum. Australia gave the original impetus to the South Pacific Forum's Treaty on a Nuclear Free Zone in the South Pacific and has been active in promoting this Treaty. This has been signed by nine countries, but others remain unconvinced. She is fostering her relations with ASEAN and the countries of the Pacific. Foreign affairs issues of particular current concern are the situation in South Africa, arms control and disarmament, the future of the ANZUS Treaty following the New Zealand Government's anti-nuclear policies, the refugees on the Indonesia-PNG border, Cambodia and Vietnam.

BILATERAL RELATIONS

10. Australians believe that we do well out of Australia. This is true. Britain remains Australia's third largest supplier (behind US and Japan) and we earn a very large net return on current trade activities, including invisibles, of around one billion pounds. Our relationship with the Australian Government, whilst good, is much less close than it was in the Menzies era. The Australians are now more likely to seek advice in Washington than in London, particularly on matters affecting security and the ANZUS Treaty. There is reticence on the part of the Australian Labor Party to be seen to be too close to Britain. Nevertheless there is still a steady stream of Australian Ministers visiting the UK.

11. Particular bilateral issues are the conduct and safety of the British nuclear tests in Australia in the 1950s and 1960s, and our



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participation in 1988 in the bicentennial celebrations of the landing of the first settlers in Sydney Harbour.

South Pacific Department
April 1986

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C.A.P. ANNEX A: AUSTRALIA

1. Population and Land Area	1983				UK - 1983
Land Area (sq. kms.)	7,686,848				244,046
Population (mill)	15.4				55.9
Population Growth Rate (%) (1973-82)	1.3				.0
2. Economic					
(i) Gross National Product	1983				UK - 1983
GNP Total (US\$ mill)	166,230				505,610
GNP Growth Rate (1973-82)	2.3				.9
Position in GNP League Table (of 163)	12				4
GNP per capita (US\$)	10,780				9,050
Position in GNP per capita League Table (of 163)	15				26
(ii) Overseas Finance	1981	1982	1983	1984	
(a) Exchange Rates					
Australian \$ / US\$.8701	.9829	1.1080	1.1369	
Australian \$ / 1 Sterling	1.7645	1.7206	1.6808	1.5192	
(b) Balance of Payments (US\$ mill)	1981	1982	1983	1984	UK - 1984
Exports	21,216	20,795	19,492	22,604	93,630
Imports	-23,545	-23,407	-19,474	-23,644	-99,308
Invisibles & Transfers	-5,292	-5,969	-5,499	-5,203	5,567
Current Account	-7,621	-8,581	-5,481	-6,243	-111
Capital Account	6,777	11,732	7,896	6,822	-15,976
Balancing Item	1,295	1,311	888	122	3,484
Overall Balance	451	4,462	3,303	701	-12,603
International Reserves (US\$ mill)					UK - 1984
Total Reserves	1,671.0	6,371.0	8,869.0	7,441.0	9,440.0
Months of Imports Covered	.6	2.3	3.6	2.6	.8


(iii) Foreign Trade

(a) Main Exports	1977	1982	%	
Crude materials (excluding fuels)	28.3	31.0		
Food & live animals	30.7	29.6		
Mineral Fuels	13.6	18.1		
Basic Manufactures	11.8	9.7		
Machinery & Transport Equipment	4.4	3.7		
(b) Main Export Markets	1978	1983	%	
Japan	30.4	27.6		
U.S.A.	11.3	10.2		
U.K.	4.0	5.6		
N.Zealand	5.0	5.4		
Korea	2.8	3.8		
(c) Main Imports	1977	1982	%	
Machinery & transport equipment	38.1	39.7		
Basic Manufactures	17.7	16.9		
Mineral Fuels	10.1	14.5		
Misc. Manufactures	13.2	12.1		
Chemicals	8.9	7.9		
(d) Main Import Sources	1978	1983	%	
U.S.A.	22.3	22.0		
Japan	19.2	22.0		
U.K.	11.3	6.8		
F.R.G.	6.9	6.0		
Saudi Arabia	2.9	3.8		
(e) UK Trade with: Australia	1982	1983	1984	£ mill
Total UK Exports	1041.5	940.6	1186.5	
Total UK Imports	492.7	564.1	612.1	
Real Growth of Manufactured goods (% five years ending)	N.A.	N.A.	-1.0	
Position in UK Export League Table (of 192)	14	15	14	

(iv) Development Aid

NOT APPLICABLE

(v) Inflation	1982	1983	1984	% p.a.
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Consumer Price Index	11.1	10.1	4.0	
(vi) Overseas Debt	1981/82	1982/83	1983/84	%
-----	-----	-----	-----	
(a) Debt Service Ratio	17.7	33.5	41.7	
(b) Overseas Debt/Exports	129.6	173.5	183.7	
(c) Overseas Debt/GNP	16.6	21.9	23.5	
(vii) Overseas Direct Investment	1974	1978	1981	
-----	----	----	----	
(a) UK Investment in Australia	1917.2	2613.3	3534.5	mill
(b) Position in UK League Table	1	2	2	(of 87)
(c) Investment in UK	59.6	178.3	330.6	mill



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HAWKE, THE HON ROBERT ("BOB") JAMES LEE AC MP

Prime Minister since March 1983.

Born Bordertown, South Australia, 9 December 1929.

Graduated in Arts, Economics and Law at University of Western Australia, where he won a Rhodes Scholarship to Oxford in 1952, obtaining a B.Lit. Returned to Australia in 1956 and became Research Scholar at the Australian National University in Canberra. In 1958 he was appointed Research Officer and Industrial Advocate for the ACTU, and was elected President with effect from 1 January 1970. President of ALP 1973-78. Resigned ACTU Presidency 1980 to campaign for safe parliamentary seat of Wills, N Melbourne. Opposition spokesman on Industrial Relations and Employment and Youth Affairs November 1980 until February 1983.

His father was a Congregational Minister and his uncle (A R G Hawke) was Labour Premier of Western Australia from 1953-59. Having contested unsuccessfully a seat for the ALP in the Federal House of Representatives in 1963, he subsequently concentrated on his ACTU career, despite repeated speculation about his possible entry into Federal politics. Following the ALP's 1975 election defeat, there was intense speculation on the possibility that he would be given a safe seat and move into the parliamentary Leader's post in 1977; but Mr Whitlam's re-election as Parliamentary Leader of the ALP in June 1977 and his espousal of Mr Hayden as his eventual successor seemed to scotch Mr Hawke's parliamentary ambitions. Nevertheless, in October 1979, following a congress of the ACTU at which he publicly appeared to be at variance with some of his colleagues, he applied for and secured pre-selection for the safe ALP Federal seat of Wills in the N Melbourne suburbs. Unsuccessfully challenged Mr Hayden for leadership of the ALP in July 1982. This result was overturned in February 1983 when he was elected leader by a special caucus meeting after Mr Hayden resigned the leadership on the day Mr Fraser announced his Federal election (3 February).

During his term of office as ACTU President, he dominated labour relations in Australia, moving to defuse potentially explosive situations often with considerable success. Intelligent, industrious, shrewd and articulate, he is a formidable negotiator. His success as ACTU President, and the high profile it gave him, were the basis for his public popularity, and the platform from which he launched himself into politics. He was made party leader in February 1983 because the ALP believed he could win an election but Mr Hayden could not, even though the latter would have been their choice as Prime Minister. He can be charming in private and very rude in public when it suits him, cultivating an extremely "ocker" image. He is widely respected, although his often deliberately abrasive and intellectually arrogant manner offends some.

In Government, Mr Hawke is the strategist, manager and publicist, but leaves the running of Departments to his highly competent Ministry. He has continued to alienate the left of the ALP, and to woo his effective power base in the NSW Right by his advocacy of centre-right views on economic management, uranium mining, the alliance with the US and East Timor, despite their conflict with the ALP Platform. Extremely popular in the country, he has so far dominated the Cabinet and Parliamentary Caucus, but had to trim his sails to avoid defeat at the July ALP Conference.

Visited UK July 1974 for Duke of Edinburgh's Oxford Conference and a Category I tour. A visit to London in June 1983 was restricted by the UK General Election, but he was able to speak to the Prime Minister on the telephone.

Athletic, Plays tennis, golf and cricket and is proud of his prowess. Normally tense, he used to relax over a glass of beer or almost any other beverage, a widely-known weakness which he publicly undertook to reform should he be elected to Parliament and achieve the Prime Ministership. He has been teetotal since his election. A recent "official" biography (by Blanche d'Alpuget) aroused controversy by its close detail of his personal life.

Married 1956 Hazel Masterson. 1 son, 2 daughters.



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PRIME MINISTER'S MEETING WITH THE AUSTRALIAN PRIME MINISTER,
MR HAWKE, MONDAY 21 APRIL

1. Mr Bob Hawke, the Australian Prime Minister, is paying a private visit to the UK from 19-22 April. He called on the Prime Minister at Number 10 at 1530 on 21 April. Mr Hawke was accompanied by a small group of officials, and British Ministers were also present. Mr Hawke last visited the UK in 1983.

2. The two-hour call covered a wide range of issues, including agricultural, trade and economic matters of international concern, East-West relations, South Africa and Libya.

[If pressed]

Economic Issues

3. The Prime Minister took the opportunity to brief Mr Hawke on our approach to the forthcoming Tokyo Summit and to discuss prospects for the world economy.

East-West Relations

4. The Prime Minister had an exchange of views on the current state of East-West relations, and expressed her regret at the Soviet decision to postpone the Shultz/Shevardnadze meeting.

South Africa

5. The Prime Minister stressed that the UK would continue to play its part in a measured approach. European Community measures and the Commonwealth Accord are clear political signals to the South African Government. The Prime Minister told Mr Hawke that we wished to encourage the positive forces for change in South Africa.



ANZUS/New Zealand Ship Visits

6. The Prime Minister assured Mr Hawke that we wished to continue discussions with New Zealand in the hope of finding an acceptable solution to the naval ship visits problem.

Australian Bicentenary 1988

7. The Prime Minister advised Mr Hawke of our full support for the Bicentenary celebrations. HMG has committed £1 million to the event, the bulk of which will be used towards our national gift of a sail training ship for the benefit of the young people of Australia. The Britain-Australia Bicentennial Committee is planning a wide range of activities in both countries, with funds from the private sector.

Libya

8. An exchange of views took place.

South Pacific Department
Foreign and Commonwealth Office

April 1986



CALL ON THE PRIME MINISTER BY THE AUSTRALIAN PRIME MINISTER,
MR HAWKE, ON 21 APRIL 1986

LIST OF AUSTRALIAN OFFICIALS PRESENT

HE Mr A R Parsons	Australian High Commissioner
Mr Mike Codd	Secretary, Department of the Prime Minister and Cabinet
Dr Vince Fitzgerald	Secretary, Department of Trade
Mr Geoff Miller	Secretary, Department of Primary Industry
Mr Philip Flood	Deputy Secretary, Department of Foreign Affairs
Mr Graham Evans	PPS/Mr Hawke
Mr Peter Barron	Principal Adviser

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INFO PRIORITY WASHINGTON, ROME, ATHENS, UKREP BRUSSELS

MR HAWKE'S VISIT: THE AGENDA

1. A WEEK IS A LONG TIME IN INTERNATIONAL AS WELL AS DOMESTIC POLITICS. FIVE DAYS AGO MR HAWKE TOLD LADY YOUNG THAT TRADE IN AGRICULTURE (THE CAP ETC) AND SOUTH AFRICA WERE WHAT HE MOST WANTED TO TALK TO THE PRIME MINISTER ABOUT IN LONDON. LIBYA MUST NOW BE COMPETING FOR IMMEDIATE ATTENTION, THOUGH IN ANOTHER FIVE DAYS THINGS COULD CHANGE AGAIN. IN ANY CASE THERE IS LITTLE I CAN SAY ABOUT THAT FROM THIS DISTANCE, APART FROM POINTING TO WHAT MR HAWKE SAID PUBLICLY BEFORE HE LEFT CANBERRA YESTERDAY (MY TELEGRAM NO 241) AND RECALLING THAT HE HAS FOR A LONG TIME TAKEN A PERSONAL INTEREST IN MIDDLE EASTERN AFFAIRS.

2. THE CURRENT AGRICULTURAL SITUATION IN AUSTRALIA IS COMMONLY DESCRIBED IN THE MEDIA AS THE 'RURAL CRISIS'. THE INCOMES OF FARMERS, PARTICULARLY THOSE GROWING CEREAL CROPS AND SUGAR CANE, HAVE TAKEN A SEVERE KNOCK IN RECENT TIMES AND INDEBTEDNESS IS REACHING WORRYING PROPORTIONS. THERE ARE SEVERAL REASONS FOR THIS, SOME OF THEM PURELY DOMESTIC (EG POOR MARKETING AND OVER-CAPITALIZATION), BUT THE E.C. AND C.A.P. ARE CONVENIENT WHIPPING BOYS FOR THE GOVERNMENT TO PARADE BEFORE THEIR INCREASINGLY MILITANT FARMING CRITICS. MR HAWKE IS TOO INTELLIGENT TO BELIEVE THAT RHETORIC AND EMPTY THREATS WILL MAKE MUCH IMPRESSION IN BRUSSELS: HE KNOWS THE C.A.P. IS DEEPLY ENTRENCHED, AND WHY, AND WHAT HIS CHANCES ARE OF SHIFTING IT. HE WILL NO DOUBT BE LOOKING TO REINSTATE THE POSTPONED HIGH LEVEL CONSULTATIONS WITH THE COMMISSION. FOR THE MAIN PART, HOWEVER, HE WILL PLACE THE MOST EMPHASIS IN HIS PRIVATE TALKS, WHETHER IN WASHINGTON, LONDON OR BRUSSELS, ON THE NEED TO GIVE SPECIAL CONSIDERATION TO AGRICULTURE IN THE GATT M.T.N. IN THE IMMEDIATE FUTURE HE WILL BE HOPING FOR BANKABLE ASSURANCES, I.E. ONES FOR WHICH HE CAN CLAIM CREDIT AFTER HIS TALKS, THAT DUE ATTENTION WILL ALSO BE PAID TO IT AT THE ECONOMIC SUMMIT MEETING NEXT MONTH. HOWEVER EMPTY SUCH ASSURANCES MAY BE IN REALITY, AND EVEN IF WE NEED TO QUALIFY THEM SOMEWHAT, IT MIGHT NOT COST US MUCH TO LET HIM HAVE THEM.

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3. THE DISCUSSION OF SOUTH AFRICA WILL MAINLY BE ABOUT THE EMINENT PERSONS GROUP (EPG). IN RESPONSE TO LADY YOUNG'S SUGGESTION THAT IT HAD FURTHER WORK TO DO AND WE SHOULD LET IT CARRY ON MR HAWKE SAID FIRMLY THAT UNLESS IT COULD SHOW THAT IT HAD REALLY MADE PROGRESS OR WAS ON THE POINT OF DOING SO, THE CASE FOR WINDING IT UP WOULD BE DIFFICULT TO RESIST. IT WOULD BE WORTH PESSING HIM FURTHER ON THIS. I AM NOT WELL INFORMED ABOUT THE EPG'S RECENT DELIBERATIONS, BUT MY INSTINCT TELLS ME THAT AT THIS STAGE MALCOLM FRASER STILL SEES FURTHER MILEAGE IN IT FOR HIM AND WILL NOT WANT TO GIVE UP YET. IF THAT IS CORRECT, MR HAWKE WOULD BE RELUCTANT TO GO AGAINST HIS ADVICE AND AT THE SAME TIME COURT UNPOPULARITY WITH THE BUSINESS COMMUNITY AND OTHERS BY MOVING PREMATURELY ON TO THE NEXT SLIPPERY SLOPE OF THE SANCTIONS DESCENT. IT HAS TO BE SAID ON THE OTHER HAND THAT THE WEIGHT OF OPINION AT THE A.L.P. BIENNIAL CONFERENCE IN EARLY JULY WILL ALMOST CERTAINLY BEAR ON HIM IN THE OPPOSITE SENSE, UNLESS THE EPG IS DEMONSTRABLY GETTING SOMEWHERE.

4. SHIPS VISITS TO NEW ZEALAND IS ANOTHER OBVIOUS SUBJECT FOR DISCUSSION. LADY YOUNG WILL ALREADY HAVE GIVEN THE PRIME MINISTER HER IMPRESSIONS OF HER TALKS HERE ON THIS. OTHER TOPICS THAT MR HAWKE MAY RAISE (APART FROM LIBYA AND TERRORISM GENERALLY) INCLUDE THE SOUTH PACIFIC NUCLEAR FREE ZONE, THE LATEST STATE OF PLAY OVER THE FOLLOW-UP TO THE REPORT OF THE MARALINGA ROYAL COMMISSION, COOPERATION WITH THE AMERICANS OVER S.D.I., AND POSSIBLY THE PROSPECTS FOR AUSTRALIAN COLLABORATION WITH THE E.C.'S PROGRAMME OF HIGH TECHNOLOGY R AND D. (SEE PARAGRAPH 2 OF MY TELEGRAM NO 240). WE HAVE TOLD THE AUSTRALIANS THAT THE PRIME MINISTER WILL WANT TO RAISE THE ANGLO-IRISH INTERNATIONAL FUND WITH HIM (YOUR TELEGRAM NO 212): IN DOING SO SHE COULD REITERATE HER DETERMINATION TO STAND BY THE AGREEMENT ITSELF. MR HAWKE WILL, I AM AFRAID, GIVE AT BEST A TEMPORISING REPLY. SHE MAY ALSO WISH TO SAY SOMETHING TO HIM, PARTICULARLY IN VIEW OF HIS VISIT TO CHINA NEXT MONTH, ABOUT THE GOOD PROGRESS WE HAVE BEEN MAKING WITH THE CHINESE IN THE HONG KONG JOINT LIAISON GROUP: THE AUSTRALIANS TEND TO BE SCEPTICAL ABOUT THIS.

5. THERE IS NO REAL CAUSE TO DISCUSS BRITISH PARTICIPATION IN THE BICENTENARY, BUT I ASSUME THE PRIME MINISTER WILL HAVE HAD A FACTUAL BACKGROUND BRIEF ON HOW MATTERS STAND. MR HAWKE MAY PERHAPS RETURN TO THE CHARGE ON THE VEXED QUESTION OF THE "PERMANENT LOAN" OF ONE OF OUR TWO TEXTS OF THE COMMONWEALTH OF AUSTRALIA CONSTITUTION ACT. I SAY VEXED BECAUSE I KNOW IT RANKLES WITH HIM THAT WE CANNOT GIVE UP ONE OF THEM. PERHAPS I AM TOO FAR FROM HOME AND GOING NATIVE, BUT I HAVE TO SAY I SYMPATHISE WITH HIM: IT IS NOT AS IF BY LETTING GO OF ONE WE SHOULD BE LOSING A UNIQUE HISTORICAL RECORD. MOREOVER A FACSIMILE, HOWEVER NICELY GOT UP, IS NOT THE SAME THING AT ALL. IS THAT DECISION IRREVOCABLE ?.

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6. LAST BUT NOT LEAST, THE PRIME MINISTER MAY LIKE TO KNOW THAT BOTH IN PARLIAMENTARY AND OPINION POLL TERMS MR HAWKE IS RIDING HIGH AT PRESENT. INDEED HE IS OUTCLASSING THE OPPOSITION AND SEEMS CONFIDENT OF HIS POSITION WITHIN HIS OWN PARTY. FOR ALL THAT HE CANNOT FEEL TOO OPTIMISTIC ABOUT AUSTRALIA'S ECONOMIC PROSPECTS IN THE YEAR AHEAD.

7. I SHOULD BE GRATEFUL FOR SOME INDICATION EARLY NEXT WEEK OF HOW THE TALKS IN LONDON WENT.

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EL388A

bc PC

10 DOWNING STREET

From the Private Secretary

11 April 1986

VISIT OF THE AUSTRALIAN PRIME MINISTER

Thank you for your letter of 10 April about the arrangements for Mr. Hawke's visit on 21 April.

The Prime Minister is content to extend the meeting with Mr. Hawke and make it a two-hour 'forum' as he proposes. It would suit her best if the start could be brought forward an hour, so that the meeting runs from 1530-1730 (though you might put it to Mr. Hawke that the first half hour should be tête-à-tête with note-takers only).

The Prime Minister would be grateful if the Foreign Secretary, the Trade and Industry Secretary and Minister for Agriculture could attend, each with one official together with Mr. Williamson, Cabinet Office. We could offer the Australians six places in addition to Mr. Hawke and the High Commissioner.

I should be grateful for briefs on the issues likely to be raised by 1600 on Friday 18 April.

I am copying this letter to John Mogg (Department of Trade and Industry), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food) and David Williamson (Cabinet Office).

CHARLES POWELL

Robert Culshaw, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

VK

CONFIDENTIAL

1



Foreign and Commonwealth Office

London SW1A 2AH

10 April 1986

Prime Minister
Agree to make this
a two-hour "seminar"
meeting, to learn Mr.
Hawke's disappointment at
Dear Charles, losing the working supper?

Yes
COP 10/4

Visit of the Australian Prime Minister

As requested in your letter of 8 April, we have sought Mr Hawke's views on what might replace the working supper, which has had to be cancelled.

Mr Hawke was disappointed at the cancellation. As he will be seeing The Queen earlier that day, Mr Hawke would prefer not to attend the gala performance. Nor does he wish to pursue the alternative proposal of a working supper given by the Foreign Secretary.

Mr Hawke has, however, asked if the meeting scheduled for 4pm could be extended until 6pm. Your letter suggested that some extension might be possible. Mr Hawke has also asked if the Secretary of State for Trade & Industry and the Minister of Agriculture could be brought in on the meeting, which Mr Hawke hopes might be more of a "forum type". In keeping with this the Australian High Commission were instructed to ask if the Australian party might consist of eight (sic) senior officials as well as Mr Hawke and the High Commissioner.

I am aware that this unusual request may well cause difficulties and that the Prime Minister would prefer a much more restricted session with Mr Hawke. However, given the unavoidable cancellation of the working supper, we should be grateful if his request could be considered sympathetically, with a view to making some concession to Australian wishes. Mr Hawke is clearly looking forward to a full and thorough discussion, particularly on international trade matters, in London before going on to Brussels.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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[Faint, illegible handwriting]



[Faint, illegible vertical text]





The National Archives

LETTERCODE/SERIES <i>PREM 19</i>	Date and sign
PIECE/ITEM <i>1675</i> (one piece/item number)	
Extract/Item details: <i>Message Herseltine to Codd dated 9 April 1986</i>	
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LETTERCODE/SERIES <i>PREM 19</i>	Date and sign
PIECE/ITEM <i>1675</i> (one piece/item number)	
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CEFC

Foreign and Commonwealth Office

London SW1A 2AH

12 March 1986

UK
Mrs. Lyder *no*
note

CDP
12/3

Dear Charles

Visit of the Australian Prime Minister

I wrote on 11 March to say that we were putting to the Australians the proposal in your letter of 7 March for a call by Mr Hawke on the Prime Minister at 1600 hours on Monday 21 April, and a working supper that evening.

The Australian High Commission have now informed us that Mr Hawke accepts with pleasure both the call and the offer of a working supper.

BT

We are awaiting details of Mr Hawke's party and will let you have a draft guest list for the supper as soon as these are available.

Yours ever,
R N Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street



12. III
PM 86

Handwritten text, possibly a signature or address, in blue ink.



Mr Culshaw
James
CB

Foreign and Commonwealth Office

London SW1A 2AH

11 March 1986

Mr. Home
I propose to
agree to X.
Content?
Yes
11/3
CDD

Dear Charles,

Visit of the Australian Prime Minister

In your letter of 7 March you confirmed that the Prime Minister could see Mr Hawke on the afternoon of 21 April at 1600 hours, and that she could also offer a working supper that evening.

Sir Geoffrey Howe agrees that both the call and the working supper would be appropriate. We are therefore putting these proposals to the Australian High Commission in London and informing our High Commissioner in Canberra.

Sir Geoffrey expects to be attending the Foreign Affairs Council in Luxembourg that day. If the Prime Minister would like Lady Young to attend Mr Hawke's call, she would be happy to do so; alternatively a senior FCO official could be present.

Yours ever

(Handwritten signature)

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

X | PS We have just heard that the Australians would like to announce this tomorrow, 12 March, partly because the news is leaking in Canberra. Do you have any objection to this?

(Handwritten signature) 11/3



10 DOWNING STREET

From the Private Secretary

7 March 1986

VISIT OF THE AUSTRALIAN PRIME MINISTER

I sent you yesterday a copy of the message which the Prime Minister has received from Mr. Hawke in which he proposes a brief working visit to London on 21 April.

The Prime Minister can see Mr. Hawke on the afternoon of 21 April at 1600 hours. She could also offer a working supper that evening. Subject to the Foreign Secretary's views, I should be grateful if you could propose these to the Australians and, if they are agreeable, let me have a draft guest list for the supper (up to 20 guests).

*Dinner
Cancelled*

(Charles Powell)

R. N. Culshaw, Esq.,
Foreign and Commonwealth Office.

lc



10 DOWNING STREET

From the Private Secretary

6 March, 1986.

**POSSIBLE VISIT BY
AUSTRALIAN PRIME MINISTER**

I enclose a copy of a message to the Prime Minister from Mr. Hawke in which he suggests that he might visit London on 21 April, to talk about international trade issues, East/West relations, Southern Africa and the Economic Summit.

I am copying this letter and enclosure to John Mogg (Department of Trade and Industry) and Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food).

(C.D. Powell)

L.V. Appleyard, Esq., C.M.G.,
Foreign and Commonwealth Office.

do



Acting
THE/HIGH COMMISSIONER

00
I
CC PC
AUSTRALIAN HIGH COMMISSION • LONDON

SUBJECT

CCOPS
Master

6 March 1986

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T45/86

Dear Mrs Thatcher,

The Prime Minister of Australia, Mr Hawke, has asked that I pass to you the text of the following message.

Text Begins:

My Dear Margaret

I have been giving consideration to visiting Europe from 19 to 26 April and should very much like to meet you during the early part of that period if possible.

A particular purpose of my proposed visit relates to the Australian Government's growing concern about the outlook for the international trading system especially with regard to agricultural products. We consider it is very important that the forthcoming round of Multilateral Trade Negotiations is successful in achieving an effective reinstatement of GATT rules in international trade and their application to trade in agricultural products. We hope that you will be able to encourage the full consideration of these issues at the forthcoming Tokyo Economic Summit.

I would also wish to register our continuing concern as to the effects of the Common Agricultural Policy and the importance we attach to its reform. Before travelling to Europe, I shall visit Washington to discuss with President Reagan and other senior members of his administration and of Congress Australia's concerns regarding the implications of the United States Farm Bill for international trade in agricultural products.

Our meeting would also provide an opportunity to discuss not only our bilateral relationship, but also current international political issues

of concern to us both such as East-West relations, arms control and disarmament, and the activities of the Commonwealth Eminent Persons Group on Southern Africa. In addition, there would be value in exchanging views on other international economic issues apart from trade in the context of the forthcoming Economic Summit.

My scheduling for the proposed visit is still flexible, but, from my point of view, Monday 21 April would be the most convenient time for us to meet. I should be grateful for your early advice as to whether my proposed visit is convenient from your point of view.

With best wishes,

Bob Hawke

Text Ends

Yours sincerely

A. L. Vincent

A. L. Vincent

The Rt Hon. Margaret Thatcher, M.P.
Prime Minister and First Lord
of the Treasury
10 Downing Street
LONDON, SW1



PRIME MINISTER
VISIT OF MR. HAWKE

Mr. Hawke has now written to you to propose himself for a talk on 21 April. You commented last night that you would like to see the diary for the appropriate period. I attach the pages of the forward diary for the second half of April so that you can see what else you have on. As you will see we could fit in a meeting with Mr. Hawke on the afternoon of 21 April without difficulty. The only question is whether you would feel obliged to offer him a meal. It looks as though you could do this on the Monday evening if you wanted to though I do not think it is essential. Perhaps a smallish dinner for 20 people round the big table would be a possibility.

