

PART TWO

MT.

JM

SECRET

CONFIDENTIAL FILING

Visits of the Australian Prime Minister,
Mr Hawke to London, ~~and~~
~~Paris~~ ~~Germany~~.

AUSTRALIA

PT1: January 1980

PT2: August 1988

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
31.8.88							
1.9.88							
13.9.88							
16.9.88							
30/1/89							
13.3.89							
17.5.89							
1.6.89							
21.6.89							
3.7.89							
30.4.91							
29.5.91							
5.4.93							
File series closed - see Australia - Relations							
PREM 19/3218							



KW
a/gass

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

29 May 1991

PRIME MINISTER'S DINNER FOR MR HAWKE:
SUNDAY 9 JUNE

|| The Australian High Commissioner telephoned this morning while I was out. He left a message about those who would be accompanying Mr Hawke to the Prime Minister's dinner at No 10 on Sunday 9 June. The names are:

High Commissioner
Mr Codd
Mr Walcott
Mr Denis Richardson
Mr Hugh White

On our side I think the Prime Minister would welcome it if the Foreign Secretary or Lord Caithness could be present. Sir John Coles would also be welcome. Given the presence of Mr Walcott, should we invite a Minister from the Department of Trade and Industry?

Perhaps we could have a word on the telephone when you have formed a view. I am deliberately not copying this letter elsewhere at this stage.

J S WALL

Simon Gass Esq
Foreign and Commonwealth Office

K

Prime Minister

~~Prime Minister~~

The City have established that Mrs Thatcher did not attend the Freedom Ceremony for Lee Kuan Yew.

Must I go?

PRIME MINISTER

You do not need to go.

AT 8.15

of A, yes

[Handwritten signature]

PRIME MINISTER HAWKE: FREEDOM OF THE CITY OF LONDON

Mr. Hawke is coming to London for the meeting of Commonwealth Leaders in the middle of June. He will be receiving the Freedom of the City of London on Thursday, 13 June. The City Corporation, and no doubt Mr. Hawke himself, very much hope that you can attend. I have warned the City that this is a Cabinet and Questions day, and that it is most unlikely that you would attend the lunch which takes place afterwards. One possibility would be to attend the ceremony only. This would require you to arrive at Guildhall at 1150 and leave again at about 1310. This would eat a bit into your time for Questions preparation, but we could keep the morning clear other than for Cabinet to make up for this.

NO

Content to attend the ceremony on this basis?

AG

AT

30 April 1991

jd c:\wpdocs\pps\hawke

PS



SENATOR THE HON. GARETH EVANS Q.C.

MINISTER FOR FOREIGN AFFAIRS AND TRADE
PARLIAMENT HOUSE
CANBERRA A.C.T. 2600

- 4 JUL 1989

R1417

The Rt Hon Mrs Margaret Thatcher FRS MP
Prime Minister
10 Downing Street
LONDON SW1

Dear Mrs Thatcher

I should like to express my appreciation for the time you and your colleagues provided for our discussions during my recent visit to London and for the very productive lunch. From the Australian side, we believe this visit has done a great deal to build on the closer bilateral relations established by your visit to Australia last year.

I believe that our discussions advanced significantly our understanding of each other's positions on the important issues in my portfolio. This provides a good basis on which to build further dialogue and coordination.

Yours sincerely

GARETH EVANS

SUBJECT COMASTER
QPS



free DTS

cc FCO

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

3 July 1989

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T121A/89

Dear Bob.

It was very good of you and Hazel to send us such lovely gifts. We are delighted to have them and they will, of course, be a reminder of your very successful visit here.

We saw you on television in the United States and your visit there seemed no less successful. I hope all went well in Germany and Hungary.

Denis joins me in sending warm regards to you both.

Yours ever

Margaret

DTS

P.S. The book 'Endless Adventure' is by F.S. Oliver,

The Honourable R. J. L. Hawke, A.C., M.P.

and was published

by Hamillan. I have

borrowed the three volumes

from the Foreign Office library.