Agree to see Mr. Hawke on 21 April?

Yes

Agree to a dinner for 20 people?

Yes

C.D.P.

C D POWELL
6 March 1986

SLH/39

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CONFIDENTIAL

FM CANBERRA

TO DESKBY 050900Z FCO

TELNO 137

OF 050600Z MARCH 1986

INFO PRIORITY WASHINGTON, BONN, UKREP BRUSSELS.

*Will look at Prime Minister
the timing will be to see him.
I am sure you will
would you want to
give a lunch or
dinner?*

PROPOSED VISIT TO LONDON BY THE AUSTRALIAN PRIME MINISTER,
MR HAWKE.

*CDP
5/3.*

1. MR HAWKE ANNOUNCED TODAY THAT HE WOULD BE SEEING PRESIDENT REAGAN IN WASHINGTON ON THURSDAY 17 APRIL FOR TALKS ON AGRICULTURAL MATTERS IN THE CONTEXT OF THE US FARM BILL AND THE FORTHCOMING ECONOMIC SUMMIT. MIKE CODD, THE NEW HEAD OF THE PRIME MINISTER'S DEPARTMENT AND SECRETARY TO THE CABINET, SUBSEQUENTLY TOLD ME THAT INSTRUCTIONS WERE GOING TO THE AUSTRALIAN HIGH COMMISSION IN LONDON TO ASK WHETHER IT WOULD BE CONVENIENT FOR THE PRIME MINISTER TO SEE MR HAWKE IN LONDON ON HIS WAY BACK FROM WASHINGTON. PARALLEL INSTRUCTIONS WERE GOING TO AUSTRALIAN MISSIONS IN BRUSSELS AND BONN ABOUT TALKS OF A SIMILAR KIND WITH THE EC COMMISSION AND THE GERMAN CHANCELLOR. CODD SAID THAT THEY WERE THINKING IN TERMS OF A ONE DAY VISIT, PROBABLY ON EITHER MONDAY 21 OR TUESDAY 22 APRIL. BUT IF IT SUITED MRS THATCHER BETTER MR HAWKE WOULD PROBABLY BE ABLE TO MAKE HIMSELF AVAILABLE OVER THE WEEKEND OF 19/20 APRIL.

2. ANY TALKS WOULD PRESUMABLY COVER A WHOLE RANGE OF TOPICS, EVEN IF MR HAWKE WISHES TO PUT AGRICULTURAL TRADE AT THE TOP OF HIS AGENDA. I WOULD, OF COURSE, MAKE IT MY BUSINESS TO FIND OUT IN ADVANCE WHAT MORE HE MAY HAVE IN MIND.

LEAHY

LIMITED
SPD.
NAD.
NEWS D.
INFO D. — Pro record
PS
PS/LADY YOUNG.
PS/MR EGGAR — PS/PUS
SIR W HARDING.
DR WILSON.

COPIES SENT TO
No. 10 DOWNING STREET

CONFIDENTIAL

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SUBJECT FILED on: Econ for
London Summit
A15

10 DOWNING STREET

From the Private Secretary

8 May 1984

AUSTRALIA

Thank you for your letter of 1 May.

The Prime Minister has considered whether to extend now an invitation to the Prime Minister of Australia to visit the United Kingdom but has decided, on reflection, to consider this again later in the year.

Peter Ricketts, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

cc 8/c

SUBJECT FILED ON
ECON POL: London Summit
A 15



Foreign and Commonwealth Office

London SW1A 2AH

I think we
should wait -
I saw a letter
from Mr Hawke

Comments
confer
May 1984
Prime Minister:
Agree to an
invitation to Mr Hawke?

Dear John,

Australia

Thank you for your letter of 11 April about Britain's relationship with Australia and the possibility of inviting Mr Hawke to visit the United Kingdom later this year or early next year.

Sir Geoffrey Howe agrees that this would be worthwhile. His reasons are as follows. Although our relations with Australia are generally in good repair, the Prime Minister has not as yet had the opportunity for a broad-ranging discussion with Mr Hawke. It would be most useful to make arrangements for such a meeting soon to pre-empt criticism that Australia's exclusion from the London Economic Summit, and the Prime Minister's visit to South East Asia but not Australia in the autumn, mean that the Prime Minister's relations with Mr Hawke are not as close as those she maintained with his predecessor, Mr Fraser.

An early invitation from the Prime Minister to Mr Hawke to visit Britain looks the best way of proceeding. It may not be easy to find convenient dates in the late summer or autumn, but we see every advantage in tendering an invitation. We know that Mr Hawke will be much preoccupied with the Australian Labour Party Conference in July and the presentation of the budget in August. He has said that he will call a general election late this year or early next year: 1 or 8 December or 23 February are the dates being canvassed. It will be regrettable if we cannot find a date which would suit Mr Hawke before February or March of next year.

Yr ever,

(P F Ricketts)
Private Secretary

P F Ricketts

A J Coles Esq
10 Downing Street

cc MASTER

file



10 DOWNING STREET

From the Private Secretary

6 June 1983

As expected, Mr. Bob Hawke, Prime Minister of Australia, telephoned the Prime Minister this evening. Following an exchange of courtesies Mr. Hawke asked the Prime Minister how she judged the outcome of the Williamsburg Economic Summit. Mrs. Thatcher said that the Summit had been a success, producing broad general agreement despite the varying approaches of the Governments involved. It was apparent from what the United States Government had said during the Summit that they believed recovery in their own economy was well underway; they had, for example, upgraded forecasts of GDP growth. There had also been agreement that the size of the debt of a number of third world countries was a limiting factor to the extent of the recovery from the world recession. The Prime Minister said that the Summit had in addition produced an agreed position on defence. Commenting on this Mr. Hawke said that the extent to which the Japanese Government had identified with the NATO position was interesting. Mrs. Thatcher added that this was partly the result of Mr. Nakasone's personal contribution and partly an increased Japanese perception of the potential threat posed to them by Soviet SS20s.

In further conversation the Prime Minister asked Mr. Hawke about the state of the Australian economy. Mr. Hawke said that there had been a considerable improvement. The breaking of the drought had been extremely important and he hoped that the Australian economy would benefit as the American recovery proceeded.

The conversation subsequently touched briefly on the British, European and American political scenes and before concluding Mr. Hawke asked about the current state of the British election campaign.

Timothy Flesher

John Holmes, Esq.,
Foreign and Commonwealth Office.



Foreign and Commonwealth Office

London SW1A 2AH

6 June 1983

Dear Tim,

Visit of Australian Prime Minister

As agreed, Mr Hawke will be telephoning the Prime Minister at 6 pm this evening. You may like to know that he is staying at the Savoy Hotel (836 4343 exts 551 or 2158).

The call is expected to be no more than a matter of courtesy, but one to which Mr Hawke attaches importance. He may ask particularly about the Prime Minister's impressions of Williamsburg, US-European relations and world economic prospects. You should also be aware that Mr Hawke has said that he will raise the question of Residual Constitutional Links with Britain when he calls on The Queen. Australian officials will be briefing us separately on progress of the proposed Australian legislation.

Mr Hawke's Australian Labor Party (ALP) took office on 5 March after 7 years in opposition. The Government has a 25 seat majority in the House of Representatives, but balance of power in the Senate is held by 5 Democrats and an Independent.

Hawke's principal problems are economic. Australia is in deep recession with 10% unemployment and 11.5% inflation and he inherited a huge balance of payments deficit. His policy for recovery - voluntary prices and incomes restraint, central wage bargaining and mild stimulus to the economy - was given general approval at an Economic Summit in April.

In other areas, after a promising start, the new government has encountered a number of embarrassing pitfalls, eg over a review of intelligence organisations, a conflict between the Commonwealth Govt and a State Government (the Tasmanian Dam) and their handling of foreign affairs initiatives. The Government's prospects, whilst by no means poor, no longer seem glittering.

/In foreign



In foreign affairs the Hawke Government is working for closer relations with regional neighbours, sees an opportunity for constructive diplomacy in Indo-China and is worried by the deterioration in US/China relations. Australia/US relations are close although defence links are being questioned.

Mr Hawke, who has come from Indonesia, leaves Britain for France, where he is expected to take issue over the continuance of French nuclear tests in the Pacific. He is then going to Geneva (to talk to the ILO) and thence to Washington as the guest of the US Government.

Mr Hawke will have spoken to Mr Foot this afternoon.

An LPR on Mr Hawke is attached.

Yours ever
J E Holmes

(J E Holmes)
Private Secretary

Tim Flesher Esq
10 Downing Street

PROGRAM 91

1996 JUN 25



HAWKE, Robert ('Bob') James Lee

Leader of the Australian Labor Party (ALP) Opposition since 8 February 1983.

Born Bordertown, South Australia, 1929. Father a Congregational Minister; uncle Labor Premier for Western Australia 1953-59.

Graduated University of Western Australia, then won Rhodes scholarship to Oxford 1952 (Took a first in PPE), returning to Australia 1956 to become Research Scholar at the Australian National University (ANU), Canberra.

Appointed Research Officer and Industrial Advocate for the Australian Council of Trade Unions (ACTU) 1958.

Unsuccessfully contested Federal House of Representatives seat for ALP 1963 and then concentrated on ACTU career.

Became President 1970-80 and dominated Australian labour relations, often defusing potentially explosive situations. His ACTU record shows his ability as a consensus politician - during eight of his ten years there only three issues were put to executive vote.

ALP President 1973-78. Following 1975 ALP electoral defeat there was speculation that Hawke might enter Federal politics, taking Gough Whitlam's ALP leadership role. But Whitlam retained his position and groomed Bill Hayden to be his successor instead. Nevertheless in 1979 Hawke secured pre-selection for the safe north Melbourne seat of Wills, and in 1980 he resigned ACTU Presidency to win the seat.

Hawke's entry into Federal politics touched off more or less continuous speculation about an ALP leadership challenge. But despite his admitted greater charisma and electoral appeal a caucus challenge to replace Hayden with Hawke was beaten off in July 1982. Speculation soon switched to the possibilities of an early general election, and the Hawke challenge seemed a dead letter until its outcome. But 1982 ended with growing dissatisfaction with Hayden's leadership. This came to a head after ALP's shock December defeat in the Flinders by-election, and on 2 February he stood down. Hawke was elected unopposed at a special party Caucus on 8 February.

Hawke is widely respected, though his often deliberately abrasive and even arrogant manner offends some. He is intelligent, industrious, shrewd, articulate, and a formidable negotiator. He is thought to be more to the centre than his centre-left public image; he is on record as saying that

Australia will be a Republic one day, though this is not high in ALP priorities.

Athletic; plays tennis, golf and cricket. Had a widely known weakness for drink and women, and studiously cultivated an 'locker' image. He has publicly gone "on the waggon" and been teetotal since election to Parliament.

Married 1956, Hazel Masterton. One son, two daughters.



①

Foreign and Commonwealth Office

Prime Minister

London SW1A 2AH

In view of X, agree

3 June 1983

to a short courtesy telephone

conversation - say, around 6pm

on Monday when, I understand, you will

be beginning speech writing at no 10?

MCs 3/6

Dear Tim,

Visit of Australian Prime Minister

You had a word with Roger Bone yesterday about Mr Hawke's visit to London from 6 to 8 June.

You will recall that the Prime Minister wrote to Mr Hawke on 11 May to explain that her official talks with him, planned for 8 June, would unfortunately have to be postponed, but making clear that we would not wish to discourage him from continuing with his visit to London if he so wished. Mr Hawke, in his reply of 20 May, said that he fully understood that Ministers would not be able to see him, but that he would prefer to maintain his visit with a revised programme (copy enclosed).

As I mentioned to John Coles some days ago, Mr Hawke would like a brief word with the Prime Minister on the telephone at some stage during his stay (and referred to his hope that this would be possible in a press conference in Canberra a day or so ago). He has put a similar request to Mr Foot. Would you be kind enough to let me know whether the Prime Minister would be willing to do this? It would help to prevent an apparent inclination on the part of some of the Australian press to suggest that Mr Hawke is being deliberately snubbed because of his political alignment (we are of course making clear in any case that this is nonsense). We would not expect the call to be more than a courtesy contact. You will see from the enclosed programme that Mr Hawke has rather fewer commitments on Monday than Tuesday, but we are sure he would be prepared to fit in with whatever timing the Prime Minister would find convenient.

Yours ever
J E Holmes

(J E Holmes)
Private Secretary

T Flesher Esq
10 Downing Street

It depends on whether we have completed the parts prohibited by the woodcutting

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1675</i> (one piece/item number)	Date and sign
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SUBJECT

cc: [unclear]
[unclear]



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T68/8

PRIME MINISTER
CANBERRA

[Handwritten initials]

19 MAY 1983

Dear Prime Minister,

Thank you for your message of 11 May 1983 in which you explained that, because of the General Election you have called for 9 June, you and members of your Government will not now be free to have the discussions we had planned while I am in London in June.

Naturally I regret that we will not be able to meet, but I fully understand that it would be difficult for you to find time for such discussions - especially on the day before the Election!

I have decided to keep the visit to London in my itinerary, but have had my program recast appropriately.

Yours sincerely
Bob [unclear]

The Rt Hon. Margaret Thatcher, MP,
Prime Minister of Great Britain,
LONDON
UNITED KINGDOM

PRIME MINISTER
CANDIDATE

27 JUN 1985



DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1675</i> (one piece/item number)	Date and sign
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FILE

B/K

10 May, 1983

VISIT OF AUSTRALIAN PRIME MINISTER

Thank you for your letter of 9 May.

The Prime Minister has approved the message to Mr. Hawke which is enclosed with this letter and I should be grateful if you could arrange for its despatch.

A. J. COLES

J.E. Holmes, Esq.,
Foreign and Commonwealth Office

4

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1675</i> (one piece/item number)	Date and sign
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Foreign and Commonwealth Office

London SW1A 2AH

9 May 1983

Dear John,

General Election and Mr Hawke's Visit

As you know, the Prime Minister had agreed to see Mr Hawke between 9.30 and 10.30 on the morning of 8 June. Following the announcement of the date of the General Election, I enclose a draft telegram containing a message to Mr Hawke from the Prime Minister. We are anxious that Mr Hawke should make up his own mind about visiting London. The second paragraph of the draft message is intended to discourage any speculation that we tried to discourage Mr Hawke from coming here.

Yours ever
John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

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DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1675</i> (one piece/item number)	Date and sign
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FILE
MFJ
cc: - FCO
10 DOWNING STREET

THE PRIME MINISTER

27 April, 1983

Dear Malcolm,

Thank you so much for your letter of 19 April. I am delighted that you are coming to London and that I shall have a chance of seeing you. I wonder if you could manage 1030 on 4 July. It will be good to have a talk.

Every good wish

Yours sincerely
Margaret Thatcher

The Right Honourable J.M. Fraser, C.H.

RM

CONFIDENTIAL



file

107

10 DOWNING STREET

From the Private Secretary

26 April, 1983

AUSTRALIA

You should know that Mr. Malcolm Fraser has written to the Prime Minister saying that he will be in London between 19 June and 5 July and that he would like to call on Mrs. Thatcher. We are proposing 1030 hrs on 4 July.

You should also know that Sir Rod Carnegie, who is the Chief Executive of Rio Tinto Zinc's subsidiary in Australia, will be calling on the Prime Minister at 1000 hrs on 3 June. Lord Shackleton recommended Sir Rod to the Prime Minister and said that he thought he might be able to provide insights on the new Australian Government.

It would be helpful if we could have a short brief for both calls.

BF

A. J. COLES

John Holmes, Esq.,
Foreign and Commonwealth Office

NK

CONFIDENTIAL

Prime Minister

25 ①

Agree to see Mr. Fraser

at 10.30 on 4 July?

Yes
A.J.C. $\frac{2.}{4}$

The Rt. Hon. Malcolm Fraser, CH,
17th Floor,
367 Collins Street,
MELBOURNE VIC . 3000
AUSTRALIA

Telephone: (03) 6177697

19 April 1983

Mr. Coles.
advised please
cf.
25/4

Dear Margaret

I am planning to be in London between 19 June and 5 July.

I know you will probably be frantically busy, and I now have the luxury of a little more time being available, but if it is possible to call on you I would very much welcome the opportunity of doing so.

With all good wishes,

Yours truly
Bob Hawke

The Rt. Hon. Margaret Thatcher, MP,
Prime Minister of Great Britain,
10 Downing Street
LONDON SW1
UNITED KINGDOM

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

15 April 1983

Visit of the Australian Prime Minister

Thank you for your letter of 12 April about Mr. Hawke's proposal to pay a working visit to Britain from 6-8 June.

The Prime Minister would wish to give Mr. Hawke some entertainment during his visit but I am afraid that this is impossible owing to the European Council in Stuttgart and the State Visit of the President of Sri Lanka. I should be grateful if this could be carefully explained to Mr. Hawke. Mrs Thatcher would be glad to see him for a talk from 0930 to 1030 on the morning of 8 June.

A. J. COLES

R.B. Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

PCS, de VC

VC

①

ASC
← Caroline

10.00 -
10.30 on
June 3rd

Can you pl. suggest a
time?

PRIME MINISTER 9.15/4

A.J.C. 1/4

Sir Rod Carnegie

Lord Shackleton rang me to say that the above, who is the Chief Executive of RTZ's subsidiary in Australia, will be in the UK from 20 May to 10 June. I understand that when you met Lord Shackleton the other day you expressed some interest in seeing Sir Rod Carnegie when he was here - particularly because of the insights which he might be able to provide on the new Australian Government.

Would you like us to arrange for him to call?

Yes
mt A.J.C.

14 April 1983

PRIME MINISTER

Visit by Australian Prime Minister

Mr. Hawke wants to pay a working visit to Britain from 6-8 June on his way to other European countries and Washington.

You would have wanted in normal circumstances to give him a meal but I am afraid this will not be possible. You will be in Stuttgart on 6 and 7 June. You are giving lunch for the President of Sri Lanka on 8 June and have a dinner engagement that evening. I have investigated whether Mr. Hawke could alter his plans but he cannot do so. He entirely understands that it will not be possible for you to give him a meal but has asked whether he could call on you for a talk on the morning of 8 June. Agree that we offer him 9.30-10.15 a.m.?

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We shall arrange for a senior Minister to give him a meal in your absence.

~~W. J. C.~~

Yes
ms

A. J. C.

14 April 1983

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1675</i> (one piece/item number)	Date and sign
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CF



Australia
JSG
PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. KT 2/187

10 DOWNING STREET

THE PRIME MINISTER

20 August 1981

Dear Malcolm

Many thanks for your letter of 3 August and your kind message about our policies. I value your opinion very much. There is no other path for Britain, and I don't intend to move from our policies when they are just beginning to succeed.

I too enjoyed our talks, and look forward to seeing you in Melbourne.

Yours sincerely

Margaret Thatcher

The Rt. Hon. J. M. Fraser, C.H., M.P.



R. retypre

10 DOWNING STREET

THE PRIME MINISTER

Many thanks for your letter of 3 August and
had about on politics
~~for your message of support. I don't think of you~~
~~as an outsider,~~ and I certainly value your opinion *very much*.
~~As you say,~~ there is no other path for Britain,
and I don't intend to move from our policies when
they are just beginning to ~~bear fruit.~~ *succeed.*

I too enjoyed our talks, and look forward to
seeing you in Melbourne.

The Rt. Hon. J.M. Fraser, C.H., M.P.

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cc Master
Sp
118/81



**PRIME MINISTER'S
PERSONAL MESSAGE**
PRIME MINISTER
SERIAL No. 118/81
CANBERRA

3 August 1981

My Dear Margaret

I enjoyed our discussions the other day. It was very good to see you again.

Thank you for being so understanding about my not being able to attend the Blackpool Conference.

May I say that I feel for you during the difficult times which Britain is experiencing at the moment. I have met a number of people who have great respect for your courage and determination. If the attitude of an outsider means anything, I am sure there is no other path for Britain than the one on which it is embarked.

My best wishes and I look forward to seeing you very much in Melbourne.

*Yours sincerely
Margaret Thatcher*

The Rt Hon. Mrs Margaret Thatcher, MP,
Prime Minister,
10 Downing Street,
LONDON SW1A 2AH

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10 DOWNING STREET

From the Private Secretary

31 July 1981

Dear Roderic,

THE PRIME MINISTER OF AUSTRALIA

The Prime Minister of Australia, the Rt. Hon. Malcolm Fraser, called on the Prime Minister yesterday afternoon. I enclose a copy of the record of their discussion.

I am sending copies of this letter and its enclosure to John Wiggins (HM Treasury), John Rhodes (Department of Trade), Geoff Needham (Department of the Environment - Sport) and David Wright (Cabinet Office).

Yours ever

Michael Alexander

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

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SUBJECT
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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRIME MINISTER OF AUSTRALIA, THE RT. HON. MALCOLM FRASER, AT 10 DOWNING STREET ON 30 JULY AT 1700

Present:

Prime Minister
Mr. M.O'D. Alexander

The Rt. Hon, Malcolm Fraser
CH, MP
H.E. The Hon. R. V. Garland
Sir Geoffrey Yeend

* * * * *

The Australian Economy

In response to a question from the Prime Minister, Mr. Fraser said that it was inevitable that, with the Australian economy growing at 5% a year, there should be pressure from the unions. The previous arrangements for fixing wages had been unsatisfactory and had had to be reviewed. This was now being done. The Prime Minister expressed admiration for Australia's economic performance. Mr. Fraser said that it was based on cutting expenditure, getting inflation down and making it possible for industries to make profits. The Prime Minister commented on the difficulties she was experiencing with the nationalised industries in the United Kingdom. Mr. Fraser said that his advice would be to sell them. He added that he understood the difficulties in doing so, but hoped that the Prime Minister would continue on the course she had set herself. The difficulties she had inherited were much greater than those which had faced him. Australia had only had "three years of madness" whereas Britain had suffered from many years of neglect. Against this background it was clear that the Prime Minister was making real progress.

CHGM

The Prime Minister said that she had no wish to devote large parts of the Melbourne discussions to Gleneagles and the problems of relations with South Africa. Mr. Fraser said he entirely agreed. He had discussed the situation at lunch earlier in the day with a

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- 2 -

number of other Commonwealth Heads of Government. He thought it should be possible to secure a simple reaffirmation of Gleneagles without too much trouble. Of those with whom he had discussed the issue, Mr. Adams (Barbados) had taken the hardest line. He wanted the Gleneagles agreement to be extended to third parties, i.e. the Governments' party to the agreement should refuse entry to nationals of other countries who had played in South Africa. The only obstacle in the way of a reaffirmation of Gleneagles would be Mr. Muldoon. If he carried out his present intention of analysing the human rights performance of other Commonwealth countries and of denouncing the Gleneagles agreement, he would certainly provoke an African counter-attack. This would not worry Mr. Muldoon: indeed he would probably welcome it since it would enable him to go home and win his election on the basis that he was defending "poor little New Zealand" against the unjustified attacks of hostile third world countries.

The Prime Minister commented that if anyone attacked her at CHGM, e.g. on aid, she herself would be inclined to react as Mr. Muldoon had done. Hard things would be said if events followed the course outlined by Mr. Fraser. It would be much better if there were no discussion at all. Mr. Fraser said that Mr. Muldoon considered he had already been attacked and intended to raise the Gleneagles issue whether or not anyone else did. The argument of the Africans was that Mr. Muldoon was trying to have it both ways. He was asserting that he had carried out the Gleneagles Agreement as he had understood it and had taken all the action open to him to discourage the tour but in fact, according to the Africans, had never asked the New Zealand Rugby Football Union to cancel the tour. After the discussions at Gleneagles, Mr. Muldoon, according to Mr. Ramphal, had given a press conference at which he had said sporting contacts with South Africa would cease. This obviously had not happened.

The Prime Minister asked Mr. Fraser if he was saying that a request by Mr. Muldoon to the New Zealand Rugby Football Union to cancel the tour would satisfy the other Commonwealth countries.

/ Mr. Fraser

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Mr. Fraser said that he thought so. The Prime Minister commented that this seemed to be an important point. Mr. Fraser agreed but implied that Mr. Muldoon was now set on his present course. The only person who could persuade him to change it was the Prime Minister herself. If Mr. Muldoon were to insist on making a speech about the imperfections of other members of the Commonwealth, he (Mr. Fraser) as Chairman would refuse "to give him room for a brawl". He would try to arrange things so that only one speech was made in response, perhaps by an African participant. Mr. Muldoon would find it difficult to have a fight if there was no opposition. The Prime Minister repeated her own preference for having no discussion whatever. However, brief the discussion, regrettable things would be said. As regards Gleneagles itself, the Prime Minister agreed that it could be reaffirmed. But she was not prepared to see its scope increased in any way at all. The Prime Minister added that she would be very reluctant to see the weekend Retreat devoted to Gleneagles.

Sinai Peace Keeping Force

Mr. Fraser said that the Americans had been trying for some time to twist his arm on the question of Australia's participation in the Sinai peace keeping force. He had told them during his recent visit to Washington that he was tired of the publicity being given to this problem and intended to take some time before making a decision. The Australian Government were in two minds. On the one hand, they supported the strong position the U.S. were taking. They thought that President Sadat needed support. They wanted the Camp David process to go ahead. All this argued for Australian involvement. On the other hand, thanks to the activities of the Labour Party, it had become a major political issue at home. The Middle East was a long way away: arguably Australia ought to focus its efforts on problems closer at hand. Moreover, involvement might damage Australia's commercial interests. The list of participants being canvassed by the Americans was very odd. In sum, the proposition probably could not be sold to the Australian public in its present form. However, the situation might be different if some "more respectable partners" e.g. the

CONFIDENTIAL

- 4 -

United Kingdom or Canada, were involved. The Prime Minister said that she fully understood Mr. Fraser's doubts. However, there was no question of British participation. We had not been asked to send a contingent. There were historical reasons for us not to do so. Our commercial interests pointed in the same direction. It might perhaps be easier for Canada. Mr. Fraser said that the commercial arguments weighed heavily with him. Following the Soviet invasion of Afghanistan, Australia had lost its wheat trade with China to the Canadians and with the Soviet Union to the Americans. It would be too much if on top of this they were to lose their trade with the Middle East as well. The Prime Minister said that Mr. Fraser seemed to have a cast iron case for refusing to participate if that was what he decided to do. Mr. Fraser said that the Prime Minister's reaction had greatly clarified the situation for him.

Namibia

Mr. Fraser asked for a progress report on Namibia. The Prime Minister said that we had made it clear to the Americans that the contact group must be kept in being. The idea of getting the Cubans out of Angola was an excellent one but it was not at all clear that a satisfactory link could be established with the situation in Namibia. If one made prior Cuban withdrawal a condition of a settlement in Namibia, the last case might be worse than the first. The result might be simply to strengthen the position of the Cubans, and perhaps of the East Germans, in Angola. It was clear that President dos Santos relied on the Cubans for civil as well as military assistance. Mr. Fraser said that it would be helpful if there were evidence of some movement in the Namibian situation by the time CHGM assembled. Otherwise there was a risk of unhelpful resolutions from the African participants. The Prime Minister said that she took the point, but doubted whether there would be much evidence of movement by the end of September. President Reagan was still concentrating primarily on domestic issues. The important thing would be to keep up the pressure on the South Africans, for whom she held no brief.

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/Mr. Fraser

CONFIDENTIAL

- 5 -

Mr. Fraser wondered how much time was needed. The Prime Minister said that originally she had thought results would have to be achieved this year. Now she was not so sure. The South Africans were very stubborn. They expected President Reagan to back them. However, sooner or later the practical aspects of the situation would make themselves felt in Washington. Mr. Fraser said that Mr. Haig had indicated to him when he was in Washington that the South Africans were proving very tough. Clearly more time would be needed but the process could not be extended indefinitely. The Prime Minister agreed and repeated that in the meantime it was essential to keep the contact group, which was meeting that day, in action.

North/South

The Prime Minister asked what other subjects the African participants were likely to want to discuss in Melbourne. Mr. Fraser said that, above all, they would be interested in North/South issues. He had been glad to see the reference to the global negotiations in the Ottawa Declaration. The Prime Minister said that she did not believe the global negotiations would produce substantive results. However, other countries wanted them and therefore they had to go ahead. There was no point in arguing about that. But the global negotiations must not result in an attempt by the participants to dictate terms to existing international institutions. HMG would not put money into those institutions if they were to be dominated by non-contributors. Mr. Fraser said that the question was largely one of symbolism. Many countries felt that they were denied influence in the existing institutions. They favoured the global negotiations because in that sort of forum they could be part of the process.

The Prime Minister said that one could perhaps look at changes in some of the existing institutions, e.g. to take account of the position of the oil exporting countries. However, it was by no means clear that those nations were keen on, for instance, the establishment of an energy affiliate. There was not much point in arguing about this if the Saudis did not want it.

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/ Mr. Fraser

Mr. Fraser agreed, but said that if some measures along those lines could be taken, it would affect the perceptions of many countries.

The Prime Minister said that since so many developing countries were capital-hungry, there might be more advantage in looking for arrangements which would make investment in them easier. An international code of practice might be helpful. But Mr. Fraser said that this could perhaps come out of the global negotiations. The Prime Minister expressed scepticism. The Prime Minister added that she recognised that many countries were not credit-worthy and would not attract capital. They had to be the recipients of aid. That was why the United Kingdom concentrated its official aid on the poorest countries. Mr. Fraser said that he recognised Britain's aid record was a good one. The Prime Minister asked about Australia's position on imports of third world products. The UK's policy was a liberal one. Mr. Fraser said that on a capital basis access to the Australian market for third world countries was very large. Australia was a huge importer of such products as textiles and footwear. There was a developing country preference. ASEAN was increasing its exports to Australia at some 30% a year.

Mr. Fraser said that he discussed the question of how to handle North/South issues at CHGM with Mr. Ramphal. He had shown Mr. Ramphal a draft Declaration of Intent which he hoped could be issued in Melbourne. Mr. Ramphal would like the text to go further. Mr. Fraser said he thought that it was about right. He then handed a copy of the draft (attached) to the Prime Minister. He hoped that it could be appended to the usual communique. It should have some impact since it would come out two weeks before the Summit at Cancun. He hoped that it would not be "mauled by the bureaucracy".

The Prime Minister, who read the text through rapidly in Mr. Fraser's presence, said that she was anxious that nothing should be said at CHGM which would encourage people to think that

the North/South problem was merely one of the redistribution of wealth. The fact was that the electorates in neither the UK nor Australia would be prepared to accept a lower standard of living in order to raise that of the third world. In any case, the argument that the developed world was responsible for poverty in the third world was totally false and language which implied that should be rejected. (Mr. Fraser indicated that he fully agreed with this last point). The draft Declaration of Intent would immediately give rise to the question "what are you going to do?". Mr. Fraser said that if he were asked this question he would say that it was one for resolution at Cancun and in the global negotiations. The Prime Minister said that, in other words, the answer was "let's hold more talks". Mr. Fraser agreed, but added that was in any case what the third world wanted.

The Prime Minister said that she hoped that there could be more than just talk. The potential of the developing countries was enormous. What they needed was new capital, more technical aid and, above all, will power. Mr. Fraser said that he thought they had the necessary will power but that they lacked organisation. The Prime Minister agreed and commented that one could see this in countries like Nigeria and Zambia particularly when compared with a country such as Malawi which had succeeded in organising itself effectively. Mr. Fraser commented on the difficulties facing the many countries which depended excessively on a single commodity. The Prime Minister agreed. She noted that we were encouraging the European Community to associate itself with the International Sugar Agreement. Mr. Fraser welcomed this and said that he very much hoped that Community membership could be pushed through.

Pakistan

Mr. Fraser said that he had been considering what could be done about Pakistan's wish to rejoin the Commonwealth. The Prime Minister said that the question could not be raised unless Mrs. Gandhi had made it clear that she would be content to see Pakistan back. Mr. Fraser said that he intended to ask Mrs. Gandhi

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- 8 -

in Delhi next week whether, if Pakistan asked to rejoin, she would agree. He was confident that if the Pakistan Government knew that a request would be granted, they would ask. The Prime Minister said that she had no objection to Mr. Fraser proceeding as he proposed. However, she doubted whether Mrs. Gandhi would in fact agree.

The discussion ended at 1815.

Amby

31 July 1981

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Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213...6400...GTN...213

Switchboard 01-213 3000

Michael Alexander Esq
Private Secretary
10 Downing Street
LONDON SW1

20 July 1981

Dear Mr Alexander

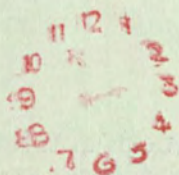
PRIME MINISTER'S MEETING WITH THE AUSTRALIAN
PRIME MINISTER

As we agreed this morning, I am enclosing a copy of the table of figures we have given today to the Australian High Commission at their request. We do not know precisely what the Australian Prime Minister's interest in these figures is, but I am assuming Mrs Thatcher will find it helpful to have short notes on the financial cost of ~~an~~ - employment and on the net costs of special measures.

*Yours
Marie Fahey*

MISS M C FAHEY
Private Secretary

30 JUL 1981





Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400...GTN...213

Switchboard 01-213 3000

Michael Alexander Esq
Private Secretary
10 Downing Street
LONDON SW1

20 July 1981

Dear Mr Alexander

PRIME MINISTER'S MEETING WITH THE AUSTRALIAN
PRIME MINISTER

As we agreed this morning, I am enclosing a copy of the table of figures we have given today to the Australian High Commission at their request. We do not know precisely what the Australian Prime Minister's interest in these figures is, but I am assuming Mrs Thatcher will find it helpful to have short notes on the financial cost of ~~an~~ - employment and on the net costs of special measures.

*Yours
Maurice Fahey*

MISS M C FAHEY
Private Secretary

QUARTERLY EXPENDITURE ON UNEMPLOYMENT AND SUPPLEMENTARY BENEFIT

	UB	SB
April - June 1980	£205m	£158m
July - Sept 1980	£274m	£224m
Oct - Dec 1980	£376m	£246m
Jan - March 1981	£443m	£289m

FACT SHEET

FINANCIAL COSTS OF UNEMPLOYMENT TO THE EXCHEQUER

1. Costs of unemployment to the Exchequer include increased unemployment/supplementary benefit payments, reduced direct tax receipts and NI contributions, and perhaps increased nationalised industry borrowing and lower indirect and corporate taxes. There may also be a variety of social costs, such as deterioration in health, loss of skills and increased crime, all of which would cause extra pressure on Central and Local Government services.
2. It is not meaningful to estimate the total cost of unemployment to the Exchequer because of the implication that there is an effective alternative strategy of nil unemployment and also the dependence of tax/contribution rates on the level of commitments. The characteristics of those in the inflow or stock who comprise the increase in unemployment cannot be identified, but they will effect benefits paid and the earnings losses experienced.
3. DHSS estimate that the average weekly payment to an unemployed person over the past 3 years was - 1978/79 £22.40; 1979/80 £25.25; 1980/81 £24.50.
4. In 1980/81 a total of £2.2b was paid in UB/SA to the unemployed.
5. The February 1981 edition of the Treasury's Economic Progress Report included an article on the costing of unemployment. The article emphasised the limitation of any estimate but concluded that the direct cost to the Exchequer in 1980/81 per additional 100,000 unemployed was £340 million per year.

POINTS TO MAKE

6. There is no satisfactory way to assess social costs in money terms. Some research has been done but results so far are thought to be unreliable.
7. Because of the need to bring down public expenditure, attempts are being made to reduce the burden of UB/SA payments by eliminating ERS, taxing benefits and letting inflation lower the real value of benefits.

NET COSTS OF SPECIAL MEASURES

Even after account is made for Benefit Payments to the unemployed, and for taxes and NI contributions lost to the exchequer, there remain public expenditure consequences from running employment measures. Subject to a number of uncertainties it is estimated that the net additional cost to public funds of reducing the unemployment register, per person, per year is:

Temporary Short-Time Working Compensation Scheme	£600
Job Release Scheme	£1800
Youth Opportunities Programme	£1400
Community Enterprise Programme	£1600
Community Industry	£1650

These costs occur either because of the level at which allowances are set, eg YOP allowance exceeds the level of SB, or because not all those paid for represent reductions in the register, et not all of those who lose their jobs register as unemployed.

30 JUL 1981

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Foreign and Commonwealth Office

London SW1A 2AH

*Mr Fraser's office have
 writing to say that he has a number of weighty issues to discuss.*

27 July 1981

I assumed there that you had a full hour available for the meeting. They were cancelled.

Dear Michael,

Phil - 28/7

Prime Minister's Meeting with Australian
 Prime Minister 5.00 pm Thursday 30 July

Mr Fraser asked the High Commissioner in Canberra to extend his sympathy over the recent disturbances in the UK, and said he would do so in person when he met the Prime Minister.

Mr Fraser will naturally have the Melbourne CHGM very much in mind, and will, during his visit to London, be sounding out the views of other Commonwealth leaders coming here. A separate brief has been sent to you on CHGM and associated issues.

Mr Fraser would, no doubt, welcome the Prime Minister's own impressions of the Ottawa Summit.

I attach a brief on other topics relevant to Mr Fraser's meeting with the Prime Minister. Professor Harries, adviser to Mr Fraser, has told us that Mr Fraser may wish to "take the Prime Minister's mind" on his proposed "Melbourne declaration" (para 10 of Essential Facts). The Prime Minister may herself wish to raise the point (Point to Make 5) that we hope it will prove possible for the Royal Australian Navy to buy one of our Invincible Class carriers, and are confident that we can produce a competitive package. She may also wish to endorse the point (Point to Make 2) that aggressive action by the Australians threatening retaliation against the EC could be counter-productive.

Mr Fraser will probably be accompanied at the meeting by the Australian High Commissioner (The Hon Mr R V Garland), and Sir Geoffrey Yeend, Secretary to the Cabinet.

*Yours PLM
 Rodric Lyne*

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
 10 Downing Street

VISIT OF AUSTRALIAN PRIME MINISTER, 25 JULY TO 2 AUGUST

TOPICS COVERED IN BRIEFS FOR THE PRIME MINISTER AND THE SECRETARY OF STATE

<u>Item</u>	<u>Topic</u>	<u>Classification</u>
A	EC/Australia	Confidential
B	Defence Relations	Secret
C	Poland: Contingency Plans (if raised)	Secret
D	North - South	Confidential
E	New World Information and Communication Order	Confidential
F	Middle East	Confidential
G	Cambodia (if raised)	Confidential
H	Namibia (if raised)	Confidential
I	Zimbabwe	Confidential
J	Northern Ireland (if raised)	Unclassified
K	Bilateral Issues (if raised)	Confidential

RASER, THE RT HON (JOHN) MALCOLM, CH MP

Prime Minister since November 1975.

Born Melbourne 1930. Only son of a well off grazier. Spent boyhood on father's Riverina (New South Wales) property. Educated at Melbourne Grammar and Magdalen, Oxford (PPE, 1948-52). Liberal Member for Wannon, Victoria, since 1955. Minister for the Army 1966-68. Minister for Education and Science 1968-69 and 1971-72. Minister for Defence 1969-71. Opposition spokesman on Labour and Public Service matters 1972-75. Leader of the Opposition March-November 1975. Appointed Prime Minister of a caretaker Government in November 1975 when Sir John Kerr dismissed Mr Whitlam. Won December 1975, December 1977 and October 1980 elections decisively, the first with a record majority.

Has been whole-heartedly involved in politics ever since his return from Oxford about which he says little. Failed to secure preferment under Sir Robert Menzies, partly because of reputation even then for patrician arrogance. His interest in defence matters led to appointment as Minister for the Army under Mr Hold. Early-won reputation for vigorous clashes with senior officials, but handled a testing portfolio well. Promoted to Cabinet by Mr Gorton in 1968 as Minister for Education and Science. Minister for Defence in November 1969 after Federal election. He fell out with Mr Gorton and his challenging resignation in March 1971 precipitated a leadership crisis which brought down Mr Gorton. He stayed on backbenches until appointed to Ministry of Education and Science by Mr McMahon. In Opposition, formidable operator, arousing the wrath and respect of his opponents. Failed to unseat Mr Snedden from the Leadership in November 1974 but succeeded in March 1975 after Mr Snedden had been constantly out-manoeuvred, especially in Parliament, by Mr Whitlam. His ruthless ambition and determination, which had deterred many on his own side, became a great asset when the Liberal Party was looking for a leader strong enough to take on Mr Whitlam. Made astute political use of Whitlam Government's overseas loans affairs and used L-NCP Senate majority to delay the 1975 Appropriation Bills. Appointed caretaker Prime Minister on 11 November 1975 when Sir John Kerr ousted Mr Whitlam.

His career shows a genius for political timing, astute political judgement, considerable courage and ruthlessness. He has now come to dominate his Party, his Government and the Parliament, especially since Mr Whitlam's decline and resignation. Without rival or obvious successor as Prime Minister. His style is tough and demanding, even abrasive, although he has begun to mellow somewhat in office. He sets high standards for himself and his colleagues, working long hours, expecting Ministers to attend frequent consultations at short notice and distancing himself from colleagues who run into trouble. Likes to operate by Cabinet consensus, although it is unusual for him not to get his own way. His aloofness, apparent lack of warmth, patrician manner and hard-headed ambition have won him respect rather than friends, even among his Ministerial colleagues. He listens to a number of private influential advisers on his personal staff. Not a good speaker, but handles question and answer sessions and unscripted interviews well, showing his command of his brief and his single-mindedness in getting points over. Infuriates Opposition in Parliament by answering only questions he wants to. Tends to allow one issue to dominate his thinking, eg Soviet naval presence in Indian Ocean (1976); Australia as a bridge between North and South (1977-78); and entry for Australian agricultural produce into the EEC (1978). More pragmatic and progressive, especially on international and racial (eg African) issues than his reputation or his party. An admirer of the German and Japanese economic miracles, and of the free enterprise system. Not particularly enthusiastic about Britain; unusually, he did not visit the UK as PM until eighteen months after taking office. But he has come to value his personal contacts with

/the

the Prime Minister and is a notable convert to the worth and significance of the Commonwealth. He has also been helpful and easy of access to this High Commission, surprisingly willing to hear an argument and straightforward in making up his mind. Has accepted an invitation to visit the UK in 1981.

Married 1956 Tamara ("Tamie") Begg, a charming lady with a splendidly irreverent sense of humour. She comes from another rich grazier family in Western Victoria; 2 sons, 2 daughters.

Recreations: fishing, photography, fast cars and motor bikes. Owns valuable grazing property (Nareen) in Western Victoria.

VISIT OF AUSTRALIAN PRIME MINISTER, 25 JULY TO 2 AUGUST

POINTS TO MAKE

A: EC/AUSTRALIA

1. Hope Mr Fraser will bear in mind continuing political sensitivity of UK membership of EC when he is making public statements in UK. And important for developed Commonwealth countries to avoid criticism of each others' trade policies at CHGM.

2. UK shares Australian concern about present operation of CAP and will be pressing for change. However, feel that Australian threats of aggressive action strengthen position of EC states unsympathetic to Australia.

Sugar (if raised)

3. UK pressing for Community membership of International Sugar Agreement as a priority for our Presidency. Community now agreed to discussion in GATT of recent changes to sugar regime.

Australian Safeguard Action under GATT Article XIX (if raised)

4. Glad Australia has cleared up earlier misunderstanding. Hope this issue can now be resolved by negotiation.

B: DEFENCE RELATIONS

ASW Carrier for Royal Australian Navy (RAN)

5. Hope it will prove possible for RAN to buy one of our Invincible class ASW carriers. Confident we can produce competitive package, including timing. MOD experts ready to travel to Canberra for technical discussions whenever you wish.

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C : POLAND: CONTINGENCY PLANS (If raised)

7. Value Australian participation in NATO planning, agree consultations with NATO should be full as possible. But points you have raised with NATO are ones on which it is difficult to secure Alliance consensus. We have tried to expedite response but real fear in NATO that pressing for answers now could lead to unravelling of existing package.

D: NORTH - SOUTH

8. Hope Mr Fraser will ensure at CHGM that there is practical discussion of economic issues, not North/South confrontation. We spoke up for Australia's inclusion at Cancun but list of participants now closed at 22.

E: NEW WORLD INFORMATION AND COMMUNICATION ORDER (NWICO)

9. UK been working for Western coordination against this. Keen to cooperate closely with Australia as well.

10. For CHGM support Australian idea of building on report of Commonwealth Committee on Communication and Media. We need to avoid confrontation with supporters of non-aligned stance.

F: MIDDLE-EAST

Arab- Israel

11. Are Australians in a position to endorse Venice?

Sinai peace-keeping force

12. UK not asked to participate and not likely to be. Appreciate Australian difficulty, but no wish to discourage Australian participation.

G: CAMBODIA

UN Conference and UNGA : Credentials (if raised)

13. Has Conference changed likely Australian attitude to Cambodian credentials at UNGA? No. UK decision yet, but position has not in our view changed from 1980.

SECRET

/ H.

SECRET

H: NAMIBIA (if raised)

14. No guarantee of obvious progress before CHGM. Hope, nonetheless, that CHGM will not be bogged down over Namibia at expense of other issues.

I: ZIMBABWE

15. North Korean military assistance worrying but we will have to live with it. BMATT will continue to play major rôle. Would welcome Australian assistance in training Zimbabwe's army.

16. Australian teachers in Zimbabwe very effective form of aid.

J: NORTHERN IRELAND (If raised)

17. Grateful for helpful Government statement in Australian Senate on 13 May.

K: BILATERAL ISSUES (If raised)

18. Pleased that progress continuing between Commonwealth and States on resolving problems of Australia's residual constitutional links with UK. We will do all we properly can to help implement any consensus reached in Australia. Expect the Australians will keep Palace closely informed.

SECRET

VISIT OF AUSTRALIAN PRIME MINISTER - 25 JULY to 2 AUGUST

ESSENTIAL FACTS

A. EC/AUSTRALIA

1. Australians strongly criticise EC barriers to agricultural imports and payment of export subsidies by EC in order to dispose of high cost CAP surpluses on world markets, where they compete with Australian produce. Australians have recently threatened trade retaliation against EC suppliers over a whole series of issues including sheepmeat and manufacturing beef. If there were retaliation UK would stand to lose more than other EC member states. We have tried to convince Australians that their aggressive line is counter-productive. However, Mr Anthony, Deputy Prime Minister and Trade Minister, continues to make belligerent noises.

GATT

2. Australia is pursuing a number of CAP-related complaints against EC in GATT, though GATT however permits subsidisation of agricultural exports providing this does not give exporting country a 'more than equitable share' of those markets. ^{Australians have} obtained a GATT ruling on sugar, but an inconclusive one, ^{GATT council has agreed} to keep the issue under review. Meanwhile new EC sugar regime should transfer burden of financing surplus disposal from EC Budget to producers themselves.

3. Australia has also taken safeguard action under GATT on footwear, cars and forklift trucks. EC has GATT right to demand compensating package and, if this is not agreed, to retaliate. So far no compensatory package agreed, but EC has refrained from retaliation and has agreed to successive prolongations of the 90-day consultation period. But in June the Australians oddly refused to agree any further extension. So, to protect its position, EC had to submit to GATT a list of products for possible retaliation. Commission wanted to include canned fruit (sensitive for Australia) but UK, with German and Dutch support, blocked this. Australians subsequently changed their position, claiming a 'misunderstanding' and have agreed to further extension. They have also now told the Commission informally that they hope in

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September to offer a compensatory package.

B: DEFENCE RELATIONS

Anti-Submarine Warfare (ASW) Carrier for RAN

4. Mr Nott suggested to Australian Defence Secretary, Mr Killen, on 28 May that the Australians might acquire one of the three Invincible class ASW carriers being built for the RN, to replace the Australian aircraft carrier HMAS Melbourne. The High Commissioner in Canberra has subsequently followed this up with Mr Killen. The Australians are interested but are also considering an American Iwo Jima class carrier. MOD has prepared a detailed paper for the Australians and has also offered to send a team of experts to Canberra for technical discussions. MOD are confident that they can produce a competitive package soon enough to enable Australians to dispense with planned refit of HMAS Melbourne in 1986. Both we and Australians have emphasised need for secrecy.

Five Power Defence Arrangements (FPDA)

5. All partners understand (but regret) financial and practical obstacles to regular UK participation. However, Company group of Gurkhas (130 strong) will take part in Exercise PLATYPUS in Australia from 25 July to 5 August.

6. Singapore's Second Deputy Prime Minister (Mr Rajarathnam, the former Foreign Minister) said on recent visit to Australia that the FPDA was not designed to cope with the power play now seen in the area and a rethink of defence arrangements was necessary, with the US as linchpin and involving Japan, ASEAN and China. Mr Fraser may comment on this.

C: NATO CONTINGENCY PLANNING FOR SOVIET INTERVENTION IN POLAND

7. Australians have been particularly keen to be fully consulted during the drawing up of NATO's plans so as to ensure themselves an opportunity of influencing decisions they would help implement. The Secretary of State told Mr Street on 12 June that we would do what we could to expedite a NATO reply to these queries. But it is

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now clear that the issues involved are highly contentious. Consensus is that these issues would be more easily resolved under the impetus of a crisis.

8. Mr Fraser may well have been given much the same message when he visited Washington on 30 June.

D: NORTH - SOUTH

9. Mr Fraser's interest in 'North/South' issues will dominate his approach to the Commonwealth Heads of Government meeting. In a recent public speech he has argued that the industrialised countries should regard the 'South' as a solid political grouping.

10. He is personally working on a draft 'Melbourne Declaration' on international economic issues. Australian officials say that in its final form the Declaration is likely to be in neutral terms. The Prime Minister saw a leaked early draft of the Declaration; the Australians have learnt of this and are reportedly upset.

11. Australia is disappointed at not being invited to the Cancun Summit.

E: NWICO

12. Australian proposal of building on report of Commonwealth Committee on Communications and Media is to (a) study needs and resources for communication development and (b) hold a seminar of government and media to discuss the problem.

F: MIDDLE EAST

Arab-Israel

13. Australians have not endorsed Palestinian self-determination or acknowledged that the PLO should have a rôle. We know Australian DFA officials have recommended that Australia should align with the Ten, but that Mr Fraser and Mr Street are reluctant to do so. There is a small but politically active Jewish community in Australia.

/Sinai

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Sinai peacekeeping

14. Australians (together with New Zealanders and Canadians) have been asked to provide a contingent to the Multinational Sinai peacekeeping force. The request gives them difficulty. They have supported Camp David and are reluctant to disappoint their US allies. But Australian Labour Party have violently opposed participation, recalling the Australian experience in Vietnam, and the government themselves are worried about the impact on their relations with the Arabs, particularly on dairy exports. Mr Fraser wants more Western cover if Australia is to participate and is anxious that the UK should also participate or perhaps provide a commander for the force. We have not been asked to participate and have been told by the Americans that there is no question of our being asked. We have tried to deter Mr Fraser from linking Australian participation to ours.

G: CAMBODIA

UN Conference

15. The Australian Foreign Minister, Mr Street, attended the New York Conference (13 - 17 July). Conference adopted by consensus a Resolution (setting up a Committee) and a Declaration. The Declaration calls for an independent and neutral Cambodia. The texts were the result of hard bargaining between the Chinese, who wished to maintain a privileged position for the Khmer Rouge after Vietnamese withdrawal, and ASEAN. The texts finally adopted preserve the essence of the ASEAN (and Western) position.

Credentials

16. Cambodian credentials became a domestic political issue in Australia when the former Foreign Minister, Mr Peacock, used them as an example of his differences with Mr Fraser. In May, Australia announced that it would have abstained on this question at the World Health Assembly (there was in the event no vote). This implies an Australian abstention in September at the UNGA, but there is some flexibility in Australian statements, and ASEAN hope that they can persuade Australia to continue to support Democratic Kampuchea. (UK voted for DK in 1980).

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H: NAMIBIA

Australian Policy Towards Namibia

17. Australia has always supported Five's efforts to achieve negotiated settlement, but lays the blame for the delay squarely on the South African Government. Abstained on resolutions calling for sanctions in the General Assembly debate, 2 - 6 March. Mr Fraser claimed on 14 July that he was relieved by America's attitude to Namibia, believing that they were putting great pressure on the South African Government.

US Still Taking Lead in Negotiations

18. The Five agreed in May to allow the US, as the Government with most leverage on South Africa, to take the lead. Following discussions by the Five Foreign Ministers, in margins of Ottawa summit, a meeting of senior officials in Paris on 30 July will discuss the outcome of the US/South African contacts. The Americans consider that there are grounds for some optimism. [Not to be revealed: But South Africa (and US) insistence on linkage with a Cuba withdrawal from Angola causes practical and presentational problems. We and the rest of the Five consider that explicit linkage will unnecessarily complicate the negotiations.]

19. As hosts, Australia will not want the CHGM marred by attacks on the UK and Canada, the Commonwealth members of the contact group. Unless substantive progress can be made before September, which seems unlikely, African feelings will run high. They may be further inflamed by a special session of the General Assembly on Namibia planned also for September.

I: ZIMBABWE

North Korean Military Assistance

20. The North Koreans are to provide military equipment free of charge for a brigade of 5,000 men, plus about 100 instructors for which Zimbabwe must pay. We and the Americans tried unsuccessfully to persuade Mr Mugabe to refuse the North Korean offer. He argued that it was important politically for him to demonstrate his non-aligned credentials. We are inclined to accept his insistence that this does not herald a fundamental shift of policy against Western interests. And he has given an assurance that the

/Koreans

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Koreans will not interfere with BMATT.

21. Mr Fraser has recently heard of the North Korean offer and has asked whether Australian aid could replace it. We believe Mr Mugabe's decision on the Koreans is final. However we would welcome Australian support, undertaking some of the important training tasks which are beyond the means of BMATT.

J: NORTHERN IRELAND

22. Hunger strike has attracted interest among the Irish-Australian community. There have been low-key demonstrations against posts and the Prime Minister and Northern Ireland Secretary have received letters generally critical of HMG. But the Australian media have given generally balanced coverage. Copy of Australian Senate discussions attached.

K: BILATERAL ISSUES

Constitutional Links

23. Australia has complex constitutional arrangements including residual colonial relation of States to British Government. Power jealousies between the (Australian) Commonwealth and its states have so far prevented rationalisation. However reform proposals have been drawn up by Australian Attorneys General and may be discussed at next Premiers' conference in September.

24. We have repeatedly said that if UK assistance (eg legislation) was necessary to implement any agreement reached by Australians, we would do all we properly can to expedite it. [Not to be revealed: the final package would need to be constitutionally satisfactory eg in relation to the position of Her Majesty The Queen.]

General

25. Bilateral relations are excellent. However the Australians are conscious of their own relative isolation: we gain from efforts to involve them on an official and political level in our own councils.

26. UK exports to Australia, 1980 (provisional figures): £815 million. (Mostly chemicals, vehicles. We have 10% of Australian

/market

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market). Imports: £484 million. We have very substantial investments there - nearly a fifth of our total overseas investment.