2

AUSTRALIAN HIGH COMMISSION

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438 8220

THE HIGH COMMISSIONER

Finis Amicitia
COM

21/7

29 June 1989

My dear Prime Minister,

Now that the Australian Prime Minister and Mrs Hawke, and the Senior Ministers accompanying them, have left England after their four-day visit to London, I am able to drop you these lines of appreciation to thank you for making the visit possible, and also for the sincere and friendly welcome and the most generous hospitality that was extended to them and their Party by you and Denis, by your Ministerial colleagues and by the British people.

Mr Hawke is most fulsome in his praise of everything that was done to make the visit the success that it obviously was and, as he said to me, it was the best organised visit to any country that he has ever had.

From the Tuesday, the day of his arrival, until the Saturday, the day of his departure, he was busily engaged in cementing the firm relations that already exist between our two countries.

He is particularly grateful to you and, in conveying his thanks and appreciation, might I add my own gratitude for the many courtesies you have always extended to me. For my part, and also Lorna's, Mr Hawke's trip gave us the opportunity to renew the friendship we struck up with you and Denis during your own highly successful visit to Australia last year.

The four days of the past week were like the days we shared with you in Australia; hectic and tiring to the point of near exhaustion but, at the same time, most satisfying, stimulating, enjoyable and unforgettable.

/2

The Rt Hon Margaret Thatcher

-2-

29 June 1989

Thank you for going to so much trouble to ensure the success of the visit. Thank you for what you have done to strengthen the close links between Australia and the United Kingdom.

Warmest personal regards,

Yours sincerely

Doug McClelland

(Douglas McClelland)

The Rt Hon Margaret Thatcher, MP
Prime Minister
No 10 Downing Street
London SW1A 2AA.

SUBJECT MATTER
OPS



Rie Amich 4/7 (2)
COM 4/7

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T116A/89

PRIME MINISTER
CANBERRA

23 June 1989

Dear Margaret,

On behalf of Hazel and myself, I want to thank you again for my warm reception in the UK. It has been a most successful visit combining a range of matters which have collectively added a great deal of substance to the relationship.

We are naturally looking to early and concrete results from the efforts both governments put into the Trade and Investment Conference. As you know we expect to see follow-on business missions targeted in particularly promising areas carrying forward the momentum we established on Thursday at the Conference. There is great potential in two-way trade and investment aimed not only at the immediate country of destination but at wider regional markets.

I welcomed the informal setting at No. 10 for the Talks on Wednesday. These showed the value and extent of our policy discussions. We both have lively interests in various parts of the world and it was valuable to have an opportunity to consider these at length, continuing over a very enjoyable lunch.

I would also like to thank you and Denis particularly for your warm hospitality at dinner at No. 10. It was a fine opportunity to meet and talk with people committed to a strong future for UK-Australian relations.

As I said in my remarks at dinner, you have personally made a notable contribution to these relations, providing new momentum through leadership from the top. I am most grateful.

Yours sincerely
R.J.L. Hawke

R.J.L. Hawke

The Right Honourable Margaret Thatcher, MP
Prime Minister
No. 10 Downing Street
LONDON SW1A 2AA

mt

LIST OF GUESTS ATTENDING THE DINNER TO BE GIVEN BY THE PRIME MINISTER
AND MR. DENIS THATCHER IN HONOUR OF THE PRIME MINISTER OF AUSTRALIA
AND MRS. HAWKE ON THURSDAY, 22 JUNE 1989 AT 7.45 PM FOR 8.15 PM
LOUNGE SUIT

The Prime Minister
and Mr. Denis Thatcher

Miss Carol Thatcher

Australian Suite

The Honourable R.J.L. Hawke
and Mrs. Hawke

Senator the Hon. John Button
Leader of the Government in the
Senate and Minister for Industry,
Technology and Commerce

Senator the Hon. Gareth Evans
and Mrs. Evans
Deputy Leader of the Government
in the Senate and Minister for
Foreign Affairs and Trade