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NORTHERN IRELAND

Senator KEEFFE I preface my question, which is directed to the Minister representing the Prime Minister, by stating that it is not complementary to the one that was asked a short while ago by Senator Puplick but is in line with a question that I asked a couple of weeks ago. I ask: Now that the second Irish hunger striker, Frankie Hughes, has died, will the Minister reconsider the suggestion I put forward previously, that this Government approach the British Prime Minister, Mrs Thatcher, in an effort to save the lives of the remaining three hunger strikers. If this suggestion is considered to be unacceptable, will the Government approach the United Nations with a view to examining the possibility of having the British troops repatriated and their role taken over by a United Nations peacekeeping force?

Senator CARRICK The latter situation would be, of course, in defiance of the whole question of natural sovereignty. The United Nations would not consider it. There is no question at all about the sovereignty of Northern Ireland. It is in general well accepted that the internal affairs of a country are sovereign matters for that country. The British Government has a direct and sovereign responsibility for peacekeeping in Northern Ireland, and in fact Northern Ireland is part of its democratic responsibility. I do not want to inflame this matter in any way. I have said that here previously. The British Government has taken the view—I believe the correct view—that the persons who have been gaoled have been gaoled for criminal offences and not for political offences. That is the first thing. They have been gaoled for acts of armed aggression. I think Bobby Sands was gaoled for armed robbery and subsequently for being in possession of arms. These are crimes in this country, as they are in any democratic country. The ordinary processes of law take place and then the ordinary course of punishment takes place.

2) What is happening—it is a lamentable situation—is that a number of people are seeking to make a political point by committing suicide. One deplores that, but that is their choice. I said that I would refer a previous question to the Minister in another place. I will do so. I acted before in such a reference. The Prime Minister of the United Kingdom has made the intentions of her sovereign Government quite clear. Her Government has set a standard for the world in observing the rule of law. I am utterly sure that it will observe the rule of law there as it does elsewhere.

BRIEF FOR GENERAL USE WITH COMMONWEALTH VISITORS (INCLUDING THOSE FROM AUSTRALIA, BARBADOS, CYPRUS, GUYANA, INDIA, MALAWI, NIGERIA, SINGAPORE, SRI LANKA AND ZAMBIA) DURING ROYAL WEDDING

COMMONWEALTH MATTERS

POINTS TO MAKE

COMMONWEALTH HEADS OF GOVERNMENT MEETING (CHGM)

1. Looking forward to CHGM. Hope you/your head of government will be present. Relief to have a CHGM no longer dominated by Rhodesian problem. Could be very useful meeting.

COMMONWEALTH FINANCE MINISTERS MEETING (CFMM) (IF RAISED)

2. Regret disruption of Commonwealth business. Sympathise with New Zealand government who did all they believe they properly could to persuade those concerned to call off tour. Saw no justification for a change in venue of CFMM but, in interests of Commonwealth harmony, we shall attend Nassau.

GLENEAGLES AGREEMENT AND SPORTING CONTACTS WITH SOUTH AFRICA (IF RAISED)

3. Hope Commonwealth will not allow consideration of Gleneagles Agreement to become over intrusive at CHGM. Do not think Agreement's modification warranted. Hope discussion of it can be reserved for informal consideration during (Canberra) weekend retreat.

FOR USE WITH AUSTRALIAN PRIME MINISTER ONLY:

4. Share Australia's concern that CHGM should be a success. Particularly hope that it will not be dominated by Southern African issues.

5. Prime Minister enjoyed previous visits to Australia and much regrets unable to accept invitation to stay on in Australia for a few days after meeting.

FOR USE WITH PRESIDENT OF CYPRUS ONLY:

6. (If raised) Inappropriate to convene Commonwealth Committee on Cyprus at a time when it might cut across inter-communal talks.

FOR USE WITH PRESIDENT OF INDIA ONLY:

7. Would be delighted if 1983 CHGM were held in Delhi. India has obvious claim.

/8. (If raised)

8. (If raised) Pakistan's renewed Commonwealth membership a matter for Commonwealth as a whole. We for our part would welcome it, but are conscious of Indian caution; we would not wish to see issue promoted in circumstances that could lead to controversy within Commonwealth.

FOR USE WITH PRESIDENT OF MALAWI ONLY

9. Very sorry to hear President Banda will not be attending this year's CHGM.

FOR USE WITH PRIME MINISTER OF SINGAPORE ONLY:

10. Look forward to hearing your views at CHGM on international economic issues. Always welcome element of rationality which Singapore customarily injects into such discussions.

FOR USE WITH PRESIDENT OF SRI LANKA

11. Understand Sri Lanka Exhibition (at Commonwealth Institute) is great success.

COMMONWEALTH MATTERS

ESSENTIAL FACTS

COMMONWEALTH HEADS OF GOVERNMENT MEETING (CHGM)

1. In Melbourne 30 September-7 October with weekend retreat in Canberra. Replies due mid-July to Commonwealth Secretary-General's circular letter on agenda. We have recommended that Prime Minister's reply indicate general agreement with Mr Ramphal's ideas and make no substantive new proposals. Next step (probably early August) is circulation by Mr Ramphal of annotated agenda.

COMMONWEALTH FINANCE MINISTERS MEETING (CFMM)

2. Next meeting of Commonwealth Finance Ministers (CFMM) (22-23 September) will take place in Nassau, Bahamas, following discussion at two meetings (10 and 21 July) of Commonwealth Committee on Southern Africa (CCSA) of Nigerian proposal that venue be moved from Auckland if Springbok tour of New Zealand which began 19 July, went ahead. Final decision taken (on 21 July) despite New Zealand Government appeal, which we supported, for its postponement until after Mr Muldoon's arrival in London on 27 July (for Royal Wedding). New Zealand Government will almost certainly not be represented at Nassau, but we shall attend in interests of Commonwealth harmony.

GLENEAGLES AGREEMENT

A 3. Copy annexed: certain to be discussed at CHGM. Four Caribbean Governments (including Barbados) have already indicated their intention of raising it there with a view to securing its more effective implementation; and Nigeria may produce a new draft agreement for consideration. We had hoped that this subject could be reserved for informal discussion by heads of government at weekend retreat, but the furore over the change in CFMM venue, and Mr Muldoon's resulting bitterness, now make this unlikely.

AUSTRALIA

4. CHGM hosts. Immensely keen to make meeting a success and eg

/have

have sent delegations (led by Ministers and senior back-benchers) to all Commonwealth countries attending. Australian Foreign Minister visited UK 10-14 June and had talks with Prime Minister on 12 June when he delivered invitation from Mr Fraser to stay on in Australia for a few days after Meeting (Prime Minister has declined because of Conservative Party Conference, at which Mr Fraser has agreed to speak). On agenda Australians share Pacific, Caribbean (and UK) concern that Southern African issues should not loom too large.

BARBADOS

5. Mr Adams attended last CHGM (Lusaka 1979) where he exhibited a special interest in Belize and world economic questions.

CYPRUS

6. Commonwealth Committee on Cyprus set up at 1975 CHGM (in Jamaica) a propaganda machine for the Greek Cypriots and, thankfully, dormant since 1977. But communique issued at 1979 CHGM (in Lusaka) included decision (in response to Cypriot pressure) to ask Commonwealth Secretary General to convene Committee at Ministerial level whenever appropriate. Ramphal has however told President Kyprianou that he does not intend to convene Committee unless so requested by President himself. Latter has not since done so.

GUYANA

7. Was represented at 1979 CHGM (in Lusaka) by Guyanese Minister of Foreign Affairs.

INDIA

8. Mr Ramphal has suggested to Mrs Gandhi that India host next (1981) CHGM. Mrs Gandhi responded positively but apparently worried whether offer would be welcome to other heads of government. It will be South Asia's turn in 1983 to host a CHGM. Three possible candidates: Bangladesh, Sri Lanka and India. Latter is regionally the most significant, has the most suitable capital and, as the last

/Commonwealth,

Commonwealth Heads of Government Regional Meeting (CHGRM)'s successful host, has good claim.

9. President Zia would like to see Pakistan rejoin Commonwealth. Pakistan's readmission in British, Pakistani and Commonwealth interests. Until recently informal soundings have met with strong Indian objections suggesting little prospect of movement before CHGM, but in wake of Indian Foreign Ministers's recent visit to Pakistan and expectation of some improvement in their bilateral relations, Pakistan now seems to be contemplating some form of initiative. Agha Shahi recently approached Secretary of State on matter in New York. Difficult as yet to know likely Indian reaction, which is key. At the least, CHGM could see useful discussion of matter in corridors.

MALAWI

10. President Banda has let it be known that he will not attend this year's CHGM. In no way surprising: he appeared only for opening day of Lusaka CHGM.

NIGERIA

11. Nigerian delegation to 1979 CHGM was led by (then) Minister for External Affairs.

12. Nigerian Government hold very strong views on issue of sporting contacts with South Africa (see paragraphs 2 and 3 above).

SINGAPORE

13. Long standing bilateral tension between Singapore and Australia over latter's protectionism may lead Lee Kuan Yew to take a critical (and thus moderating) view of any Australian rhetoric at CHGM on world economic matters.

SRI LANKA

14. As part of their celebrations of 50 years of universal franchise Sri Lanka is mounting major exhibition at Commonwealth Institute

/17 July

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17 July-13 September depicting aspects of Sri Lanka's history and culture, and of its social political and economic life. The Queen opened Exhibition on 16 July.

15. The Queen has accepted invitation from President Jayawardene to pay state visit to Sri Lanka on her way back from CHGM in October 1981.

ZAMBIA

16. Hosted 1979 CHGM and President Kaunda apparently regards himself as Chairman of the Commonwealth (no such office) until next CHGM.

COMMONWEALTH STATEMENT ON APARTHEID IN SPORT

The member countries of the Commonwealth, embracing peoples of diverse races, colours, languages and faiths, have long recognised racial prejudice and discrimination as a dangerous sickness and an unmitigated evil and are pledged to use all their efforts to foster human dignity everywhere. At their London Meeting, Heads of Government reaffirmed that apartheid in sports, as in other fields, is an abomination and runs directly counter to the Declaration of Commonwealth Principles which they made at Singapore on 22 January 1971.

They were conscious that sport is an important means of developing and fostering understanding between the people, and especially between the young people, of all countries. But, they were also aware that, quite apart from other factors, sporting contacts between their nationals and the nationals of countries practising apartheid in sport tend to encourage the belief (however unwarranted) that they are prepared to condone this abhorrent policy or are less than totally committed to the Principles embodied in their Singapore Declaration. Regretting past misunderstandings and difficulties and recognising that these were partly the result of inadequate inter-governmental consultations, they agreed that they would seek to remedy this situation in the context of the increased level of understanding now achieved.

They reaffirmed their full support for the international campaign against apartheid and welcomed the efforts of the United Nations to reach universally accepted approaches to the question of sporting contacts within the framework of that campaign.

Mindful of these and other considerations, they accepted it as the urgent duty of each of their Governments vigorously to combat the evil of apartheid by withholding any form of support for, and by taking every practical step to discourage contact or competition by their nationals with sporting organisations, teams or sportsmen from South Africa or from any other country where sports are organised on the basis of race, colour or ethnic origin.

They fully acknowledged that it was for each Government to determine in accordance with its laws the methods by which it might best discharge these commitments. But they recognised that the effective fulfilment of their commitments was essential to the harmonious development of Commonwealth sport hereafter.

They acknowledged also that the full realisation of their objectives involved the understanding, support and active participation of the nationals of their countries and of their national sporting organisations and authorities. As they drew a curtain across the past they issued a collective call for that understanding, support and participation with a view to ensuring that in this matter the peoples and Government of the Commonwealth might help to give a lead to the world. Heads of Government specially welcomed the belief, unanimously expressed at their Meeting, that in the light of their consultations and accord there were unlikely to be future sporting contacts of any significance between Commonwealth countries or their nationals and South Africa while that country continues to pursue the detestable policy of apartheid. On that basis, and having regard to their commitments, they looked forward with satisfaction to the holding of the Commonwealth Games in Edmonton and to the continued strengthening of Commonwealth sport generally.

London, June 15 1977.

28/7
C. H. H. H.

Australia

~~PRIME MINISTER'S~~
~~PERSONAL MESSAGE~~
SERIAL No.

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GRS 175
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DESKBY 241100Z
FM FCO 240900Z JULY 1981
TO IMMEDIATE CANBERRA
TELEGRAM NUMBER 266 OF 24 JULY
MY TELNOS 259 AND 263: FRASER'S VISIT

1. FRASER HAS TELEPHONED AGAIN, THIS TIME TO THE PRIME MINISTER ON THE MORNING OF 24 JULY. HE TOLD THE PRIME MINISTER OF THE SEVERE DIFFICULTIES WHICH HE FACES AT HOME WITH A NUMBER OF MAJOR STRIKES, AND IN THIS SITUATION DID NOT THINK THAT HE COULD JUSTIFY LEAVING THE COUNTRY. IT THEREFORE NOW SEEMS THAT HE WILL NOT BE COMING TO LONDON FOR THE ROYAL WEDDING. WE IMAGINE THAT MRS FRASER WILL STILL BE COMING TO REPRESENT HIM, THOUGH THIS WAS NOT ENTIRELY CLEAR FROM THE CONVERSATION WITH THE PRIME MINISTER.
2. FRASER INDICATED THAT IF HE DID NOT NOW VISIT LONDON FOR THE ROYAL WEDDING, HE SHOULD PROBABLY BE ABLE TO COME IN OCTOBER AS PREVIOUSLY PLANNED. HOWEVER, HE WISHES TO CONSIDER THIS FOR A FEW DAYS AND THEN CONTACT US AGAIN.
3. WE ASSUME THAT FRASER WILL NOT CHANGE HIS MIND A SECOND TIME, BUT, WHEN ENQUIRING ABOUT REPRESENTATION AT THE ROYAL WEDDING, YOU MAY WISH TO CHECK THAT HIS DECISION IS FINAL.

CARRINGTON

[COPIES SENT TO NO 10 DOWNING ST.]

LIMITED	PS/MR RIDLEY
SPD	PS/PUS
PCD	SIR E YOUDE
NEWS DEPT	MR DONALD
CCD	
PS	
PS/LPS	

MACTER

*Subject copy filed on
Australia for 1960
Visit of Ambition 14*



File No
~~PRIME MINISTER'S~~
~~PERSONAL MESSAGE~~
~~SERIAL NO.~~

10 DOWNING STREET

From the Private Secretary

24 July 1981

MR. FRASER

As I have already mentioned to you on the telephone, the Prime Minister of Australia rang the Prime Minister last night about his planned visits to this country.

Mr. Fraser referred to his telephone conversation with the Foreign and Commonwealth Secretary the previous night. He said that in asking for Lord Carrington's advice about his visit in October, he had wished to avoid upsetting the Prime Minister or his hosts at the Party Conference in Blackpool. He had been concerned to learn that Lord Thorneycroft, who had rung Mr. Eggleton, had appeared to be upset at the news. The Prime Minister said she had been unaware of Lord Thorneycroft's 'phone call. She had told Lord Carrington that she thought Mr. Fraser's decision not to come absolutely correct.

Mr. Fraser expressed his gratitude but said that the situation had now changed again. There was a great deal of industrial unrest in Australia. His Government were facing a national transport stoppage and, perhaps, a national water stoppage. They were intending to use new powers for the first time. In these circumstances, he did not think he could leave the country and would probably therefore be unable to attend the Royal Wedding. If this proved to be the case, he would have no inhibitions about coming in October and speaking at the Blackpool Conference. The Prime Minister said that she perfectly understood Mr. Fraser's position and felt that he was right to give priority to the situation at home.

Mr. Fraser did not say that he had definitively decided not to come to the Wedding. He seemed to imply that he might delay the decision for a day or two. However, the implication was that he would remain in Australia and would be represented next week by the Governor General and by Mrs. Fraser.

I have arranged for the Central Office to be informed of the foregoing.

M. O'D. B. ALEXANDER

R. M. J. Lyne, Esq.,
Foreign and Commonwealth Office.

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101

MASTER

Subject copy filed on
Australia Jan 1980, visit of Suharto PM

PRIME MINISTER'S TELEPHONE CONVERSATION WITH THE PRIME MINISTER
OF AUSTRALIA, THURSDAY 23 JULY 1981

Prime Minister: Hello Malcolm, how are you?

Mr. Fraser: I am fine thank you. Look, I am sorry to worry you in a meeting but the whole world is breaking loose out here and I therefore did want to speak to you. I rang Peter last night about Blackpool because I sensed a lot of criticism coming that I was going to Britain twice in a short while, especially since I could not really have the excuse of talking to you since you would have been here at CHGM. I was really asking his advice and I didn't want to upset you or your organisation and I was a bit upset, I think Peter Thorneycroft rang up Egleton very upset last night our time.

PM: I had no idea, Malcolm, that Peter had rung up Tony Egleton because Peter Carrington told me last night and I said I perfectly understood and I thought you were absolutely right in your decision.

Mr Fraser: Well, Margaret, could I say something else now and if it is mucking you around please tell me and tell me where to get off or whatever. But there is so much industrial unrest that I am probably not going to be able to get to the Wedding. We are facing a total national transport stoppage, may be a total national water stoppage, we are using for the first time new powers which we haven't used before because we are just fed up with it all and I can't really leave the country and so I was going to send the Governor General on and send Tam on because they are due to leave today. If I don't go to England for the Wedding I would have no inhibitions at all and would love to still go to your Blackpool Conference if you would still want to have me.

PM: Well, that would be marvellous but I think your top priority is to get things right at home, isn't it.

Mr. Fraser: Could we hold up any decision on Blackpool - it will only be for three or four days.

PM: Hold off any decision on Blackpool for a few days. You have got problems on your hands.

Mr. Fraser: If I don't get to the Wedding ...

PM: If you don't get to the Wedding we will have someone else. Who would you send instead?

Mr. Fraser: Well, the Governor General will be going and Tammy will be going.

PM: Oh, lovely, we will expect the Governor General and Tammy. If you don't come we will be very disappointed but if I were you I would take exactly the same decision and stay at home when there is trouble.

Mr. Fraser: All right, Margaret, and thanks for being so understanding.

PM: Not at all, not at all and I would do exactly the same. Look forward to seeing Tammy and we will hold off a decision on the other thing and I just hope that all goes well at your end.

Mr Fraser: Thank you very much.

PM: Goodbye.

Classification and Caveats
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TO ~~IMMEDIATE~~ CANBERRA
TELEGRAM NUMBER

Handwritten: 23/7
(Reflects outcome of discussion between
Prime Minister & Foreign Sec. this morning.)

AUSTRALIAN PRIME MINISTER'S VISIT TO THE UK, OCTOBER 1981
1. Malcolm Fraser telephoned me at 0800Z on 23 July. He said that he had woken up rather late to the fact that, following his visit to Britain for the Royal Wedding and his further meetings with the Prime Minister at the CHGM, he would risk strong criticism in Australia if he went ahead with his planned visit to Britain (including an address to the Conservative Party Conference) immediately after the Melbourne meeting. He had of course accepted the invitation for October before the question of a visit for the Royal Wedding arose. He asked whether his engagement at the Party Conference could be postponed by a year. He wanted to announce the postponement of his visit as soon as possible. There had so far only been one or two quote mild murmurings unquote in Australia, and he did not wish to appear to be ~~taking a decision~~ in the face of ~~strong~~ criticism.
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NNNN ends telegram	BLANK	Catchword
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Drafted by (Block capitals) R M J LYNE		SPD PS PS/LPS PS/Mr Ridley PS/PUS Sir E Youde Mr Donald
Telephone number 233 4641		CCD PCD News Dept
Authorised for despatch RMJL 23/iii		
Comcen reference	Time of despatch	

Handwritten: copy to:
No 10 Downing St.

OUT TELEGRAM (CONT)

Classification and Caveats
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2 2. Fraser was keen to have a very rapid response. I
3 imagine that he wants to make an announcement before he leaves
4 Australia for the Royal Wedding. I promised to consult the Prime
5 Minister and to reply to Fraser tonight (Canberra time). He said
6 that he was spending the night at the lodge. Grateful if you
7 could telephone him there to say that, though we are naturally
8 disappointed not to have him at the Party Conference this year,
9 the Prime Minister and I fully understand why he cannot come and
10 would be happy for him to make an announcement at whatever time
11 suits him. It would be useful if you could telegraph the terms
12 of the announcement in advance, so that News Department can make
13 an appropriate response to any enquiries about his official visit
14 to the UK. It would also be helpful if the Liberal Party could
15 send a direct telex to Conservative Central Office on similar
16 lines, as the latter will need to answer press enquiries about
17 the Blackpool Conference.

18 3. The Conservative Party will take up separately through
19 Party channels the question of reinstatement of the engagement
20 for the 1982 Party Conference.

21 4. Please tell Fraser that the Prime Minister looks
22 forward very much to seeing him next week, and to their meeting
23 at No 10 at 17.15 on Tuesday 28 July. I likewise look forward
24 to my meeting with Fraser at 16.30 on Monday 27 July.

26 CARRINGTON

28 NNNN

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34

NNNN ends
telegram

BLANK

Catchword

Australia



Foreign and Commonwealth Office

Tel 01-233 4116

London SW1A 2AH

22 July 1981

His Excellency
The Honourable R V Garland
High Commissioner for Australia
Australia House
The Strand
London WC2B 4LA

Dear High Commissioner,

I am writing to confirm the arrangements which we have made over the telephone for the meeting between the Prime Minister of Australia and the Prime Minister at No 10 Downing St next week.

Mrs Thatcher is looking forward to meeting Mr Fraser at 1715 hours on Tuesday 28 July for about an hour. I understand that you are expecting to accompany the Prime Minister. If you have any questions about the arrangements which have been made, I hope that you will get in touch with Mr Upton in South Pacific Department of the Foreign and Commonwealth Office (Tel 01-233 4956) or with me.

Yours sincerely,

Duncan Lothian

D F Lothian (Miss)
Private Office

cg. 23/r

bcc: Miss Stephens (No 10) ✓
Mr C M Carruthers CMG (SPD)
Mr R M J Lyne (Private Secretary)



23 JUL 1981

3 JUL 1



Vertical red stamp or mark on the left side of the page.

W. Fraser.
cf. 3/7.

*Caroline: Was this Ashby
McNeilson perhaps?*

MR. ALEXANDER - on return

Ph

The Australian High Commission rang Willie about three possible engagements for Prime Minister Fraser during his visit to London for the Royal Wedding. The engagements in question are:

- (a) talks with the Prime Minister on Monday 27 July;
- (b) lunch with the Prime Minister on Wednesday 29 July; and
- (c) a Reception on 29 or 30 July.

We told him:-

- (a) talks on Monday 27th at 1115;
- (b) no information on lunch;
- (c) no information on the Reception.

Yes

I hope you are happy about the talks taking place on the Monday morning. Fraser could not manage the afternoon.

es.

2 July 1981



AUSTRALIAN HIGH COMMISSION • LONDON

THE HIGH COMMISSIONER

19 March 1981

h.v. ✓

Dear Mr Alexander,

I have been asked by the Australian Prime Minister, the Rt Hon. Malcolm Fraser, to convey the enclosed letter from him dated 11 February to your Prime Minister, the Rt Hon. Margaret Thatcher. It is the original of the letter to Mrs Thatcher, the text of which I sent to you on 11 February. - see end of 11/2.

Yours sincerely,

J. Plimsoll

(J. Plimsoll)

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



Foreign and Commonwealth Office

London SW1A 2AH

16 March 1981

Dear Michael,

~~Mr Anson~~ : for action

Press Notice issued *Print* 16/3
on 17 March CA

Visit to UK by Prime Minister of Australia:
October 1981: Press Release

12/3

I enclose the text of an announcement, which has been discussed with Charles Anson, of Mr Fraser's visit to the UK in October. Your Press Office may wish to release this on 17 March at 1100Z.

The text has been read over to Conservative Central Office who had no objection. The Australian authorities have been informed and are content that we should go ahead.

yours etc
Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing St



Suggested press release by 10 Downing St
for 1100Z on 17 March

At the invitation of the Prime Minister, the Rt Hon Margaret Thatcher MP, the Prime Minister of Australia, the Rt Hon Malcolm Fraser CH MP, will pay an official visit to Britain in October. Precise dates have not yet been fixed.

Notes for Editors

The official visit will follow a private visit, to attend the Conservative Party Conference. Mr Fraser's official visit will last 3 or 4 days, probably in the week beginning 19 October.

Mr Fraser last came to the UK in February 1980, and was last a guest of HMG in May/June 1977.

16 MAR 1981

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4 5 6 7 8



~~SUBJECT~~

↑ 30/81

R2572

(F) Party Conference 1981.

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL NO 30/81



M. Howe

PRIME MINISTER
CANBERRA

13 FEB 1981

My Dear Tony

I was very pleased to welcome Sir Anthony Royle to Canberra, and delighted to receive from him your invitation to speak at the Conservative Party Conference in Blackpool in October.

It gives me great pleasure to accept your invitation. I will be honoured to attend this conference of one of the most influential and successful political parties in the western world.

The conference does indeed follow closely on the Commonwealth Heads of Government meeting, but I do not anticipate any difficulty in arranging to be present.

As you suggest, I will rely on Tony Eggleton to maintain contact with Sir Anthony Royle about the details.

Many thanks for the invitation, and best wishes.

Yours sincerely
Margaret Thatcher

The Rt. Hon. Margaret Thatcher, MP,
Prime Minister,
10 Downing Street,
LONDON.

file

Australia ^{asg}

11 February 1981

MESSAGE FROM THE PRIME MINISTER OF
AUSTRALIA

I enclose the text of a message which the Prime Minister has just received from Mr. Fraser accepting the invitation to pay an official visit to this country in the autumn.

MODBA

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

NPL

file

223

11 February 1981

Thank you for your letter of
11 February. I have brought the message
which you enclosed from your Prime
Minister to Mrs. Thatcher's immediate
attention.

MO2BA

His Excellency Sir James Plimsoll,
K.C., C.B.E.

SUBJECT

cc Master
ofs.

public office



PRIME MINISTER
CANBERRA
PERSONAL MESSAGE

SERIAL No. T23/81

11 FEB 1981

My dear Regent

I write to thank you for the invitation, conveyed to me by Sir John Mason, to visit the United Kingdom as a guest of the Government.

It gives me very great pleasure to accept this invitation, and I look forward to a productive and enjoyable visit. I note that the visit might be fitted in around the Conservative Party Conference in October.

I will ask Sir Geoffrey Yeend to get in touch with Sir John Mason to discuss the details.

Tom Lin
Richard

The Rt Hon Margaret Thatcher, MP,
Prime Minister,
10 Downing Street,
LONDON

T 23/81

CONFIDENTIAL



AUSTRALIAN HIGH COMMISSION · LONDON

AUSTRALIA HOUSE STRAND WC2B 4LA TEL. 01-438 8209

Copy cc Political Office

THE HIGH COMMISSIONER

11 February 1981

Dear Mr Alexander,

I have been asked by the Australian Prime Minister, the Rt Hon. Malcolm Fraser, to convey the enclosed letter from him to your Prime Minister, the Rt Hon. Margaret Thatcher, which has been received by telegraph this morning. The original is following by air.

I should be grateful if you could bring this letter to Mrs Thatcher's attention as soon as possible.

Yours sincerely,

(J. Plimsoll)

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

CONFIDENTIAL

SUBJECT

T 23/81

CONFIDENTIAL

cc Political
Office

Text of Letter dated 11 February 1981
from the Rt Hon. Malcolm Fraser to
the Rt Hon. Margaret Thatcher

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T23/81

"My dear Margaret,

I write to thank you for the invitation,
conveyed to me by Sir John Mason, to visit the
United Kingdom as a guest of the Government.

It gives me very great pleasure to accept
this invitation, and I look forward to a productive
and enjoyable visit. I note that the visit might
be fitted in around the Conservative Party
conference in October.

I will ask Sir Geoffrey Yeend to get in
touch with Sir John Mason to discuss the details.

Yours sincerely,

(Malcolm Fraser)"

CONFIDENTIAL



file to
Australia

10 DOWNING STREET

From the Private Secretary

4 February 1981

PROPOSED VISIT TO THE UK BY MR. FRASER

The Prime Minister has seen your letter to me of 2 February about Mr. Fraser's visit to this country and has agreed that he should be invited to spend a few days here as an official guest of the Government.

M. O'D. B. ALEXANDER

R. M. J. Lyne, Esq.,
Foreign and Commonwealth Office.

KA

DWF G 085/4

LDX 546
CANDAR 715/04

OO FCO

GRS 200

CONFIDENTIAL
FM CANBERRA 040540Z FEB 81
TO IMMEDIATE FCO

TELEGRAM NUMBER 56 OF 4 FEBRUARY

PERSONAL FOR PRIME MINISTER FROM SIR ANTHONY ROYLE
(COPY TO SECRETARY OF STATE)

1. I DELIVERED YOUR LETTER THIS MORNING TO PRIME MINISTER MALCOLM FRASER. HE CONFIRMED THAT HE IS DELIGHTED TO ACCEPT THE INVITATION AND IS GRATEFUL TO YOU FOR GIVING HIM THE OPPORTUNITY TO SPEAK AT THE CONSERVATIVE CONFERENCE IN BLACKPOOL. HE IMPLIED THAT HE WOULD BE GLAD TO INCLUDE AN OFFICIAL VISIT AT THAT TIME. I THINK THAT FRASER MAY WISH TO ANNOUNCE PUBLICLY HIS ACCEPTANCE OF YOUR INVITATION IN THE NEAR FUTURE. LOCAL JOURNALISTS ARE SPECULATING ABOUT THE CONTENT OF MY DISCUSSIONS WITH HIM. PLEASE WILL YOU ADVISE ME URGENTLY IF YOU SEE ANY OBJECTION TO AN EARLY PRESS STATEMENT IN VIEW OF POSSIBILITY OF LEAKS IN CANBERRA. I AM ALSO CONSULTING CHARLES JOHNSTON AND PETER THORNEYCROFT.

2. THE PRIME MINISTER RAISED WITH ME A WIDE RANGE OF OTHER SUBJECTS INCLUDING THE BRANDT REPORT, ASEAN, REVIVED 5 POWER ARRANGEMENTS, E.D.U. STOP. ALSO CERTAIN CONFIDENTIAL MATTERS WHICH HE HAS REQUESTED ME TO DISCUSS WITH YOU ON MY RETURN TO LONDON.

NNNN

IMMEDIATE

cc. @ Mr. Anson (to keep an eye on!)
② Mr. Ryder: to note.

PS / no 10 Downing St.

BF for tel

PS. (sent)

P.N. has already agreed that Mr Fraser should receive an official invitation. I have asked FCO to reply to this tel, making the point that while we have no objection to an early announcement, its terms must be agreed in the usual way & the text used here & in Canberra simultaneously

Paul - 4/2

1200

RESTRICTED



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

①

Hope that Mr Fraser
should be an official guest if
he comes to address the Party conference?

2 February 1981

Ans - 3/2

Yes
no

Dear Michael,

Proposed Visits to UK by Australian Ministers

You wrote to me on ~~23~~ December suggesting that Mr Fraser, if he accepts an invitation to attend the Conservative Party Conference in Blackpool from 12-16 October, should be invited to spend a few days in Britain as an official guest. We have ascertained that he would be free to do so in the week immediately following the Party Conference. This would of course be a busy time for British Ministers but Lord Carrington agrees with the Prime Minister's suggestion that such an invitation should be made. Unless you now see any difficulty we will instruct Sir J Mason formally to make it. In the meantime Lord Carrington hopes to arrange for the new Australian Foreign Minister, Mr Street to visit Britain in the first half of the year.

For the record, Mr Fraser was an official guest of the Government from 31 May to 2 June 1977.

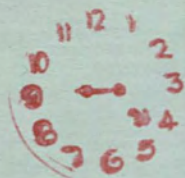
yours ever
Rodonic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

RESTRICTED

- 2 FEB 1981



UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C. 20535



SUBJECT

Original in
Political Office



Australia

10 DOWNING STREET

THE PRIME MINISTER

20th January 1981

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T9A/81

I would be very pleased indeed if you were able to speak at our Party Conference in Blackpool later this year. It takes place between Tuesday 13th October and Friday 16th October. There will be about 4,000 of our key Party workers attending.

I realise that the dates may be difficult for you, not least because the Commonwealth Heads of Government Conference will have finished only a week earlier, but I hope that you will do all you can to be with us.

My office and Sir Anthony Royle are in regular touch with Tony Eggleton and so if there are any further details which you would like before replying then I am sure that you would be able to get them quickly through Tony Eggleton.

With best wishes,

The Rt Hon J M Fraser CH MP

23 December 1980

I enclose a copy of a letter, the contents of which the Foreign and Commonwealth Secretary will wish to be aware. If Mr. Fraser were to accept the invitation, Lord Carrington would not doubt wish to consider whether Mr. Fraser should be invited to visit this country in his Prime Ministerial capacity.

MODBA

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office.

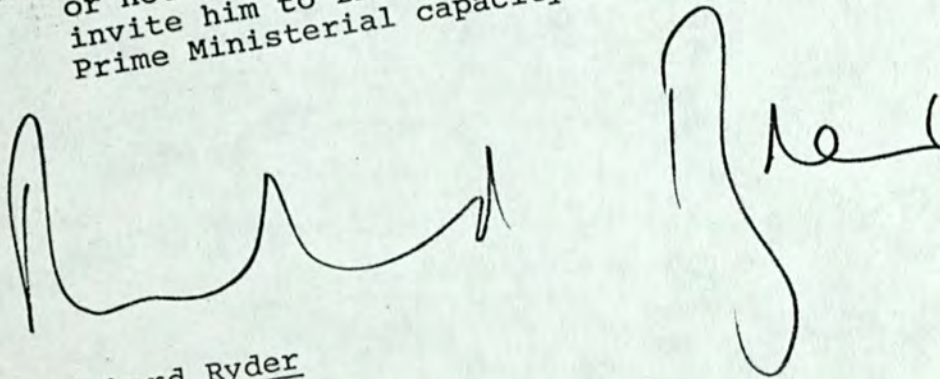
Jul

Original in
Prime Minister's Office

MICHAEL ALEXANDER

I wonder whether you could please send this across to Lord Carrington's office so that

- (a) he is aware of the invitation that the Prime Minister is about to extend to Malcolm Fraser, and
- (b) to receive his advice on whether or not the Prime Minister should invite him to Britain in her Prime Ministerial capacity as well.



Richard Ryder

22nd December 1980

of Master Set
of Rhodesia Str.



JS
Australia

10 DOWNING STREET

From the Private Secretary

4 February 1980

Dear Rodric,

VISIT BY MR. FRASER: RHODESIA

As you know, the Prime Minister entertained Mr. Fraser at lunch today. She was accompanied by the Foreign and Commonwealth Secretary, Sir Michael Palliser and others. On the Australian side, Mr. Fraser was accompanied by Mr. MacKellar, Sir G. Yeend, Mr. Henderson and others. Among the subjects discussed was Rhodesia.

The Foreign and Commonwealth Secretary described the present situation in the United Nations. He characterised the recent developments in the Security Council as disgraceful. The striking thing about the position in Rhodesia now was not how bad it was but how much progress had been made. Of course disagreeable things had happened but for the most part ZANLA had been responsible for these. The presence of the South Africans at the northern end of Beitbridge had been the price of maintaining white Rhodesian support for the Lancaster House Agreement. The real difficulty now was the determination of one man, President Nyerere, to wreck the Agreement. In response to an enquiry from Mr. Fraser as to why President Nyerere wished to upset things, the Foreign and Commonwealth Secretary said that he had never wanted the Agreement signed in the first place. He was absolutely determined that Mr. Mugabe should win. By free and fair elections, President Nyerere meant a victory for ZANU. He was "a sanctimonious humbug". There was ample evidence of his destructive activities, e.g. the use of Tanzanian Airways to send large numbers of ZANLA cadres to Mozambique after the ceasefire had come into effect.

Asked by Mr. Fraser about the electoral prospects in Rhodesia, the Foreign and Commonwealth Secretary said that of the 80 seats at issue, he expected Mr. Nkomo and his associates to get between 25 or 30. The remainder would be split between Mr. Mugabe and Bishop Muzorewa. Although Mr. Mugabe would probably get the larger number, Bishop Muzorewa should not be under-estimated. He had the better organisation and was expected to get the female vote. The key to the outcome would lie with Mr. Nkomo. Every-

/thing

thing depended on whether he disliked Mr. Mugabe or Bishop Muzorewa the more. On present form, he was more likely to associate himself with Bishop Muzorewa. This would be the best outcome. In the meantime, there was the worry that the Security Council Resolution would stimulate the OAU to activity. If they were sufficiently determined, they could still destroy the chances of success.

Mr. Fraser said he was grateful for the background. He would have welcomed earlier briefing on the background to the presence of the South Africans at Beitbridge. He had thought at the time that it was an unnecessary provocation to allow the South Africans to remain. He hoped that on another occasion the "colonials" could be taken more into HMG's confidence. (Sir Michael Palliser pointed out that his door was always open to the Australian High Commissioner.) He asked whether there were still many South Africans in Rhodesia: the Foreign and Commonwealth Secretary replied that there were a number, as there were Australians, Irishmen and others!

Mr. Fraser said that he had heard from the Australian representative that some members of the Commonwealth Observer Group had already formed their verdict about the conduct of the elections. The Foreign and Commonwealth Secretary, who expressed concern about this, said that this was probably due to the briefing they had received from the Commonwealth Secretary-General, Mr. Ramphal. Mr. Fraser said that he would speak to Mr. Ramphal and accepted the Foreign and Commonwealth Secretary's offer of a sight of the text of Mr. Ramphal's briefing. He said he would also like any details that we could provide of ZANLA's breaches of the ceasefire.

Mr. Fraser said that he had spoken recently to President Kaunda on the telephone. He had thought that President Kaunda was looking for a way to resume normal relations with the United Kingdom. The Prime Minister said that she would be willing to write a friendly letter to President Kaunda. In regard to President Nyerere, Mr. Fraser repeated that he found it hard to accept the Foreign and Commonwealth Secretary's assessment of President Nyerere's intentions. He offered to speak to President Nyerere about the matter. The Foreign and Commonwealth Secretary said that he thought this might be useful. The point to make would be that while some things had, of course, gone wrong, President Nyerere should not seek to wreck the Agreement as a whole by making elections impossible.

I have already mentioned to Paul Lever on the telephone the requirement to brief Mr. Fraser about Mr. Ramphal and about ZANLA's breaches of the ceasefire. I also asked him to have the drafting of a message from the Prime Minister to President Kaunda put in hand.

Yours ever

Michael Alexander

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10 DOWNING STREET

From the Private Secretary

4 February 1980

Visit of Mr. Fraser: Olympic Games

As you know, the Prime Minister entertained the Australian Prime Minister, Mr. Fraser, to lunch today. The Foreign and Commonwealth Secretary, Sir Michael Palliser, Sir Frank Cooper, and Mr. Cortazzi attended the lunch on our side, Mr. MacKellar, Sir G. Yeend, Mr. Henderson, Mr. Pritchett and Mr. Fernandez on the Australian side. Much of the discussion was taken up with the Olympic Games.

The Prime Minister explained the position of the British Government about participation in the Olympic Games. She said that she fully supported President Carter in this matter. She stressed, however that she was not prepared to take Government action to force athletes to absent themselves from Moscow. Mr. Fraser said that his position was identical with the Prime Minister's. However, he was very concerned about the situation that would arise if the clearly expressed views of governments were ignored by athletes and athletic organisations. The Soviet Government would have a major propaganda opportunity if significant numbers of athletes appeared in Moscow in defiance of their governments' advice. A Soviet handbook which Mr. Fraser had seen had made very clear the manner in which the presence of athletes in Moscow would be exploited by the Soviet Government.

Against this background, Mr. Fraser argued that more planning and co-ordination was required on the part of governments. Although he agreed with the Foreign and Commonwealth Secretary that the situation was at present moving in favour of Western governments, it could not simply be allowed to drift. Things had to be pulled together. In particular an alternative site should be selected and announced as soon as possible. This could be done in advance of the International Olympic Committee's decision as to whether or not the venue of the Olympiad would be changed. If they decided that the venue should not be changed, the alternative site would be used for a competing sports festival which would not however be an Olympic Games.

The mere selection of an alternative site would, of course, put pressure on the IOC. It would also give a lead to athletes who were hesitating since it would guarantee them an opportunity to compete and to ensure that their training was not wasted.

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/The

CONFIDENTIAL

The longer the delay before a decision was taken, the more difficult it would be to organise any alternative. A decision in May, which was what Lord Killanin now appeared to be advocating, would be far too late. There was no need, in Mr. Fraser's view, to wait until the month's notice given by President Carter had elapsed before beginning the preparations for the choice of an alternative.

The above analysis was generally accepted. There was some discussion of alternative sites. It became clear that Melbourne, where there is at present no running track, and Mexico, which was unlikely to be popular with the athletes, looked less promising than Montreal and Los Angeles. Of the latter two sites, Montreal was preferred on the grounds that it would be less confrontational if the alternative site were elsewhere than in the United States. It was noted that either Montreal or Los Angeles would offer the possibility of using ships as temporary accommodation for the athletes.

It was agreed that a meeting should take place this afternoon of British, Australian and American representatives (if possible Mr. Cutler) to carry the discussion further. The first task might be to draft a message from the Prime Minister and Mr. Fraser to the Canadian Prime Minister asking formally about the availability of Montreal (the assumption was that Mr. Clark would discuss the matter with Mr. Trudeau before replying). It was also agreed that there would be much to be said for an early meeting of representatives of all those governments that had already expressed doubts about going to Moscow. Before such a meeting, which would have to include sports administrators, assembled, an agenda would have to be prepared. This might necessitate the setting up of a steering group. Mr. Fraser said that Australia would be prepared to participate in such a group. Both the Prime Minister and Mr. Fraser recognised that if the idea of an alternative international games was to be pursued, not inconsiderable sums of money would be involved.

Two subsidiary points may be worth noting:

- a. Mr. Fraser said that he favoured the establishment of a permanent site for the Olympic Games in Greece; and
- b. Attention was drawn to the need for a policy to be laid down about the participation of Civil Servants and members of the Armed Forces in the Olympic Games.

I am sending copies of this letter to Geoffrey Needham (Department of the Environment), Brian Norbury (Ministry of Defence), John Wiggins (HM Treasury) and David Wright (Cabinet Office).

Yours ever

Paul Lever, Esq.,
Foreign and Commonwealth Office.

Richard Alexander

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CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

4 February 1980

MEETING WITH MR. FRASER

As you know the Australian Prime Minister, Mr. Malcolm Fraser, called on the Prime Minister here at No. 10 this morning. I enclose a record of the main part of their discussion. I have written to you separately about the discussions on the Olympic Games and on Rhodesia.

I am sending copies of this letter, and its enclosure, to Brian Norbury (Ministry of Defence) and David Wright (Cabinet Office).

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office.

JS
cc MOD
CO

MA

A large, stylized handwritten signature in the bottom right corner of the page.

B. R.

✓ Master Set.
✓ Afgh. Sitn.
Middle East Sitn
Iran Sitn.

CONFIDENTIAL

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRIME MINISTER OF AUSTRALIA, MR. MALCOLM FRASER, AT NO.10 DOWNING STREET ON 4 FEBRUARY, 1980, AT 12 NOON

Present:

Prime Minister	The Rt. Hon. Malcolm Fraser
Foreign and Commonwealth Secretary	The Hon. Michael MacKellar
Sir Robert Armstrong	Sir G. Yeend
Sir Michael Palliser	Mr. P. Henderson
Sir Frank Cooper	Mr. W. Pritchett
Mr. Hugh Cortazzi	Mr. R. Fernandez
Mr. Michael Alexander	

Post-Afghanistan Situation

In reply to a question from the Prime Minister, Mr. Fraser said that he had detected in the United States a new sense of determination and unity. A number of senior American politicians (Mr. Fraser mentioned Messrs. Muskie and Javits) had told him that the sense of cohesiveness in the country and the determination not to be pushed around was greater than at any time since the war. Nonetheless the position of the United States remained a lonely one. They felt the need for friends and for support. Failing this, there was a risk that they would once more become introspective and self-questioning, and that the leadership they were now giving would falter. The Administration intended to build up the country's defensive capability. They were talking of making additional deployments in the Indian Ocean. At the same time there was a sharp realisation of the limits of their conventional power in that part of the world. A start had been made with the commitments given in President Carter's State of the Union Message, but much work would be needed to make those commitments credible. There would be a role here for a number of countries.

/ The Australian

CONFIDENTIAL

R. B.

CONFIDENTIAL

- 2 -

The Australian Foreign Minister, Mr. Peacock, on his recent trip to South East Asia, had found the Governments there prepared to take a robust attitude - at least in private. However, they were conscious of the weakening of the American commitment to the area which had occurred in the latter stages of the Vietnam war, and which they associated with President Nixon's statement on Guam. They were doubtful about the United States' determination to face up to the Soviet Union. Once they had brought themselves to believe in this, they would be prepared to be more robust in public. Mr. Peacock had also seen Mrs. Gandhi. She had taken a less helpful line with him than she had done in her press conference after her meeting with the Foreign and Commonwealth Secretary. She had delivered a tirade against the United States whose role in Vietnam she had said was no different from that of the Soviet Union in Afghanistan. Mr. Fraser said that he expected continuing difficulties with India and Pakistan. The Foreign and Commonwealth Secretary said that Mrs. Gandhi was anti-American but not necessarily pro-Soviet. She was afraid of the Chinese. She had told President Giscard that she intended to play a leading role in the non-aligned movement. The Foreign and Commonwealth Secretary said that in his view there would be a considerable role for Western Europe and Australia in keeping India in play. The Americans had so far played the hand clumsily. The latest evidence of this was the imbalance in the delegations they had sent to Delhi and Islamabad. Mr. Clifford was a considerably less significant figure than Mr. Brzezinski.

The Prime Minister said that she agreed with what Mr. Fraser had said about the United States. It was essential that the West stick together in the face of recent events. The Soviet Union's action in Afghanistan did not represent a change of policy. But it had served to reveal that policy to the world at large. What was now required was continuing condemnation and continuing watchfulness. It was no use expecting that the Soviet Union would change its policy. But resistance to the Soviet Union demanded that the West should stand together. We should highlight the threat to the right of the non-aligned to determine their own destiny.

CONFIDENTIAL / Mr. Fraser

CONFIDENTIAL

- 3 -

Mr. Fraser repeated that he saw the critical element in the situation as being the need to bring home to the Russians the reality of President Carter's State of the Union Message. He did not himself see how the United States could in the present circumstances defend the Persian Gulf. There would be attractions for the Russians in a move against the Gulf now. The Foreign and Commonwealth Secretary said that he did not think the immediate danger was the military one. The Soviet presence in Afghanistan gave them greatly enhanced possibilities for subversion, e.g. in Iran or South Yemen. The Prime Minister commented that the West had been very slow to focus on the need to develop techniques of counter-subversion. There was a considerable difference in the susceptibility of democratic and totalitarian states to subversion. Successful resistance by the countries of the Middle East to subversion would require an effort on their own part. Mr. Fraser said that whether the immediate challenge was subversive or military, he was concerned that the West's failure to respond would lead the states in the Middle East to regard the West as a spent force. Once they had reached that conclusion they would look for an accommodation with the Soviet Union. Moreover, the judgement of the Soviet Union as to how far they could force matters in the Middle East was not to be relied upon. It looked as though they had miscalculated the effects of the invasion of Afghanistan. They could easily make another miscalculation about the ability and will of the Americans to resist a move, for example, into Iran. The Foreign and Commonwealth Secretary said that Messrs. Kissinger and Bush did not agree that the Soviet invasion had been the result of a miscalculation. They argued that the Russians knew they at present enjoyed superior military strength, and that the next two or three years would offer them a unique opportunity to exploit that superiority. Mr. Fraser repeated that whichever analysis was correct, the vital thing now was to ensure that President Carter's position was credible.

/ Mr. Fraser

CONFIDENTIAL

Mr. Fraser asked about the attitudes of the Europeans. He argued that the threat in Europe was now less pressing than that elsewhere. In Europe the demarcation lines were clearly drawn. Elsewhere the situation was less well defined, and the options for Soviet action and mischief-making were much greater. Moreover, whereas action in Europe would certainly meet a united response by the Allies, this was much less likely in other parts of the world. The Foreign and Commonwealth Secretary said that he had spent some time in the previous two days discussing the situation with the French Foreign Minister. M. Francois Poncet. The French analysis was exactly the same as his own. The only difficulty was that they did not wish to be seen to be following the lead of the Americans. In retrospect, it had perhaps been a mistake not to have summoned a meeting of the Foreign Ministers very shortly after the invasion of Afghanistan, and to have attempted to elaborate a joint reaction before individual Western Governments had taken up their positions. As regards the Germans, their position was different in certain important respects to the other Western Allies: the Germans had to deal with the problem of the GDR, of Berlin, of Ostpolitik and of the impending elections. They agreed with our analysis, but might not respond in the same way. Both France and Germany clearly recognised the Soviet threat to the Middle East oil fields, to the Straits of Hormuz and to access to the Red Sea.

In response to a question from the Prime Minister about the next steps, Mr. Fraser said that Australia intended to play its part. They would be participating in extended patrolling and surveillance of the Indian Ocean from Tangeh and Butterworth. (The Australians had been planning to withdraw from Butterworth next year following the acquisition of new fighter aircraft, but were now reconsidering the situation.) They would probably be expanding their armed forces generally. A decision in principle had been taken. They would be building up their own naval bases, and might be offering the Americans the use of one in Western Australia

/ They

E. R.

CONFIDENTIAL

- 5 -

They would be offering additional exercise facilities for the Americans in Australia. (Mr. Fraser specifically mentioned facilities for the B52 bomber.) They would be offering additional training for members of ASEAN. Australian civil aid to the small nations of the South Pacific would be stepped up, and opportunities for the Russians to interfere there reduced. Permission for Soviet cruise ships to operate in the area had been withdrawn. The Australian Government would also like to discuss with the American and British Governments the possibility of drawing up an embargo on the export of certain strategic raw materials similar to that operated under the COCOM rules in the sphere of high technology.

Mr. Fraser asked whether something could be done to breathe life into the 5 power defence arrangements. He had not spoken to the other signatories, but he thought that they would welcome the resuscitation of the agreement. There might be an increase in the number of visits by British naval vessels or a ship might be based in the area. Annual consultations might take place. The steps might not in themselves amount to much, but they would help to convince the ASEAN nations that the West meant what it said. Sir Frank Cooper recalled ^{that} the communique signed by the 5 powers in 1971, provided for a consultation among them in the event of a threat in the area. British military involvement in the region was at present very small. We carried out some training, and had participated in two exercises in the previous year. We intended to increase our naval presence somewhat this year. The options for the immediate future were either to increase the amount of training we carried out, which was a matter of priorities; or to increase the level of consultation, which was only meaningful if it led to something concrete. The Prime Minister said that the matter should be looked at. It could be of importance in what was at present essentially a psychological war. Mr. Fraser agreed that it was in this context that even modest action could be useful at present. No one was talking of re-establishing the joint task force. But more exercises, more visits and more consultation could be valuable. He noted

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in this connection that the forthcoming meeting of ANZUS had been brought forward and transferred from New Zealand to Washington.

The Prime Minister asked about the role of Japan. Despite that country's great wealth, Japan was not at present contributing to the defence of the free world.

Mr. Fraser said that even today visits by Japanese military vessels to ASEAN or Australian ports would cause difficulties. But there was no reason why they should not be active in the North West Pacific, and thereby free American ships for action elsewhere. Mr. Brown had argued strongly for this during his recent visit to Tokyo. A growing body of opinion in Japan was inclined to agree. The Japanese would be participating in exercises with the Canadians and Australians later in the year. Anything the British Government could do to encourage the Japanese in this direction, as well as in the direction of increasing their civil aid to the smaller Pacific States, would be welcome. It would of course be important to consult the ASEAN countries at every step.

Reverting to the Middle East, the Foreign and Commonwealth Secretary commented on the ambivalence of attitudes in the Middle East to United States military involvement there. On the one hand, Middle East Governments wanted the backing of the United States Government; on the other hand, they were reluctant to provide bases. Saudi Arabia would offer nothing; Oman might offer facilities, but would not be prepared to have any "white faces" there; Somali and Kenya might be prepared to do something; Diego Garcia was too far away. When one was considering the question of European re-involvement in South East Asia, it should be borne in mind that the Americans might wish to re-involve the Europeans in the Middle East as well. Sir Frank Cooper noted that the American attitude was very ambivalent at present. For many years they had been arguing that the Europeans should concentrate on Europe. Now, recognising how little they knew about the regions where the threat was increasing, they were seeking to interest the

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- 7 -

Europeans in problems outside Europe. Sir Michael Palliser said that the Arab/Israel dispute inevitably complicated the situation in the Middle East. The Foreign and Commonwealth Secretary said that the Americans had completely misunderstood the Arab reactions to the Camp David process. Mr. Linowitz was still hoping that pressure on the Israelis would make an autonomy agreement possible. But in fact such an agreement would have no effect on the Arabs. They wanted the Palestinian problem solved, and did not believe that this could be done on the Camp David basis. The Americans were blamed by the Arabs for the Israeli occupation of Arab lands, and as a result were equated with the Russians. Mr. Fraser wondered whether the Americans could not be persuaded to move towards the Arab position. Mr. Vance had accepted in discussion with him during his visit to Washington the need to be firmer than ever with Israel. The Foreign and Commonwealth Secretary said that he had been pressing the Americans for some time on this.

Iran

Mr. Fraser said that the Americans were approaching the hostage issue much more coolly now than previously. They were placing their hopes on the new President, Mr. Bani Sadr. They were not looking for further action before the forthcoming elections in Iran. The Foreign and Commonwealth Secretary noted that Mr. Cutler had, earlier in the day, been optimistic about the chances of progress.

The discussion ended at 1310, and the participants adjourned for lunch. The discussion there is recorded separately.

Am

4 February 1980

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Michener

We have already sent you a supplementary brief on the Indian Ocean: but you may wish to take note of this too before today's meeting. The subject is evidently on Fraser's mind.

Roderic Lyne 4/11

Aus/India

Foreign and Commonwealth Office

London SW1A 2AH

*Prime Minister,
further supplementary briefs.**Duty Clerk 1/2 -*

1 February 1980

*Dear Michael,*Visit by Australian Prime Minister

When Mr Fraser met President Carter and Secretary Vance on his brief visit to Washington on 31 January, he discussed recent events in Afghanistan and the Gulf area. Mr Fraser made it clear that the Australians wished to discourage any repetition of the Soviet action. The Australians would like to become more involved in the Indian Ocean. They are considering an increase in defence spending partly so that they can assist the Americans in the Indian Ocean. The Americans have responded warmly to the suggestion.

The Prime Minister may wish to ask Mr Fraser for his impressions and to discuss Western options in the area. I therefore attach a supplementary brief.

*yours ever
Roderic Lyne*

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

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PRIME MINISTER'S MEETING WITH MR FRASER: 4 FEBRUARY 1980

SUPPLEMENTARY BRIEF: INDIAN OCEAN

POINTS TO MAKE

1. Should be interested in your account of talk with President Carter on the Indian Ocean and the Gulf.
2. Officials here have had talks with American officials about US plans for increased American facilities on Diego Garcia and elsewhere in the area. We are anxious to be helpful.
3. We are also looking at what else we can do to support Western efforts in area by military training of local forces, supplying equipment. UK has very limited capabilities for deployment in the area (at present occasional ship and aircraft visits). We are looking at this.
4. We welcome Australian interest and hope they will also assist the American efforts.
5. Realise threat to area not confined to north west. Grateful for Australian views on Five Power Defence Arrangements (FPDA) and general support for ASEAN.

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PRIME MINISTER'S MEETING WITH MR FRASER: 4 FEBRUARY 1980

ESSENTIAL FACTS

Diego Garcia

1. Talks were held with US officials on 26 January about the American plans for additional facilities in the Indian Ocean and the Gulf area. The Americans confirmed their plans for the improvements to their facilities on Diego Garcia which they planned before Afghanistan. They have told us that they want to expand these further by providing more repair facilities, greater stockpiling and provision of tranist accommodation for a brigade.

2. The Australians would welcome a more active US role. They are aware of the American proposal for Diego Garcia. The Australians have agreed to help the Americans by providing staging facilities at the Western Australia base at Coburn Sound. They could seek facilities at Diego Garcia.

Other Facilities

3. The Americans are looking at other possible facilities in the area notably at Masirah, Berbera and Mombasa. Mr Bartholomew (State Department) is due to visit Oman, Kenya and Somalia this week to pursue this. They will keep us informed. We have expressed our general sympathy for these plans. But we have stressed the need for careful presentation of them locally. Better facilities for the Americans would improve their reconnaissance capability which the Australians would welcome.

Indian Ocean Peace Zone (IOPZ)

4. The Australians are keen for us to join the UN Ad Hoc Committee on the Indian Ocean which is considering the IOPZ proposal made by Sri Lanka for the exclusion of the military forces of non littoral states. They have represented Western interests in the Committee and believe that without the presence of their Western allies, their ability to influence its decisions will diminish. For our part the US view is important. They do not want us to join the Committee. They are unlikely to take part. If the Americans do not join the Ad Hoc Committee, we may face a difficult decision.

/We

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We are sending an observer to the February meeting of the Committee in New York.

UK Policy

5. We generally support the American stance. We would welcome participation from the Australians. We (and the Australians) can help to explain US intentions to those countries in the area with which we maintain especially close relations. Our aim is to support the Americans but to make sure that their proposals are implemented with the least possible damage to Western interests in the Indian Ocean area.

6. It is planned to deploy a Royal Navy Task Group to North East Asia via the Gulf and Indian Ocean between May and December this year. The itinerary has not yet been finalised.

7. The FPDA came into force in 1971. It involves UK, Australia, New Zealand, Malaysia and Singapore. The Australians for their part have aircraft and military personnel stationed in Singapore and Malaysia. The main effectively functioning feature of the FPDA is its Integrated Air Defence System, to which the UK contribute from RAF personnel (who are stationed at Butterworth).

Soviet Naval Presence in the Indian Ocean and Gulf

8. The size of the Russian fleet fluctuates. But they maintain a permanent presence there. At present it consists of a nuclear submarine and 8 warships.

US Naval Presence in the Indian Ocean and Gulf

9. There has been a permanent US naval presence since 1949. Normally it is 3 ships. Of recent years there have been 3 deployments a year by the US Pacific Fleet. The US plan to increase their presence to 5 ships and to deploy from the Pacific 4 times a year. The US presence now consists of the Aircraft Carrier Nimitz, Kitty Hawk and Medway, 3 Guided Missile Cruisers and 9 other ships.

10. A copy of Washington telno 505, reporting on part of Mr Fraser's visit to Washington is attached.

A

Defence Department
1 February 1980

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TO IMMEDIATE FCO

TELNO 517 OF 1 FEBRUARY 80

INFO PRIORITY CANBERRA BONN PARIS UKDEL NATO

INFO SAVING TOKYO

MY TELNO 505: AUSTRALIAN PRIME MINISTER'S VISIT TO WASHINGTON

1. GOMPERT (POLITICO/MILITARY BUREAU, STATE) HAS SINCE ADDED THE FOLLOWING DETAILS TO THE ACCOUNT CONTAINED IN TUR. DEPUTY SECRETARY OF DEFENSE CLAYTOR TOLD FRASER THE AMERICANS WERE LOOKING FOR COOPERATION FROM AUSTRALIA OVER HOME PORTING FOR THE US NAVY, MORE JOINT EXERCISES AND POSSIBLE USE OF THE WEST COAST OF AUSTRALIA FOR MARINE AMPHIBIOUS EXERCISES. FRASER HAD REFERRED TO AUSTRALIA TAKING ON RESPONSIBILITY FOR SURVEILLANCE OF THE INDIAN OCEAN FROM THE STRAITS OF MALACCA TO SOUTHERN INDIA, AS WELL AS MAKING A LARGER EFFORT OVER SHIP VISITS TO INDIA (WHICH HE ASSUMED MIGHT BE MORE DIFFICULT FOR THE AMERICANS THEMSELVES TO CONDUCT). AUSTRALIA ALSO PLANNED TO GIVE MORE HELP TO ASEAN COUNTRIES, INCLUDING MILITARY ASSISTANCE, ESPECIALLY MILITARY TRAINING, AND TO INCREASE AUSTRALIAN ASSISTANCE TO SMALL SOUTH WEST PACIFIC ISLAND STATES, PARTICULARLY ECONOMIC AID. HE APPARENTLY STRUCK A NOTE OF CAUTION ON THE QUESTION OF RE-ARMING JAPAN.

2. GOMPERT MADE IT CLEAR THAT AUSTRALIA IS NOW INCREASINGLY REGARDED BY THE AMERICANS AS AN ELEMENT IN THEIR THINKING ABOUT JOINT EFFORTS IN THE INDIAN OCEAN AREA. N

3. RESIDENT CLERK PLEASE INFORM DEFENC DEPT AND SPD.

FCO PASS SAVING TOKYO.

HENDERSON

(REPEATED AS REQUESTED)

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PS/MR BLAKER
PS/PUS

SIR D MAITLAND
MR BULLARD
MR FERGUSSON
MR CORTAGE
MR MURRAY

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Prime Minister,



Foreign and Commonwealth Office

London SW1A 2AH

1 February 1980

Dear Michael,

Prime Minister's Lunch with Mr Fraser: 4 February

I enclose a supplementary brief on COCOM and the control of exports of high technology to the Soviet Union for the Prime Minister's use, consisting of a defensive Line to Take and Background Notes. We have just learned that Mr Fraser may raise the subject.

Department of Trade officials told us on 1 February that they had been asked by the Australian High Commission for urgent oral briefing on the ways in which COCOM's controls operate and on what measures the United Kingdom had in mind to take in the field of high technology exports to the Soviet Union in the aftermath of the invasion of Afghanistan. This was because Mr Fraser had asked to be briefed on these subjects by the High Commissioner on arrival here from Washington. The Department of Trade and we therefore infer that Mr Fraser may well raise the latter subject with the Prime Minister.

The Department of Trade have given the Australian High Commission some account of the interim measures we have decided to take. The measures themselves are outlined in the brief. Although we have not so far announced these measures, or told COCOM about them, they are now known to such British firms as have made enquiries of the Department of Trade about export licensing to the Soviet Union.

I am sending copies of this letter and of its enclosures to Brian Norbury (MOD), Stuart Hampson (DOT) and David Wright (Cabinet Office).

Yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O D B Alexander Esq
10 Downing Street
LONDON

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PRIME MINISTER'S LUNCH WITH MR FRASER: 4 FEBRUARY 1980

SUPPLEMENTARY DEFENSIVE BRIEF: COCOM - HIGH TECHNOLOGY EXPORTS TO USSR

POINTS TO MAKE (DEFENSIVE)

1. The Foreign Secretary announced on 24 January that we were studying with other countries the tighter application of COCOM rules for controlling the transfer of sensitive technology to the Soviet Union.
2. Though he did not announce this, we are also prepared to study the potential for widening the scope of the controls.
3. Meanwhile, we shall not submit any fresh cases which concern the Soviet Union to COCOM, for approval under its exemptions procedure.

Trade Relations and Exports Dept

1 February 1980



PRIME MINISTER'S LUNCH WITH MR FRASER: 4 FEBRUARY 1980

SUPPLEMENTARY DEFENSIVE BRIEF: COCOM - HIGH TECHNOLOGY EXPORTS TO USSR

ESSENTIAL FACTS

1. The Foreign and Commonwealth Secretary announced in the House of Lords on 24 January that:

"We are studying with other countries the tighter application of the COCOM rules for controlling the transfer of sensitive technology to the Soviet Union."

Ministers have agreed that we should also study with our COCOM partners the potential for widening the scope of the controls. We have so informed COCOM.

2. NOT TO BE USED We held bilateral official talks with the Americans in Washington on 1 February, but have not so far had talks with any of our other partners.

3. The Americans have announced the suspension of all export licences to the Soviet Union, pending a review of their export licensing policy. They have asked the other members of COCOM not to permit exports which would fill the gap and to suspend all applications to COCOM for the approval of sales to the Soviet Union.

4. We are meanwhile submitting no fresh cases to COCOM and are dealing with applications for export licences to the Soviet Union on a case-by-case basis.

/5.



-2-

5. Australia is not a member of COCOM. Its members are the NATO countries (less Iceland) and Japan. Australia does not export high technology to the USSR but she does export some minerals.

Trade Relations and Exports Dept

1 February 1980

PRIME MINISTER'S LUNCH WITH MR FRASER, AUSTRALIAN PRIME MINISTER,
4 FEBRUARY 1980

SUPPLEMENTARY BRIEF: CARRYING OF ARMS IN THE UNITED KINGDOM BY
MR FRASER'S BODYGUARD

POINTS TO MAKE (Defensive Only)

1. It is the firm policy of the Commissioner of Metropolitan Police that foreign detectives cannot be allowed to carry fire arms in this country. The responsibility for the protection of the visitor lies with the Police.

ESSENTIAL FACTS

1. The Commissioner of Police has in recent years tightened up the application of the long-standing rule that visitors' bodyguards do not bring fire arms into, or carry them, in this country.

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S. Gray
5/11/2014

The Governor-General of Australia

2. Last year the Australian authorities complained on the occasion of a visit to the United Kingdom by the Australian Governor-General, not only that his Australian bodyguard was not allowed to carry arms, but also that the Metropolitan Police did not provide Sir Zelman Cowan what they regarded as adequate protection. Subsequently the Australian authorities threatened to make difficulties over the Duke of Edinburgh's detective carrying arms in Australia.

Reciprocity

3. The other problems over providing protection for Sir Zelman Cowan on future visits are being sorted out, but the rule about carrying arms will stand. The application of the rule to Mr Fraser's visit has been re-affirmed to us by the Home Office and the Metropolitan Police, who explicitly recognise the risk that this may lead to our own Ministers' bodyguards being required to surrender their arms on future visits to Australia.

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Foreign and Commonwealth Office

London SW1A 2AH

1 February 1980

Dear Michael,

Visit of Australian Prime Minister

I enclose two sets of briefs for Mr Fraser's talks and lunch with the Prime Minister on 4 February, which Lord Carrington will also attend.

yours ever

R M J Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

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S E C R E T

PRIME MINISTER'S LUNCH WITH MR FRASER: 4 FEBRUARY 1980

LIST OF BRIEFS

1. Steering Brief
2. Afghanistan
3. Energy/oil issues
4. Iran
5. Vietnam/Kampuchea
6. Rhodesia
7. Personality Notes

S E C R E T



PRIME MINISTER'S MEETING AND LUNCH WITH MR FRASER, 4 FEBRUARY 1980

BRIEF NO. 1: STEERING BRIEF

Topics for Discussion

1. Visit at Mr Fraser's request after talks with President Carter. He wishes to discuss situation arising from Soviet invasion of Afghanistan (Brief No. 2), and possibly wider energy/oil issues (Brief No. 3). He may also raise Iran (Brief No. 4), Vietnam/Kampuchea (Brief No. 5) and Rhodesia (Brief No. 6). The Prime Minister may wish to urge Mr Fraser to be robust in dealing with partisan criticism, from some African governments, of the course we are pursuing in Rhodesia.
2. No current bilateral problems. Mr Whitelaw to visit Australia in mid-April; will be guest at dinner during Annual Federal Council of Liberal Party.

Australian Political Scene

3. Mr Fraser faces general election within a year. Popularity of Liberal Party, plagued by economic problems and internal scandals, has slumped; but reasonable prospects of re-election. Australian economy showing some signs of recovery. (Inflation 10%, unemployment 5.6% (November)). Mr Fraser's interest in Afghanistan question reflects partly his own international interests; not a major political issue in Australia.

Commonwealth Heads of Government Meeting 1981

4. Mr Fraser has proposed to Mr Ramphal 21 - 28 October for the 1981 CHGM. These dates do not suit Mr Muldoon since they will fall just before New Zealand triennial elections. If the Prime Minister has any views on the timing, they could be mentioned to Mr Fraser now. [Not for use: The proposed timing is convenient for The Queen].

The party conference next year is 13-16 October.

Mr Fraser's Programme

5. Arrived in London 1 February. Programme includes audience with The Queen (lunch on 3 February), dinner given by Princess

/Alexandra



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Alexandra (2 February), and meeting with CPA early in evening of 4 February. Leaves on 5 February for talks with Chancellor Schmidt (6 February) and President Giscard (7 February) on way home.

6. Mr Fraser is accompanied by Mr MacKellar, Minister of Health and Minister assisting the Prime Minister (covers foreign affairs for Mr Peacock when latter is away, as currently, on tour of ASEAN countries), their wives, 25 officials and 14 journalists. Australian party for talks and lunch is:

Mr Fraser

Mr MacKellar

Sir G Yeend, Secretary, Department of
Prime Minister and Cabinet

Mr P Henderson, Secretary, Department of
Foreign Affairs

Mr W Pritchett, Secretary, Department of
Defence

Mr R Fernandez, Acting Australian High Commissioner.

New Australian High Commissioner

7. Sir James Plimsoll, Australian Representative in Brussels, has been appointed High Commissioner to succeed Sir Gordon Freeth. Not yet announced.

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PRIME MINISTER'S LUNCH WITH MR FRASER: 4 FEBRUARY 1980
BRIEF NO 2: AFGHANISTAN
POINTS TO MAKE

REGIONAL ISSUES

1. Russians have some 80,000 troops in Afghanistan. Uncertain how far they will be able to rebuild Afghan army. Possibility of offensive action against rebels in spring. Presence in Afghanistan gives Russians platform from which to influence Pakistan and Iran. Now significantly closer to Indian Ocean.
2. Lord Carrington's tour of region: all governments recognised seriousness of problems, but Indians too ready to give Russians benefit of doubt. Must take account of Indian concern about China and about Western arms for Pakistan. Essential to bolster Pakistan while bringing Indians along. Pakistan's return to Commonwealth could help; Canadians have initiated informal soundings although Ramphal had advised against doing so at present juncture. We are considering implications of Afghanistan for regional security. Details of your increased involvement in the Indian Ocean?

EAST-WEST

3. UK measures against Russians announced 24 January: no new credit agreement and return to consensus rates unless Allies decide otherwise; study of tightening COCOM restrictions; action in EEC on butter, meat and sugar as well as grain; no Ministerial contacts and cancellation of visits, cultural contacts, etc.
4. Support for moving Olympics is growing. Await reply from British Olympic Association. Provision of alternative sites is key. Welcome strong stand taken by Australia.

CHINA

5. Actively considering ways of thickening up relations with China. Must not go overboard; and must consider Indian susceptibilities. But measured expansion (eg through Ministerial exchanges, political consultations, defence sales etc) not only a natural development in terms of bilateral relations, but also a salutary warning to Russians.



PRIME MINISTER'S LUNCH WITH MR FRASER: 4 FEBRUARY 1980

BRIEF NO. 2 : AFGHANISTAN

ESSENTIAL FACTS

~~Flags A~~
& B

1. Text of Prime Minister's exchange of letters with Mr Fraser attached. Australians taking firm line and have announced following measures:

- (a) become more closely involved in the Indian Ocean;
- (b) suspend scientific cooperation;
- (c) not renew bi-annual cultural programme when it expires in mid-1980;
- (d) reject Aeroflot proposals for direct flights to Sydney;
- (e) initiate study of possible action against Soviet liner shipping;
- (f) indefinitely suspend high level visits;
- (g) not undercut US on grain sales;
- (h) suspend negotiations on fisheries;
- (i) not allow any further visits by Soviet research vessels.

2. In addition, the Australians support either resiting or a boycott of the Olympics. Mr Fraser has written to Australian Olympic Committee.

3. *Please see next page.*

~~2. As a measure of reassurance for Pakistan in the aftermath of Afghanistan, Canadian Prime Minister is considering the possibility of getting Pakistan back into the Commonwealth. [For electoral reasons the present Canadian Government are keen on a quick initiative]. The Commonwealth Secretary General has told the Canadians that action now - in the Afghanistan context - could be counter-productive particularly with Mrs Gandhi; and has advised caution. The Australian Cabinet are looking into question. We also take a longer view. Any such initiative would need to be handled discreetly. We know that, for reasons of pride (and perhaps also fear of being blackballed by India) Pakistan would prefer to be asked rather than be required to apply. Correct procedure would be for Mr Ramphal to enquire informally of~~

/Pakistan



PRIME MINISTER'S LUNCH WITH MR FRASER: 4 FEBRUARY 1980

AMENDMENT TO BRIEF NO. 2: AFGHANISTAN

PLEASE SUBSTITUTE THE FOLLOWING AMENDED PARAGRAPH 3:

3. As a measure of reassurance for Pakistan in the aftermath of Afghanistan, Canadian Prime Minister is considering the possibility of getting Pakistan back into the Commonwealth. [For electoral reasons the present Canadian Government are keen on a quick initiative.] The Commonwealth Secretary-General has told the Canadians that action now - in the Afghanistan context - could be counter-productive particularly with Mrs Gandhi; and has advised caution. The Canadians have nonetheless gone ahead and initiated informal soundings in Delhi and Islamabad. Meanwhile the Australian Cabinet have been considering the question. We also take a longer view. Any initiative needs to be handled discreetly. We know that, for reasons of pride (and perhaps also fear of being blackballed by India) Pakistan would prefer to be asked rather than be required to apply. Correct procedure would be for Mr Ramphal to enquire informally of Pakistan whether they would like to rejoin, and if reply is affirmative he could then take informal and discreet soundings around the Commonwealth.

Foreign and Commonwealth Office
1 February 1980

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TO IMMEDIATE CANBERRA
TELEGRAM NUMBER 58 OF 2
MY TELNO 34

MR FRASER'S MESSAGE TO THE PRIME MINISTER ON AFGHANISTAN
1. FOLLOWING IS THE TEXT OF THE PRIME MINISTER'S REPLY TO MR
FRASER'S LETTER. PLEASE ON PASS.

BEGINS

DEAR MALCOLM

THANK YOU FOR YOUR TIMELY LETTER ABOUT AFGHANISTAN. I VERY MUCH
AGREE WITH YOUR APPROACH. THE RUSSIANS HAVE CYNICALLY IMPOSED THEIR
WILL ON A NON-ALIGNED COUNTRY BY MILITARY FORCE IN GROSS VIOLATION
OF INTERNATIONAL LAW AND UNDER THE FLIMSIEST OF PRETEXTS.

IF WE ARE TO PREVENT A RECURRENCE OF WHAT HAS HAPPENED IT WILL
BE ESSENTIAL TO CONVINCING THE RUSSIANS THAT, IN PLANNING THEIR
INTERVENTION IN AFGHANISTAN, THEY SERIOUSLY UNDER-ESTIMATED THE
LIKELY WORLD REACTION. THE WEST HAS A MAJOR ROLE TO PLAY IN THIS.
I AGREE THAT THE MEASURES WE TAKE ARE UNLIKELY TO DISLodge THE
SOVIET UNION FROM AFGHANISTAN ITSELF (THOUGH IT MAY BE HARDER THAN
THEY THINK TO CONTROL THAT COUNTRY). BUT UNLESS THERE IS A SUSTAINED
WESTERN REACTION, THE TEMPTATION FOR THE RUSSIANS TO CHOOSE THE
MILITARY OPTION AGAIN WILL BE THE GREATER. THEIR NEXT VICTIM COULD
BE A COUNTRY OF EVEN GREATER AND MORE DIRECT IMPORTANCE TO THE
WEST THAN AFGHANISTAN.

I THEREFORE WELCOME THE FIRM MEASURES WHICH THE AUSTRALIAN
GOVERNMENT HAVE ANNOUNCED. I AM PARTICULARLY GLAD THAT AUSTRALIA,
THE UNITED STATES, CANADA AND THE EEC HAVE TAKEN ACTION ON GRAIN
SALES TO THE SOVIET UNION. THIS SHOULD HAVE A MAJOR EFFECT IN
BRINGING HOME TO THE SOVIET UNION THE GRAVITY OF THEIR ACTION AND
THE SERIOUSNESS OF THE WESTERN RESPONSE.

THE UNITED KINGDOM PLAYED AN ACTIVE PART IN INITIATING THE
VERY TELLING CONDEMNATION OF THE SOVIET UNION IN THE UNITED NATIONS
GENERAL ASSEMBLY RESOLUTION FOR WHICH 104 COUNTRIES VOTED. LATER
THIS WEEK WE SHALL BE ANNOUNCING OTHER MEASURES. HIGH LEVEL AND
MINISTERIAL CONTACTS WITH THE SOVIET UNION WILL BE SUSPENDED.

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MILITARY

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MILITARY EXCHANGES WILL BE CANCELLED AND CERTAIN OTHER EVENTS WHICH MIGHT CONVEY A PUBLIC IMPRESSION OF BUSINESS AS USUAL WILL BE AVOIDED. ON TECHNOLOGY WE SHALL CALL FOR A REVIEW IN COCOM OF MEANS OF TIGHTENING ITS RULES VIS-A-VIS THE SOVIET UNION. THE BRITISH/SOVIET CREDIT AGREEMENT WHICH EXPIRES ON 16 FEBRUARY, WILL NOT BE RENEWED AND WE SHALL NOT MAINTAIN THE VERY FAVOURABLE EXPORT CREDIT TERMS WHICH IT PRESCRIBED. PETER CARRINGTON HAS JUST FINISHED HIS TOUR OF TURKEY, OMAN, SAUDI ARABIA, PAKISTAN AND INDIA. WE ARE CONSIDERING IN THE LIGHT OF HIS TALKS WAYS IN WHICH THE COUNTRIES OF THE REGION CAN BE HELPED TO MEET THE CHALLENGE OF THE SOVIET INVASION.

TO BE EFFECTIVE, WESTERN ACTION NEEDS TO BE CONCERTED. THERE HAS BEEN MUCH DISCUSSION IN NATO AND THE NINE AND, ALTHOUGH THERE ARE DIFFERENCES, WE HOPE THAT MOST OF OUR ALLIES WILL TAKE STEPS SIMILAR TO THE BRITISH ONES.

THE FOLLOWING ARE SOME OF THE MATTERS ON WHICH THE BRITISH AND AUSTRALIAN GOVERNMENTS WILL, I HOPE, KEEP IN TOUCH:-

- (I) RELOCATION OR A WIDESPREAD BOYCOTT OF THE OLYMPIC GAMES WOULD SEVERELY HURT SOVIET PRESTIGE. THERE ARE OF COURSE PRACTICAL DIFFICULTIES BECAUSE IT IS NOT IN OUR GOVERNMENTS' POWERS TO TAKE THE NECESSARY DECISIONS. BUT WESTERN GOVERNMENTS WOULD BE FAILING IN THEIR DUTY IF THEY DID NOT MAKE THEIR VIEWS PLAIN. YESTERDAY I ASKED OUR NATIONAL OLYMPIC ASSOCIATION HERE TO CONSIDER URGENTLY AN APPROACH TO THE INTERNATIONAL OLYMPIC COMMITTEE PROPOSING THAT THE GAMES SHOULD BE MOVED. I KNOW THAT YOU HAVE TAKEN A SIMILARLY CLEAR LINE WITH YOUR OWN ASSOCIATION.
- (II) WE NEED TO SUPPORT PAKISTAN AND, AS COROLLARY, PROVIDE REASSURANCE TO INDIA ABOUT WHAT WE ARE DOING. WE SHOULD AIM TO ENCOURAGE GREATER UNDERSTANDING BETWEEN PAKISTAN AND INDIA.
- (III) THE SITUATION IN IRAN REMAINS COMPLEX AND UNSTABLE. THE QUESTION OF THE HOSTAGES CONTINUES TO FACE THE AMERICANS WITH VERY SERIOUS DIFFICULTIES. BUT THE SOVIET INTERVENTION IN AFGHANISTAN HAS CHANGED THE SITUATION RADICALLY. THE IRANIANS MUST BE CONVINCED THAT THEIR LONG-TERM INTERESTS LIE WITH THE WEST.

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(IV) WE NEED TO ENCOURAGE THE MODERATE NON-ALIGNED COUNTRIES TO MAINTAIN THEIR PRESENT FIRM STANCE.

YOUR REMARKS ABOUT THE LONGER TERM ARE EQUALLY IMPORTANT. THERE IS A PRESSING NEED FOR A MORE COHERENT WESTERN POLICY TO MANAGE CRISES IN THE THIRD WORLD AND TO DETER SOVIET OPPORTUNISM. IT MAY BE THAT THE LACK OF A FIRM WESTERN REACTION TO EARLIER EVENTS IN ANGOLA, ETHIOPIA AND CAMBODIA ENCOURAGED THE RUSSIANS TO BELIEVE THAT THE WEST WOULD TOLERATE THEIR ACTIONS IN AFGHANISTAN.

I WELCOME THE CHANCE OF DISCUSSING ALL THIS PERSONALLY WITH YOU ON 4 FEBRUARY. MEANWHILE I SUGGEST THAT OUR GOVERNMENTS SHOULD CONTINUE TO EXCHANGE VIEWS THROUGH OUR HIGH COMMISSIONS.

YOUR SINCERELY,
(SGD) MT

ENDS

2. ORIGINAL, RECEIVED WITHOUT CLASSIFICATION FROM NO 10, SENT TO ROBERTS BY CLASSIFIED BAG LEAVING LONDON 25 JANUARY. PLEASE CLASSIFY QUOTE SECRET UNQUOTE ON RECEIPT.

CARRINGTON

FILES

SPD

EESD

SAD

PS

PS/LPS

PS/MRHURD

PS/MR BLAKER

PS/PUS

MR BULLARD

MR FERGUSSON

MR CORTAZZI

MR MURRAY

3

SECRET

GRS 710

SECRET

F11 FCO 171430Z JAN
TO PRIORITY CANBER
TELEGRAM NUMBER 3

1. FOLLOWING MESSAGE, CLASSIFIED SECRET BY AUSTRALIANS. WAS DELIVERED BY AUSTRALIAN HIGH COMMISSION TO PRIME MINISTER ON 12 JANUARY.

BEGINS

MY DEAR PRIME MINISTER,

I AM WRITING TO APPLAUD THE VIGOROUS WAY IN WHICH YOUR GOVERNMENT HAS DENOUNCED THE SOVIET INTERVENTION IN AFGHANISTAN AND TO TELL YOU OF MY OWN CONCERNS, WHICH I KNOW YOU SHARE, ABOUT THE IMPLICATIONS OF WHAT HAS OCCURRED. I FEEL THAT IT WILL BE NECESSARY FOR WESTERN GOVERNMENTS TO KEEP CLOSELY IN TOUCH ABOUT THESE RECENT EVENTS.

WE HAVE BEEN DEEPLY OUTRAGED, AS I KNOW YOU HAVE, BY WHAT HAS OCCURRED. THE SOVIET INVASION IS TOTALLY WITHOUT JUSTIFICATION AND VIOLATES EVERYTHING THAT THE UNITED NATIONS AND DETENTE STAND FOR. AS A MODE OF BEHAVIOUR IT GRAVELY UNDERMINES NORMAL RELATIONSHIPS BETWEEN NATIONS.

AS YOU WILL ALREADY HAVE BEEN INFORMED, AUSTRALIA HAS TAKEN FIRM STEPS OF ITS OWN TO HELP TO DEMONSTRATE TO THE SOVIET UNION THAT THE LATTER'S ACTION IS TOO COSTLY TO BE REPEATED.

THE PURPOSE OF OUR DECISIONS IS TO CONTRIBUTE TO INTERNATIONAL ATTEMPTS TO PENALISE THE SOVIETS FOR THEIR AGGRESSIVE BEHAVIOUR, AND SO SEEK TO DETER THEM FROM REPEATING IT ELSEWHERE. I BELIEVE THAT OUR ACTIONS AGAIN UNDERLINE AUSTRALIA'S SOLIDARITY WITH OUR FRIENDS AND ALLIES, IT HAS BEEN ONE OF OUR FUNDAMENTAL CONSIDERATIONS THAT WE AND OTHERS MUST BE SEEN TO BE TAKING TANGIBLE MEASURES, IN ACCORDANCE WITH OUR NATIONAL PERSPECTIVES. IN SHORT, WE SHOULD TRY TO MATCH OUR WORDS WITH ACTIONS. OTHERWISE, IT SEEMS TO ME THAT THERE WILL BE A DANGER OF THE SOVIETS, AND POSSIBLY OTHERS, DOUBTING OUR CREDIBILITY AND OUR RESOLVE.

S E C R E T

/FROM THE

S E C R E T

FROM THE POINT OF VIEW OF WESTERN INTERESTS, AND THOSE OF INTERNATIONAL SECURITY GENERALLY, WHAT HAS HAPPENED IN AFGHANISTAN SEEMS TO ME TO REPRESENT A FAILURE OF THE EXISTING STRUCTURE OF DETERRENCE. THE SOVIETS FELT FREE TO ACT AS THEY DID AND WERE PREPARED TO ACCEPT THE COSTS ENTAILED. HOWEVER, BY CONCERTED ACTION NOW WE CAN HOPE TO MAKE THAT COST UNACCEPTABLY HIGH, AND THUS TO DISSUADE THEM FROM FURTHER AGGRESSION.

AS TO THEIR PRESENT AGGRESSION, I DOUBT VERY MUCH THAT THEY WILL WITHDRAW FROM AFGHANISTAN AT THE BEHEST OF THE UNITED STATES AND LIKEMINDED COUNTRIES OR IN RESPONSE TO WIDER INTERNATIONAL PROTESTS. THEY WILL BE MOVED TO DO SO ONLY BY A SENSE OF THEIR OWN INTERESTS. IF WE WERE TO INSIST REPEATEDLY ON SOVIET WITHDRAWAL WHILE BEING UNABLE TO COMPEL IT, WE WOULD RUN THE RISK OF APPEARING INEFFECTUAL. IN THIS SITUATION I BELIEVE WE SHOULD DIRECT OUR MAIN ATTENTION AND EFFORTS TO FUTURE CONTINGENCIES RATHER THAN PAST EVENTS, TO DETER THE SOVIET UNION FROM FURTHER AGGRESSION RATHER THAN TO SEEK A RESULT WHICH WE MIGHT NOT BE ABLE TO GUARANTEE.

I BELIEVE WE NEED TO BE PARTICULARLY CONCERNED THAT THE SOVIET MOVE INTO AFGHANISTAN COULD BE THE FORERUNNER OF A FURTHER SOVIET MOVE INTO PAKISTAN, OR MORE LIKELY IRAN, BEARING IN MIND THE UNSETTLED STATE OF THAT COUNTRY. IF THAT WERE TO HAPPEN, THE SOVIET UNION WOULD BE WELL PLACED TO EXERT A DANGEROUS INFLUENCE OVER THE FREE WORLD'S OIL SUPPLIES. THIS IS A CONTINGENCY THAT CANNOT BE IGNORED.

I AM CONCERNED THAT THE WESTERN ALLIES TOO OFTEN FIND THEMSELVES OBLIGED TO REACT TO EVENTS, AND PERHAPS THERE IS A NEED FOR GREATER CAPACITY FOR CONTROL AND INITIATIVE ON OUR PART. AS FAR AS POSSIBLE WE SHOULD BE ABLE TO ANTICIPATE EVENTS SUCH AS OCCURRED IN AFGHANISTAN IN ORDER TO FORESTALL THEM, OR TO MODIFY THEIR CONSEQUENCES.

IT WAS WITH THIS IN MIND THAT I THOUGHT IT NECESSARY TO COMMUNICATE DIRECTLY WITH YOU AND TO ADVISE YOU OF THE NATURE OF OUR CONCERN AT RECENT DEVELOPMENTS AND THE PERSPECTIVES IN WHICH WE SEE THEM. THERE MAY BE WAYS IN WHICH WE CAN WORK MORE CLOSELY IN THE SERVICE OF WESTERN INTERESTS IN THE CIRCUMSTANCES WHICH NOW PREVAIL AND I WOULD VERY MUCH WELCOME KNOWING YOUR VIEWS.

2
S E C R E T

/I HAVE

S E C R E T

I HAVE WRITTEN IN SIMILAR VEIN TO A NUMBER OF OUR FRIENDS AND NEIGHBORS, INCLUDING THOSE IN OUR NEAR REGION, AND ALSO TO JIMMY CARTER IN RESPONSE, PARTICULARLY, TO HIS INITIATIVES AND LEADERSHIP. IT SEEMS TO ME THAT THE WORLD HAS ENTERED A NEW AND POTENTIALLY MORE DANGEROUS ERA AND THAT THERE IS AN URGENT NEED FOR LIKEMINDED COUNTRIES TO CONSIDER TOGETHER HOW BEST TO COPE WITH THE PROBLEMS AND CHALLENGES WHICH LIE AHEAD OF US. NO ONE COUNTRY CAN HOPE TO FACE THESE PROBLEMS IN ISOLATION AND ACCORDINGLY, I HAVE TAKEN AN EARLY OPPORTUNITY TO INFORM YOU OF OUR CONCERNS.

YOURS SINCERELY

(MALCOLM FRASER)

ENDS.

2. TEXT OF REPLY
FOLLOWS ASAP.

CARRINGTON

FILES

SPD

EESD

SAD

3

S E C R E T



PRIME MINISTER'S LUNCH WITH MR FRASER : 4 FEBRUARY 1980

BRIEF NUMBER 3 : ENERGY

ESSENTIAL FACTS

INTERNATIONAL OIL SUPPLY

1. Easing somewhat. Market may slacken later in year. But uncertainties remain. These largely political. Current OPEC production high at 31 mbd but some OPEC producers may reduce production in 1980. Saudi willingness to maintain high production (9.5 mbd) is helping to stabilise market. Need for close coordination of consumer policies in IEA.

2. Iran's future stability uncertain. Moderate Gulf producers worried about Soviet threat. They need our support. West and OPEC must find common ground on energy questions. UK supports closer consumer/producer relations, eg, EEC/Gulf dialogue, but recognises that Arabs will want to discuss political matters, eg, Palestine.

AUSTRALIA'S INTEREST

3. Australia is net energy exporter. Large reserves of coal, uranium and some oil and gas. Imports oil from Middle East. Exports coal (approx 5m tonnes) to Central Electricity Generating Board and British Steel Corporation. Negotiations currently in train leading to UK part share in Australian uranium mine, and in Brussels on a Euratom/Australia safeguards agreement. Joined International Energy Agency in 1979.

ENERGY, SCIENCE AND SPACE DEPARTMENT

30 JANUARY 1980



PRIME MINISTER'S LUNCH WITH MR FRASER, AUSTRALIAN
PRIME MINISTER, 4 FEBRUARY 1980

BRIEF No. 4 : IRAN

POINTS TO MAKE

1. Election of Bani Sadr as President of Iran a positive development. He is aware of Soviet threat and appears anxious to bring hostage crisis to an end. Still unclear if he has the authority to achieve this.
2. Quiet diplomatic moves offer the best prospects. Threats would compel Bani Sadr to show defiance. Excessive enthusiasm by the West on his election would tend to discredit him.
3. We need to continue our support for the United States. Not the time to talk about introducing sanctions against Iran, which would anyway give us problems.
4. Australia has been generous in agreeing to act as protecting power in the event of complete UK withdrawal over the sanctions issue. The danger of retaliation against us now seems less likely, and we plan to send back some staff over the next few weeks.



CONFIDENTIAL

PRIME MINISTER'S LUNCH WITH MR FRASER: 4 FEBRUARY 1980

BRIEF NO 5 : VIETNAM/CAMBODIA

POINTS TO MAKE

GENERAL

1. Need to support Thailand and ASEAN. Mr Blaker's visit valuable. UK supplying 50 Scorpion tanks this year. Lord Carrington to attend signature of EEC-ASEAN Co-operation Agreement in Kuala Lumpur in March.

BOAT PEOPLE

2. Danger of renewed outflow. Vietnamese organisation for expelling boat people still in being.

HONG KONG

3. Hong Kong still has 52,000 refugees, compared with 55,000 last July. Australia's record is the worst of the three major resettlement countries: only four per cent from Hong Kong out of over 21,000 accepted. Can she do more?

VIETNAMESE AIMS

4. A major Vietnamese attack on Cambodian guerrillas might drive 750,000 more refugees into Thailand. Delayed because of Afghanistan, or through fear of provoking a second Chinese 'lesson'.

CAMBODIA: POLITICAL SOLUTION

5. No sign of Vietnamese readiness to negotiate or withdraw. Need for continued pressure on Vietnam and for acceptable solution. Prospects for early conference poor.

CAMBODIA RELIEF

6. Welcome Australian calls for improved distribution of relief. Supplies held up both by lack of human and logistic resources and by Vietnamese/Heng Samrin decision to stockpile. UN appeal for next phase expected early in February.

DERECOGNITION OF POL POT (Defensive)

7. Our decision understood by ASEAN. Continued support for ASEAN and no recognition of puppet Heng Samrin régime.

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PRIME MINISTER'S LUNCH WITH MR FRASER: 4 FEBRUARY 1980

BRIEF NO 5 : VIETNAM/CAMBODIA .

ESSENTIAL FACTS

GENERAL/ASEAN

1. Mr Blaker's successful visit to Thailand, Malaysia and Brunei in January re-emphasised our political interest in the area. Lord Carrington will attend signing of EEC/ASEAN Agreement (in Kuala Lumpur on 7 March) which will be followed by talks between the Nine and ASEAN members. The Australian Foreign Minister, Mr Peacock, has also recently visited all five ASEAN countries. He issued a statement on South East Asia before leaving.

A

BOAT PEOPLE

2. Vietnamese could restart boat exodus easily. Evidence from refugees and Hong Kong suggests increasing Vietnamese official activity (registration, bribes, building of boats). But they have recently repeated their public undertakings to continue the moratorium, eg to Malaysian Foreign Minister in January.

HONG KONG

3. Of the other two countries with large programmes for boat people (111,000 out of 160,000 places so far) the USA has taken 13% from Hong Kong and Canada 23%. Australia's large refugee programme has concentrated on Malaysia and to a lesser extent Indonesia, in an attempt to avoid a direct flow of boat refugees to the North Coast of Australia. (Over 2,000 have already reached Darwin in their own boats). Malaysia's total has dropped from 75,000 to 35,000 since July, while Hong Kong has only a net move of 3,000. In December, HMG gave a residual guarantee for refugees picked up by a British oil tanker (ENTALINA), although we differ from the Australian Government in our view that the refugees should have been allowed to land at their first port of call without a guarantee.

/THAI

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- 2 -

THAI-CAMBODIAN BORDER

4. The Vietnamese are unlikely to attack Thailand. But some 750,000 Cambodians are in the border area receiving ICRC/UNICEF food, and if Vietnam does attack the guerrilla groups in the same area, many will cross into Thailand. Border infringements and perhaps Thai-Vietnamese clashes would follow. There are already over 170,000 refugees in Thailand including 120,000 Cambodians.

CAMBODIA: RELIEF

5. The UNICEF/ICRC relief programme is having to be cut back in the Vietnamese controlled parts of Cambodia because warehouses are now full. Slow distribution can partly be attributed to obstruction from the local authorities, but also to severe shortages of manpower, skilled or otherwise, and badly damaged roads etc. But the authorities have imposed severe limits on UNICEF/ICRC personnel which prevent them from carrying out distribution themselves. Many problems would be eased if the relief agencies were able to operate as they wished with adequate personnel. The winter rice crop has eased the food problem temporarily, but large distributions will be needed again from April or May to December. An Australian, Sir Robert Jackson, has been appointed co-ordinator of relief by Dr Waldheim. A new UN appeal is expected shortly.

Foreign and Commonwealth Office
30 January 1980

CONFIDENTIAL



PRESS STATEMENT BY AUSTRALIAN FOREIGN MINISTER, MR ANDREW PEACOCK, ON KAMPUCHEA/THAILAND: 5 JANUARY 1980

The Minister for Foreign Affairs, Mr Andrew Peacock, today warned that the prospects of intensified fighting in Western Kampuchea had given rise to fears of a further massive exodus of Kampuchean refugees into Thailand and of hostilities spilling over into Thailand.

The Minister called on all the parties involved in hostilities in the Thai/Kampuchea border area to exercise the greatest possible restraint because of the dangers of the conflict widening.

Mr Peacock expressed the Government's deep concern over the potential of these developments to threaten further the peace and stability of South East Asia. He warned that the tension in the Thai/Kampuchea border area would escalate if military activity continued unchecked.

The Minister noted reports of a substantial build-up of Khmer civilians in Kampuchea in the vicinity of the border with Thailand. He said it was particularly important that the combatants in the area respected the lives and welfare of these people so as to prevent unnecessary suffering and their need to seek refuge in Thailand.

Mr Peacock said that Australia would continue to support the ASEAN countries in their efforts to seek a peaceful solution to the Kampuchean situation. The Government would also maintain its program of relief assistance to Thailand and the international agencies to help them cope with the enormous task created by the presence of over one million displaced Khmers along the Thai/Kampuchea border.

The Minister said that the Australian Government urged all concerned members of the international community to co-operate with the Thai authorities and representatives of the international and voluntary agencies to alleviate the plight of the displaced Khmer people in the Thai/Kampuchea border region and to enable them to return to their homes in peace and security.



VISIT BY THE PRIME MINISTER OF AUSTRALIA, 4 FEBRUARY 1980

RHODESIA

Points to Make

1. There is an enormous gulf between the actual situation in Rhodesia, which is remarkably good, and the picture which the African States have been trying to project at the UN and elsewhere.
2. The ceasefire is holding well. Nkomo and Mugabe are both back and campaigning. The Commonwealth observers are on the spot. Nkomo and his forces are co-operating well with the Governor. There have been joint patrols between Nkomo forces and the police. The prospects of some broad coalition after the elections embracing Nkomo, Muzorewa and the whites are improving. The main problem is the large-scale intimidation being carried out by Mugabe's forces. Nkomo is complaining about this as bitterly as anyone. The Governor is likely to have to take selective and graduated measures (e.g. banning meetings in certain areas) if the situation does not improve.
3. The whites are understandably nervous. The Governor has a very hard task keeping the support of the military commanders. Because the PF have such a vocal international lobby, it is all too easy to forget that the internal parties have interests too.
4. The performance of the Africans at the UN has been shocking. Virtually all of them are committed to a PF (and particularly Mugabe) victory in the elections and their tactics have to be seen in this light.

/5.



5. Very grateful to Australian government for splendid performance of their contingent in the monitoring force and for sending an independent group of observers.

Essential Facts

6. The Australians have been giving us consistent support over Rhodesia, but have shown signs of nervousness when our policies have been criticised by African leaders. Copies of recent exchanges of messages with Mr Fraser and Mr Peacock are attached.

I February 1980

Rhodesia Department



CONFIDENTIAL

1. THE RT HON (JOHN) MALCOLM FRASER CH MP
Prime Minister since November 1975.
Born Melbourne 1930.

Educated at Melbourne Grammar School and Oxford (MA).
First elected to the House of Representatives as Liberal Member
for Wannon, Victoria, in 1955. Minister for the Army 1966-8.
Minister for Education and Science 1968-9. Minister for
Defence 1969-71. Opposition spokesman on labour and Public
Service matters 1972-75. Leader of the Opposition, March-
November 1975.

Continues to regard the improvement of Australia's economic
position as his first task.

Married: 2 sons, 2 daughters.

2. PRITCHETT, WILLIAM (BILL) B.

Secretary, Department of Defence since August 1979.
Born in 1921.

In his subsequent career with the DFA he occupied
several senior posts in the Department of Foreign Affairs
including High Commissioner Singapore (1964-67) and Deputy
High Commissioner in London (1969-73).

He transferred to the Department of Defence in 1973.
Before appointment as Secretary was for 18 months the Deputy
Secretary supervising defence programming and policy advice
on international strategic questions.

3. HENDERSON, PETER (GRAHAM FAITHFULL)

Secretary, Department of Foreign Affairs since
September 1979

Born Sydney 1928. Department of External Affairs in
1951; served overseas in Washington, Jakarta, Geneva and
London. Ambassador, Manila, 1973-74. First Assistant
Secretary (= Assistant Under-Secretary) of Management and
Foreign Service Division, DFA, 1975 and continued to play
prominent part in administration of the Service after his

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/promotion



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promotion to Deputy Secretary in early 1976. Seconded in 1978 for six months to Conzinc Rio Tinto of Australia (a subsidiary of RTZ).

Married 1955 Sir Robert Menzies's daughter, Heather. They have four daughters, one of whom is in London. His main recreations are tennis and the family's seaside cottage.

4. FERNANDEZ, ROY ROBERT

Australian Deputy High Commissioner in London since October 1979 (Ambassador-Designate to the European Communities, Belgium and Luxembourg).

Born 12 January 1928.

Joined Department of External Affairs in 1951: served in Australian Embassies in Jakarta, Washington, Rome and Saigon 1953-66: attended Imperial Defence College London 1967: Australian Ambassador to Burma 1968-70: Australian Ambassador to Yugoslavia and Romania 1970-71: Minister, Australian Embassy Washington 1971-74. Since 1975 has specialized in arms control, disarmament and non-proliferation matters.

5. YEEND, SIR GEOFFREY JOHN, CBE

Secretary to the Department of Prime Minister and Cabinet since 1978.

Born 1927.

Joined the then Department of Postwar Reconstruction in his teens (1944-9). Served in the Second AIF 1945-6. Joined Prime Minister's Department in 1950; Sir Robert Menzies's Private Secretary 1952-5. Served in London as Assistant Secretary at Australia House, 1958-60. Returned to Prime Minister's Department and promoted to First Assistant Secretary in 1967 becoming Deputy Secretary in 1972 and Secretary in April 1978 on the death of Sir Alan Carmody.

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6. MacKELLAR, THE HON MICHAEL JOHN RANDAL, MP
Minister Health and Minister assisting the Prime Minister since December 1979.
Born 1938. Educated Church of England Grammar School, Sydney University (BSc (Agric)) and Oxford University (MA).
Served in NSW Department of Agriculture 1961-9.
Liberal Member for Warringah (NSW) since 1969.
Parliamentary Secretary to the Leader of the Opposition (Mr Snedden) 1973-4. Member of various Parliamentary Committees and (1973) of the first Australian Parliamentary Delegation to China. Opposition spokesman on immigration matters, 1974-5, he performed well - especially in debate. Visited the UK in 1976. Minister for Immigration and Ethnic Affairs since December 1975 (and also Minister assisting the Treasurer since August 1978).

Pleasant and well-disposed towards Britain, he is an intelligent and energetic young man. He may go a long way probably if he is tough enough.

Married 1969 Miss Robin Mountford Smith; 1 son, 1 daughter.

Recreations: sports, reading, photography.

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ESSENTIAL FACTS

1. The Prime Minister is already well acquainted with the background to the American hostages and the issue of imposing economic sanctions on Iran.

British Embassy Staffing

2. The Australian Foreign Minister agreed to our request that, in the event of our withdrawing the remainder of our Embassy in Tehran, Australia would act as a protecting power. Now that the immediate question of sanctions is over, it has been decided to stand the Embassy down from being ready to withdraw at 24 hours notice. The number of UK based staff is now 10. It is planned to increase it gradually over the coming weeks to approximately 25, if conditions permit.

Australian Meat Contracts

3. Australia's principal exports to Iran are meat, and she renewed in 1979 substantial meat contracts with the new regime. Food was excluded from the trade sanctions which were specified in the draft UN Security Council Resolution which was vetoed by the Soviet Union.

GRS 700

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Copy to
Mr Noble,
SPD
OC

CONFIDENTIAL

FM FCO 281709Z JAN 80

TO IMMEDIATE CANBERRA

TELEGRAM NUMBER 64 OF 28 JANUARY 1980

AND TO IMMEDIATE SALISBURY PRETORIA LUSAKA MAPUTO GABORONE

DAR ES SALAAM LAGOS NAIROBI WELLINGTON KINGSTON WASHINGTON

UKMIS NEW YORK

MY TELNO 46 (NOT TO ALL): RHODESIA: MESSAGE FROM THE AUSTRALIAN FOREIGN MINISTER.

PLEASE PASS THE FOLLOWING REPLY FROM ME TO THE DEA FOR TRANSMISSION TO ANDREW PEACOCK (WHO I UNDERSTAND HAS LEFT FOR HIS ASIAN TOUR)

BEGINS

DEAR ANDREW,

THANK YOU FOR YOUR LETTER OF 21 JANUARY IN WHICH YOU TOLD ME OF THE APPROACHES YOUR PRIME MINISTER HAD RECEIVED FROM PRESIDENT NYERERE AND PRESIDENT KAUNDA ABOUT THE SITUATION IN RHODESIA. IT WILL COME AS NO SURPRISE TO YOU TO KNOW THAT MARGARET THATCHER AND I HAVE HAD VERY SIMILAR MESSAGES.

WE HAVE ALREADY DEALT, IN A REPLY TO JULIUS NYERERE, WITH THE MAIN ISSUES TO WHICH YOU REFER. I AM ARRANGING FOR YOU TO RECEIVE A COPY.

I RECOGNISE THE CONCERN WHICH THE LIMITED SOUTH AFRICAN PRESENCE AT BEITBRIDGE CAUSED AFRICAN GOVERNMENTS. BUT ONE HAS TO REMEMBER THAT THE FORMER INTERNAL PARTIES, BLACK AND WHITE, ATTACHED VERY CONSIDERABLE IMPORTANCE TO THE PROTECTION OF THE BRIDGE DURING THE DIFFICULT AND DANGEROUS PERIOD OF ESTABLISHING THE CEASEFIRE, AND THE SOUTH AFRICANS THEMSELVES HAVE A PERFECTLY VALID INTEREST IN THE DEFENCE OF THE BRIDGE. HOWEVER WE HAVE NOW STATED PUBLICLY THAT RHODESIAN FORCES WILL TAKE OVER THE PROTECTION OF THE NORTH END OF THE BRIDGE AS SOON AS ALTERNATIVE ARRANGEMENTS CAN BE MADE. I HOPE THAT THIS WILL DEFUSE THE ISSUE WHICH IS OF NO INTRINSIC IMPORTANCE AND HAS ONLY SERVED TO DIVERT ATTENTION AWAY FROM THE VERY REAL PROBLEMS WHICH THE GOVERNOR FACES OVER COMPLIANCE WITH THE CEASEFIRE.

CONFIDENTIAL

/THERE

GRS 700

CONFIDENTIAL

Copy to
Mr Nove,
SPD
OC

CONFIDENTIAL

FCO 281709Z JAN 80

TO IMMEDIATE CANBERRA

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CONFIDENTIAL

/THERE

CONFIDENTIAL

THERE HAVE CERTAINLY BEEN PROBLEMS WITH THE AUXILIARIES. THE GOVERNOR HAS TAKEN ACTION TO INVESTIGATE AND CONTROL THEIR ACTIVITIES AND THE NUMBER OF COMPLAINTS RECEIVED ABOUT THEIR ACTIVITIES BY THE CEASE-FIRE COMMISSION HAS DECLINED.

AS YOU KNOW, THE LANCASTER HOUSE AGREEMENTS SPECIFICALLY AUTHORISES THE GOVERNOR TO MAKE USE OF THE RHODESIAN FORCES TO DEAL WITH VIOLATIONS OF THE CEASE-FIRE AGREEMENT. NO-ONE CAN REASONABLY COMPLAIN WHAT HE HAS BEEN FORCED TO DO SO BY PERSISTANT BREACHES OF THE CEASE-FIRE, MAINLY BY MUGABES FORCES.

NYERERE'S POINT ABOUT THE NUMBER OF LOCATIONS FOR THE PF TO ASSEMBLE FRANKLY SHOWS HOW OUT OF TOUCH HE IS WITH DEVELOPMENTS. THERE HAS BEEN NO REQUEST FROM THE PATRIOTIC FRONT FOR EXTRA ASSEMBLY PLACES. INDEED THEY AGREED TO REDUCE THE NUMBER FROM SIXTEEN TO FOURTEEN.

YOU SUGGEST THAT ANY JUDGEMENT OF THE ELECTIONS WILL HAVE TO TAKE ACCOUNT OF THE POINT RAISED BY KAUNDA AND NYERERE. YOU WILL, I AM SURE, RECOGNISE THAT THEY REPRESENT ONLY ONE SIDE OF THE COIN. THERE ARE A CONSIDERABLE NUMBER OF MATTERS ON WHICH THE PATRIOTIC FRONT ARE AT FAULT. SEVERAL THOUSAND MEMBERS OF ZANLA FORCES HAVE FAILED TO ASSEMBLE. DAILY BREACHES OF THE CEASE-FIRE, INCLUDING CROSS-BORDER MOVEMENT AND INTIMIDATION OF RURAL VOTERS CONTINUE. IT HAS ONLY BEEN UNDER SUSTAINED PRESSURE FROM US THAT MUGABE HAS FINALLY AGREED TO RELEASE THE POLITICAL DETAINEES WHOM HE HAS BEEN HOLDING IN CONTRAVENTION OF THE AGREEMENTS.

THE FACT IS THAT THE GOVERNOR IS WALKING A TIGHTROPE. HE CAN ONLY WORK BY PERSUASION, NOT BY FORCE. HE HAS TO TAKE INTO ACCOUNT THE INTERESTS OF THE INTERNAL PARTIES AS WELL AS THE PF - AND IT IS IMPORTANT TO REMEMBER THAT THE FORMER DO NOT HAVE AN INTERNATIONAL LOBBY WHICH AUTOMATICALLY REPEATS AND AMPLIFIES THEIR EVERY COMPLAINT AS IS THE CASE WITH THE PF. THE SETTLEMENT CANNOT WORK WITHOUT THEIR ACTIVE SUPPORT AND COOPERATION. THERE HAVE BEEN TIMES DURING THE PAST FEW WEEKS WHEN THEY HAVE COME CLOSE TO LOSING PATIENCE WITH THE SETTLEMENT.

CONFIDENTIAL

IN THE MEANTIME, I HOPE THAT YOU WILL SUPPORT OUR EFFORTS TO KEEP THESE ISSUES OUT OF THE SECURITY COUNCIL. OR IF THAT IS NOT POSSIBLE TO KEEP THE TEMPERATURE DOWN. THE LANCASTER HOUSE AGREEMENTS ESTABLISHED THE CEASE-FIRE COMMISSION AND THE ELECTION COUNCIL, ON WHICH NKOMO AND MUGABE ARE OF COURSE REPRESENTED. THEY ARE THE PROPER BODIES FOR RESOLVING THE PROBLEMS WHICH INEVITABLY ARISE IN IMPLEMENTING THE SETTLEMENT. I BELIEVE THAT A SECURITY COUNCIL MEETING AND THE SORT OF ONE-SIDED RESOLUTION WHICH IT WOULD BE LIKELY TO PRODUCE COULD DO NOTHING BUT HARM: INDEED IT COULD PUT AT RISK ALL THAT HAS BEEN ACHIEVED. WE SHALL LOOK TO THOSE WHO SHARE OUR INTEREST IN BRINGING THE PROCESS TO A SUCCESSFUL CONCLUSION TO EXERCISE THE GREATEST RESTRAINT AND IMPARTIALITY BETWEEN THE PARTIES.

WE LOOK FORWARD TO DISCUSSING ALL THIS WITH MALCOLM FRASER NEXT WEEK.

PETER CARRINGTON

ENDS

CARRINGTON

F I L E S

RHOD D	OID
OADS	NEWS D
NAD	PS
	PS/SIR I GILMOUR
PUSD	PS/MR LUCE
PLANNING STAFF	PS/MR RIDLEY
ES & SD	PS/MR HURD
	PS/MR MARTEN
CCD	PS/PUS
FRD	SIR D MAITLAND
EID (E)	
UND	MR HANNAY
LEGAL ADVISERS	LORD N G LENNOX
(MR FREELAND)	MISS BROWN
(MR FIFOOT)	MR DAY
ECON D	MR FERGUSSON
PCD	MR ASPIN
DEF D	MR MILLS
IPD	CPO

ADDITIONAL DISTRIBUTION
RHODESIA POLICY

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GR 660

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FM F C O 221556Z JAN 80
TO PRIORITY CANBERRA
TELEGRAM NUMBER 46 OF 22 JANUARY

M I P T

RHODESIA - MR PEACOCK'S MESSAGE TO THE SECRETARY OF STATE

1. FOLLOWING MESSAGE FROM MR PEACOCK, UNCLASSIFIED BY AUSTRALIANS, WAS DELIVERED BY AUSTRALIAN ACTING HIGH COMMISSIONER TO SECRETARY OF STATE ON 21 JANUARY.

BEGINS

DEAR LORD CARRINGTON,

I AM WRITING TO LET YOU KNOW THAT MALCOLM FRASER HAS RECEIVED AN ORAL MESSAGE FROM PRESIDENT NYERERE AND A TELEPHONE CALL FROM PRESIDENT KAUNDA CONCERNING THE SITUATION IN RHODESIA. I UNDERSTAND THAT PRESIDENT NYERERE HAS WRITTEN TO MRS THATCHER ON THE SAME MATTERS.

WHAT HAS BEEN ACHIEVED IN SOUTHERN RHODESIA SINCE ITS RETURN TO LEGALITY HAS BEEN NOTHING LESS THAN REMARKABLE. MY ADMIRATION GOES TO ALL THOSE WHO, BY A GENUINE COMMITMENT TO THE AIMS OF LANCASTER HOUSE, HAVE CO-OPERATED TO BRING ABOUT THIS RESULT.

WHAT WE ARE LOOKING TO IN SOUTHERN RHODESIA NOW IS A PROCESS WHICH WILL LEAD TO A GENERAL INTERNATIONAL ACCEPTANCE OF THE NEW NATION, AND SO CONTRIBUTE TO THE STABILITY OF THE SOUTHERN AFRICAN REGION. IN THIS THE SUPPORT OF THE 'FRONT LINE' STATES WILL BE CRITICAL. THE ISSUES RAISED BY PRESIDENTS NYERERE AND KAUNDA ARE THEREFORE ONES WHICH ALL WESTERN AND COMMONWEALTH COUNTRIES SHOULD CONSIDER CAREFULLY, AS THEY COULD AFFECT A MATTER OF GREAT CONCERN TO US.

BOTH PRESIDENTS MENTIONED THE PRESENCE OF SOUTH AFRICAN FORCES IN RHODESIA, AND INDICATED THAT IN THEIR OPINION THIS PRESENCE WAS NOT IN ACCORDANCE WITH THE UNDERSTANDINGS REACHED AT LANCASTER HOUSE. OUR OFFICIALS HAVE ALREADY DISCUSSED THE PURPOSE OF SOUTH AFRICAN TROOPS IN RHODESIA, AND WE HAVE BEEN GIVEN SOME INDICATION OF THE NUMBERS WHO MAY BE PRESENT. WE HAVE NOTED YOUR OFFICIALS' COMMENTS ABOUT THE LIMITED IMPACT SUCH TROOPS COULD HAVE, BUT WE ARE AWARE OF THE PARTICULAR SENSITIVITY OF AFRICAN LEADERS TO

CONFIDENTIAL

/ANYTHING

ANYTHING INVOLVING SOUTH AFRICA. THE PRESENCE OF SOUTH AFRICAN TROOPS, AND THE USE OF SOUTH AFRICAN DEFENCE FACILITIES, WILL CLEARLY CONTINUE TO BE A POINT OF ARGUMENT, WHICH MUST RAISE FOR EXAMINATION THE POSSIBILITY OF FINDING MORE ACCEPTABLE ALTERNATIVES.

ANOTHER POINT RAISED BY BOTH PRESIDENTS WAS THE ACTIVITIES OF THE AUXILIARIES. OUR OWN REPORTS FROM SALISBURY INDICATE THAT THERE HAVE BEEN PROBLEMS IN THIS REGARD, BUT THAT NOT ALL THE FACTS HAVE BEEN ESTABLISHED. I UNDERSTAND THE GOVERNOR IS INVESTIGATING SOME OF THE INCIDENTS INVOLVING THE AUXILIARIES, AND I TRUST THAT THESE INVESTIGATIONS WILL CLARIFY WHAT HAS TAKEN PLACE.

PRESIDENT NYERERE ALSO REFERRED TO THE ACTIVITIES OF THE RHODESIAN FORCES, TO WHAT HE SAID WAS A NEED FOR MORE TIME AND LOCATIONS TO ASSEMBLE FOR THE PATRIOTIC FRONT GUERRILLAS, TO DIFFICULTIES HE SAID HAD BEEN PLACED IN THE WAY OF THE RETURN OF THE PATRIOTIC FRONT LEADERS, AND PROPOSED A MEETING OF SELECTED COMMONWEALTH HEADS OF GOVERNMENT IN LONDON. PRESIDENT KAUNDA FOR HIS PART, EXPRESSED CONCERN ABOUT THE NON-OBSERVANCE OF THE CEASEFIRE BY SOME ELEMENTS OF ZANLA.

IT IS PROBABLE THAT, GIVEN THE COMPLEX SITUATION IN RHODESIA, OTHER CHARGES AND COUNTER-CHARGES WILL BE MADE BY THE RHODESIAN PARTIES AND THEIR SUPPORTERS. WE CANNOT SAY IN ADVANCE WHAT SUBSTANCE THERE WILL BE TO THEM, OR WHAT IMPACT THEY MAY HAVE ON THE PROCESS LEADING TO THE INDEPENDENCE OF ZIMBABWE. I DO THINK, HOWEVER, THAT THE PRESENCE OF SOUTH AFRICAN TROOPS IN PARTICULAR, AND ALSO THE ACTIVITIES OF THE AUXILIARIES, ARE ISSUES THAT SOME WILL USE TO CALL INTO QUESTION THE 'FREE AND FAIR' NATURE OF THE ELECTION PERIOD, AND PERHAPS TO DRAW BACK FROM THE FULL INTERNATIONAL ACCEPTANCE AND RECOGNITION WHICH WE ALL WANT THE NEW ZIMBABWE GOVERNMENT TO RECEIVE.

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CLEARLY ON THESE ISSUES YOUR INFORMATION WILL BE FAR MORE COMPLETE THAN OURS CAN BE. WHATEVER COMMENTS I MAKE WILL HAVE TO BE READ AGAINST THIS FACT. THERE WILL HOWEVER COME A TIME WHEN ALL COMMONWEALTH COUNTRIES WILL BE ASKED TO SUPPORT, AND WILL WANT TO SUPPORT, THE SOLUTION AND THE OUTCOME OF THE ELECTIONS IN RHODESIA. IT IS IMPORTANT THAT WE BE ABLE TO DO THIS WITHOUT RESERVATION, AND IT IS PRINCIPALLY WITH THIS IN MIND THAT I WRITE TO YOU NOW TO SET OUT WHAT HAS BEEN SAID TO US AND WHAT OUR REACTION HAS BEEN.

MALCOLM FRASER IS LOOKING FORWARD TO THE OPPORTUNITY OF TALKING TO YOUR PRIME MINISTER ON THESE ISSUES.

YOURS SINCERELY,
(ANDREW PEACOCK)

ENDS

2. TEXT OF REPLY FOLLOWS A S A P.

CARRINGTON

FILES

SPD

RHOD D

C AF D

EAD

S AF D

CCD

PS/MR BLAKER

MR MURRAY

3

CONFIDENTIAL



①

10 DOWNING STREET

PRIME MINISTER

Lunch for the Prime Minister of
Australia - Monday, 4 February

I attach the list of guests
attending your lunch or the
Australian Prime Minister on Monday,
4 February, together with a
draft seating plan.

Do you agree the seating plan
please?

CS

1 February 1980

P. R.

DRAFT SEATING PLAN FOR LUNCH ON MONDAY, 4 FEBRUARY 1980

The Acting High Commissioner for Australia

Mr. Hugh Cortazzi

Mr. P.G.F. Henderson

Sir Geoffrey Yeend

The Rt. Hon. Lord Carrington

THE RT. HON. THE PRIME MINISTER

THE RT. HON. MALCOLM FRASER

The Hon. M.J.R. MacKellar

Sir Michael Palliser

Sir Frank Cooper

Mr. W.B. Pritchett

Mr. Michael Alexander

*Done this one
not*

ENTRANCE

I prefer the above placement (on the Gossiga model). The alternative would be :

	<i>Fernandez</i>	
<i>Cortazzi</i>		<i>Cooper</i>
<i>Yeend</i>		<i>MacKellar</i>
<i>P. P.</i>		<i>Carrington</i>
<i>Fraser</i>		<i>Henderson</i>
<i>Palliser</i>		<i>Pritchett</i>
	<i>Alexander</i>	

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PS/NO 10

M CANBERRA 310335Z JAN 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 86 OF 31 JANUARY

INFO SAVING WASHINGTON, BONN, PARIS AND UKDEL NATO.

MS.

MY TELEGRAM NUMBER 75 : VISIT OF MR FRASER

1. IN ANTICIPATION OF MR FRASER'S TALKS WITH THE PRIME MINISTER ON 4 FEBRUARY YOU MAY CARE TO HAVE A FEW REFLECTIONS ON AUSTRALIA'S RECENT CONDUCT IN INTERNATIONAL AFFAIRS, PARTICULARLY AS THEY RELATE TO ANGLO/AUSTRALIAN RELATIONS.

2. IT SEEMS TO ME THAT THERE IS A QUITE IMPRESSIVE CATALOGUE OF HELPFUL AUSTRALIAN ACTIONS OVER RECENT MONTHS. THE MOST IMPORTANT OF THESE ARE:

A. READY AUSTRALIAN AGREEMENT TO PARTICIPATE IN THE COMMONWEALTH CEASEFIRE MONITORING FORCE IN RHODESIA. (THEY ALSO HELPED WITH TRANSPORT FOR THE FIJI CONTINGENT.)

B. THE AUSTRALIAN DECISION TO SEND A TEAM OF OBSERVERS TO THE RHODESIAN ELECTIONS. IT IS ALSO HELPFUL THAT, IF WE HAVE TO ACQUIESCE IN RAMPHAL'S INDEPENDENT INITIATIVE ON OBSERVERS, THE AUSTRALIANS SHOULD HAVE NOMINATED A REPRESENTATIVE OF THE CALIBRE OF SHANN WHO MAY BE RELIED UPON TO USE HIS INFLUENCE IN THE INTERESTS OF A TRUE AND BALANCED REPORT.

C. THE OPENING OF AN AUSTRALIAN LIAISON OFFICE IN SALISBURY.

D. THE PROMPT AUSTRALIAN AGREEMENT TO TAKE CHARGE OF OUR INTERESTS IN TEHRAN SHOULD THE NEED ARISE.

E. THE ROBUST AUSTRALIAN REACTION TO EVENTS IN AFGHANISTAN. ON THIS MR FRASER'S POLICY AND PROMONCEMENTS ARE VERY CLOSE TO THOSE OF THE PRIME MINISTER. THERE ARE ALSO THE AUSTRALIAN OFFERS TO COOPERATE WITH THE AMERICANS OVER SURVEILLANCE IN THE INDIAN OCEAN AND TO PROVIDE THE AMERICANS WITH ADDITIONAL FACILITIES IN WESTERN AUSTRALIA.

/3. AS

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3. AS AGAINST THIS, I RECOGNISE THAT MR FRASER HAS NOT ALWAYS BEEN AS TACTFUL OR CONSIDERATE AS HE SHOULD HAVE BEEN ON THE SUBJECT OF RHODESIA, ESPECIALLY IN HIS HANDLING OF THE MEDIA AT LUSAKA. BUT I AM CONVINCED THAT HIS INTENTION HAS CONSISTENTLY BEEN TO HELP PRODUCE A POSITIVE RESULT, EVEN IF HE ALSO WANTED HIS SHARE OF THE CREDIT. I BELIEVE HE IS ALSO MORE CONSCIOUS THAN BEFORE OF THE IMMENSELY DELICATE TASK WE HAVE IN RHODESIA AND WILL TREAD MORE WARILY ON THAT ACCOUNT. IF HE HAS SOMETIMES ATTEMPTED TO NUDGE US IN ONE DIRECTION, HE HAS ALSO ATTEMPTED TO NUDGE THE LEADERS OF, EG, THE FRONT LINE STATES IN THE OTHER. HE TAKES PRIDE IN AUSTRALIA'S DEMONSTRATED ABILITY TO EXPRESS ITS OWN POINT OF VIEW AND NOT AUTOMATICALLY TO FOLLOW US OR THE U S : BUT THE EMPHASIS IN THAT SENTENCE IS ON "AUTOMATICALLY".

4. RELATIONS WITH THE EUROPEAN COMMUNITY, MOST RECENTLY OVER THE MANUFACTURING BEEF QUOTA, REMAIN AN ISSUE OF CONTINUING CONCERN HERE. BUT, IN HIS PRESENT MOOD, I WOULD EXPECT MR FRASER TO MENTION THIS ONLY IN PASSING. THE AUSTRALIANS ARE WELL AWARE OF OUR HELPFUL ROLE AND NOWADAYS GIVE US READY CREDIT FOR IT.

FCO PSE PASS SAVING TO ALL.

(REPEATED AS REQUESTED)

TEBBIT

FILES

SPD

EESD - CCD

SAD - New D

RHO.D

CAF.D

EAD

SAFD

PS/MR BLAKER - PS

MR CORTAZZI - PS/AUS

MR MURRAY

2 N° 1075.

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GRS 1200

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DESKBY 010900Z

FM WASHINGTON 010105Z JANUARY 1980

TO IMMEDIATE F C O

TEL NO 505 OF 31 JANUARY

INFO CANBERRA, BONN, PARIS, UKDEL NATO.

YOUR TEL 201: AUSTRALIAN PRIME MINISTER'S VISIT TO WASHINGTON.

1. PRIME MINISTER FRASER ARRIVED IN WASHINGTON LAST NIGHT AND LEAVES TOMORROW, ON 1 FEBRUARY. DURING HIS BRIEF STAY HE CALLED ON PRESIDENT CARTER AND SECRETARY VANCE (WHO ALSO GAVE HIM LUNCH). HE HAD TALKS WITH CIA DIRECTOR ADMIRAL TURNER AND DEPUTY SECRETARY OF DEFENCE CLAYTOR (HE WILL SEE SECRETARY BROWN AT A DINNER BEING GIVEN TONIGHT BY GOVERNOR HARRIMAN). A BREAKFAST MEETING WITH THE CONGRESSIONAL LEADERSHIP IS SCHEDULED FOR TOMORROW IMMEDIATELY PRIOR TO HIS DEPARTURE.

2. BENNETT (AUSTRALIA COUNTRY DIRECTOR) GAVE US A HASTY INCOMPLETE READOUT ON THE VISIT SO FAR (IE EXCLUDING FRASER'S CALL ON THE PRESIDENT THIS AFTERNOON, HIS TALK WITH BROWN TONIGHT AND THE MEETING WITH CONGRESSIONAL FIGURES TOMORROW) AND SAID THAT THE MAIN FOCUS OF THE TALKS WAS INEVITABLY ON AFGHANISTAN AND IRAN, INCLUDING THE ALLIED RESPONSE TO THE SOVIET THREAT, WITH SOME DISCUSSION ON AN INCREASED AUSTRALIAN MILITARY PRESENCE IN THE INDIAN OCEAN, AND EXPANDED U.S. USE OF AUSTRALIAN STAGING FACILITIES. THERE WERE FEW BILATERAL ISSUES TO DISCUSS.

3. AFGHANISTAN/IRAN. DURING HIS CALL ON VANCE, FRASER SAID THAT AFGHANISTAN WAS A WATER-SHED. UNLIKE CZECHOSLAVALIA IN 1968, IT WOULD NOT BE POSSIBLE TO REVERT TO BUSINESS AS USUAL WITH THE SOVIET UNION. IT WAS ESSENTIAL TO DEVELOP A CONCERTED ALLIED POLICY. MIDDLE EASTERN OIL WOULD BE A CRITICAL ELEMENT. THE ALLIES SHOULD NOT ASSUME THAT THE SOVIETS WOULD NOT AIM AT OTHER TARGETS OF OPPORTUNITY, SUCH AS IRAN. THE SOVIET INVASION OF AFGHANISTAN PRESENTED THE WEST WITH AN IDEAL OPPORTUNITY TO SEEK NON-ALIGNED AND THIRD WORLD ASSISTANCE IN RESISTING SOVIET ADVENTURISM. MR VANCE AGREED WITH FRASER'S ASSESSMENT AND ON THE NEED FOR A POSITIVE APPROACH TOWARDS IRAN BUT THE US WAS BADLY HAMPERED BY THE HOSTAGE ISSUE (WHICH HE /EXPECTED

EXPECTED TO LAST A MONTH AT MOST.) MR VANCE TOLD FRASER THAT THE US WAS GOING TO IMPOSE SANCTIONS ON IRAN AND THAT THEY WOULD PRESS OTHERS TO DO THE SAME, BUT AFGHANISTAN WAS NOW A HIGHER PRIORITY THAN IRAN. THERE WAS SOME DISCUSSION OF BANI SADR'S NEW ROLE AND THE OPPORTUNITIES THIS COULD PRESENT FOR THE RESOLUTION OF THE HOSTAGE ISSUE.

4. MR VANCE AND FRASER AGREED THAT MR PEACOCK'S VISITS TO INDIA AND PAKISTAN HAD BEEN USEFUL. MR PEACOCK HAD FOUND MRS GHANDI UNMOVED BY THE SOVIET INVASION, AND THE PAKISTANIS HYSTERICAL. MR VANCE TOLD FRASER THAT HE WAS DETERMINED TO GET THE PAKISTAN AID PACKAGE THROUGH CONGRESS.

5. ON THE MIDDLE EAST, MR VANCE AGREED IT WAS IMPORTANT TO CONTINUE WORKING FOR A SOLUTION TO THE PALESTINIAN PROBLEM, AND SAID HE AWAITED WITH INTEREST AMABSSADOR LINOWITZ'S RETURN FROM HIS CURRENT VISIT TO THE MIDDDDLE EAST.

6. FRASER EXCHANGED VIEWS WITH ADMIRAL TURNER ON INTELLIGENCE COOPERATION.

7. DURING HIS TALK WITH CLAYTOR, FRASER PUT IN A PLEA FOR MORE US MILITARY ASSISTANCE TO ASEAN COUNTRIES (AT HIS PRESS CONFERENCE THIS AFTERNOON HE ANNOUNCED INCREASED AUSTRALIAN ECONOMIC ASSISTANCE TO THE SOUTH PACIFIC). HE ALSO ASKED FOR A MORE ACTIVE US RECONNAISSANCE ROLE IN THE INDIAN OCEAN AND DISCUSSED THE POSSIBILITY OF A HEIGHTENED AUSTRALIAN PRESENCE IN THE AREA. IT WAS ALSO AGREED TO ACCELERATE THE DATE OF THE NEXT ANZUS MEETING.

8. BENNETT COMMENTED THAT ONE OF THE PROBLEMS OF US/AUSTRALIAN RELATIONS IN THE PAST WAS THAT THERE WAS LITTLE TO TALK ABOUT. PREVIOUS AUSTRALIAN MINISTERIAL VISITS HAD BEEN DAMP SQUIBS, BUT ON THIS OCCASION THERE HAD BEEN MATTERS OF SUBSTANCE TO DISCUSS, MUCH TO THE SATISFACTION OF BOTH PARTIES. BENNETT SAID THAT THE STATE DEPARTMENT AUSTRALIAN BUREAU WERE VERY PLEASED WITH THE VISIT. HE THOUGHT THAT THE AUSTRALIANS WERE AS WELL AND THAT FRASER WOULD DERIVE CONSIDERABLE DOMESTIC BENEFIT.

/9. SPEAKING

CONFIDENTIAL

9. SPEAKING AT A PRESS CONFERENCE AFTER HIS CALL ON THE PRESIDENT, FRASER SAID QUOTE IT IS LIKELY THERE WILL BE A GREATER USE OF STAGING FACILITIES AND JOINT EXERCISES UNQUOTE, AND THAT AUSTRALIA WAS QUOTE CONSIDERING INCREASING ITS DEFENSE SPENDING AND STEPPING UP NAVAL AND AIR PATROLS OF THE INDIAN OCEAN UNQUOTE. HE ADDED QUOTE TWO POSSIBILITIES WERE INCREASED AMERICAN USE OF THE WESTERN AUSTRALIAN NAVAL BASE OF COBURN SOUND AS A STAGING BASE AND THE HOLDING OF JOINT MILITARY EXERCISE UNQUOTE.

10. THE FOREGOING IS TO MEET YOUR DEADLINE. WE HAVE BEEN PROMISED MORE DETAIL ON THAT PART OF THE TALKS COVERING FUTURE EFFORTS IN THE INDIAN OCEAN AND GULF AREAS AND WILL TELEGRAPH THEM AS SOON AS WE CAN.

HENDERSON

[COPIES SENT TO NO 10 DOWNING STREET]

F I L E S

SPD	PS/LPS
EESD	PS/MR HURD
ES & SD	PS/MR BLAKER
MED	PS/PUS
SAD	SIR D MAITLAND
EAD	MR BULLARD
CCD	MR FERGUSSON
NAD	MR CORTAZZI
CRD	MR MURRAY
PS	

Australia
VLB

CC CO
Sue Goodhill

31 January 1980


Visit of the Australian Prime Minister
4/5 February

The Prime Minister has seen your letter to me of 28 January on this subject. She is content with the proposals it contains except that we shall be inviting Sir Frank Cooper and Sir Robert Armstrong to participate in the talks in addition to those listed in your letter.

I am sending a copy of this letter to David Wright (Cabinet Office).

M. ALEXANDER

R. M. J. Lyne, Esq.,
Foreign and Commonwealth Office.





Prime Minister. Agree list of A for talks with the addition of B for lunch?

Foreign and Commonwealth Office

London SW1A 2AH

28 January 1980

ms

Phu 24/

Dear Michael,

a Sue Goodchild

Visit of the Australian Prime Minister
4/5 February

We discussed arrangements for Mr Fraser's visit on 25 January.

Mr Fraser is coming with one Minister and a large party of officials. They will be arriving late on Friday, 1 February. On Saturday, 2 February, Mr and Mrs Fraser will be having supper with The Hon Angus Ogilvy and Princess Alexandra: and they will be lunching on 3 February with The Queen at Sandringham. Mr Fraser will be leaving on the afternoon of Tuesday 5 February for Bonn, going on to Paris on the following day.

The Prime Minister has agreed to hold talks with Mr Fraser from noon on Monday, 4 February, followed by a working lunch. The Australians have asked to bring the following to the talks and lunch in addition to Mr Fraser:

Mr MacKellar, Minister for Health (who acts for Mr Peacock, Foreign Minister, at present touring South East Asia, in the latter's absence).

Sir Geoffrey Yeend, CBE, Secretary, Department of the Prime Minister and Cabinet

Mr P G F Henderson, Secretary, Department of Foreign Affairs

Mr W B Pritchett, Secretary, Department of Defence

Mr Fernandez, Acting High Commissioner

- A | On the British side, we agreed that in addition to the Foreign and Commonwealth Secretary and yourself, it would be appropriate for Sir Michael Palliser and Mr Hugh Cortazzi to take part in the talks; and that you might wish to invite
- B. | Sir Frank Cooper (who is Mr Pritchett's opposite number) to the lunch.

/In addition
Who is Michael Fraser bringing to the lunch? Min of Health?
We may have to have a large lunch for say 30 in the dining room!



- 2 -

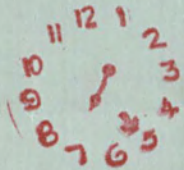
In addition to his talks at No 10 Downing Street, Mr Fraser is expected to meet a group of MPs. However, I understand that the leader of the Opposition will be abroad at the time of his visit.

Yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
No 10 Downing Street
London

29 JAN 1980



Australia



10 DOWNING STREET

From the Private Secretary

23 January 1980

I enclose a copy of a letter to the Prime Minister from the Prime Minister of Australia. I have acknowledged receipt of the letter. I do not think that any further action is required.

M. O'D. B. ALEXANDER

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office.

2



10 DOWNING STREET

From the Private Secretary

23 January 1980

Thank you for your letter of 21 January enclosing a letter to the Prime Minister from the Prime Minister of Australia. I have of course brought Mr. Fraser's letter to the Prime Minister's immediate attention.

M. O'D. B. ALEXANDER

R.R. Fernandez, Esq.



AUSTRALIAN HIGH COMMISSION · LONDON

Acting
THE HIGH COMMISSIONER

T/4/80

Prime Minister

(2)

21 January 1980

Ant

Dear Mr Alexander,

I have been asked by the Australian Prime Minister, the Rt Hon. Malcolm Fraser, to convey the attached text of a letter from him to your Prime Minister, the Rt Hon. Mrs Margaret Thatcher.

I should be grateful if you could bring this letter to Mrs Thatcher's attention as soon as possible.

Yours sincerely,

Roy Fernandez

(R.R. Fernandez)

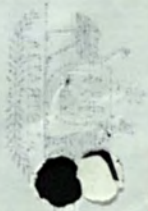
Mr Michael Alexander,
Private Secretary (Overseas Affairs)
to the Prime Minister,
Prime Minister's Office,
10 Downing Street,
LONDON SW1.

Ant

21 JAN 1980

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THE HIGH COMMISSIONER



УЛСЪВЪЛГЛИЙ НИГН КОМИССИОН : ГОЛДОН

T14/80

Text of a Letter from the Prime Minister
of Australia, The Rt Hon. Malcolm Fraser,
to the Rt Hon. Mrs Margaret Thatcher,
Prime Minister.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T14/80

My dear Prime Minister,

I am most grateful to you for the arrangements you so quickly put in hand for our meeting in London. I am looking forward very much to having an opportunity to talk with you on a range of international issues, of which the foremost will be the implications of recent Soviet action in Afghanistan and the means available to us to ensure circumstances that will make the cost of any continuation, extension or repetition of that intervention too costly for the Soviet Union.

Peter Carrington will have told you about the communications I have had from Julius Nyerere and Kenneth Kaunda. They clearly feel a sense of urgency in finding a better solution in some aspects of the Rhodesian arrangements, which they see threatening the success of the Lancaster House Agreement: in particular they have drawn attention to use of South African defence personnel in Rhodesia. As support of the Front Line States will be important in any outcome on Rhodesia, I have asked Andrew Peacock to write fully to Peter Carrington to pass on what has been said to us.

I am very much looking forward to our meeting.

Yours sincerely,

Malcolm Fraser

21 January 1980