The Hon. Kim Beazley, MP
Minister of Defence, Vice
President of the Executive Council
of the House

His Excellency the High Commissioner for Australia
and Mrs. McClelland

Mr. M.H. Codd
Secretary, Department of the
Prime Minister and Secretary to
Cabinet

Mr. R.A. Woolcott
Secretary, Department of Foreign
Affairs and Trade

Dr. D.T. Charles
Secretary, Department of
Industry, Technology and Commerce

Mr. D.A. Hollway
Principal Private Secretary to
Mr. Hawke

Mr. G. Walsh
Senior Political Adviser to
Mr. Hawke

Mr. J.S.F. Bowan
Adviser on International
Relations to Mr. Hawke

HM Government

Rt. Hon. Sir Geoffrey Howe, MP
and Lady Howe

Rt. Hon. Lord Mackay of Clashfern
and The Lady Mackay of Clashfern

Rt. Hon. George Younger, MP
and Mrs. Younger

Rt. Hon. The Lord Young of Graffham
and The Lady Young of Graffham

Rt. Hon. Kenneth Baker, MP
and Mrs. Baker

Opposition

Rt. Hon. Neil Kinnock, MP
and Mrs. Kinnock

Rt. Hon. Alfred Morris, MP
and Mrs. Morris

Chairman, ANZAC Parliamentary Group

House of Lords

Rt. Hon. Lord Carrington
and The Lady Carrington

Rt. Hon. Lord Shackleton

The Lord McAlpine of West Green
and The Lady McAlpine of West Green

Commonwealth

His Excellency the Commonwealth Secretary General
and Mrs. Ramphal

Others

Sir Peter Gadsden
and Lady Gadsden

Chairman, Britain-Australia
Bicentennial Committee and Chairman
Britain-Australia Society

Sir Kerry St. Johnston
and Lady St. Johnston

Chairman, Cook Society

Mr. Arthur Weller
and Mrs. Weller

Major contributor to Bicentennial
Gift

Sir Zelman Cowen
and Lady Cowen

Provost of Oriel College, Oxford
Vice President, Britain-Australia
Society and former Governor-
General of Australia

Sir James Cleminson
and Lady Cleminson

President, British Overseas Trade
Board

Sir Donald Tebbit
and Lady Tebbit

President, Australian-British
Chamber of Commerce

Mr. Ted Dexter
and Mrs. Dexter

Chairman of England Cricket
Selectors

Mr. David Gower

England Cricket Captain

Sir Sidney Nolan
and Lady Nolan

Australian artist, resident in the
UK

Industrialists

Professor Roland Smith
and Mrs. Smith

Chairman, British Aerospace plc

Sir Peter Walters
and Lady Walters

Chairman, British Petroleum

Officials

Sir John Coles
and Lady Coles

British High Commissioner, Canberra

10 Downing Street

Sir Percy Cradock
and Lady Cradock

Foreign Affairs Adviser to the
Prime Minister

Mr. Charles Powell
and Mrs. Powell

Private Secretary (Overseas Affairs)

DRAFT SEATING PLAN

PRIME MINISTER

THE HONOURABLE ROBERT J.L.HAWKE

Senator The Hon. John Button

MR. DENIS THATCHER

Lady Howe

MRS. HAWKE

Senator The Hon. Gareth Evans

Rt. Hon. Sir Geoffrey Howe

Rt. Hon. Lord Mackay of Clashfern

Mrs. Evans	Rt. Hon. Lord Young of Graffham	Rt.Hon. George Younger	Mrs. McClelland
Rt.Hon. Kenneth Baker	HE The High Commissioner for Australia	The Hon. Kim Beazley	Rt.Hon.Lord Carrington
Mr. M.H. Codd	The Lady Mackay of Clashfern	Mrs. Baker	The Lady Young of Graffham
Mrs. Younger	Mr. R.A. Woolcott	HE Commonwealth Sec.Gen.	Dr. D.T. Charles
Rt.Hon.Lord Shackleton	The Lady Carrington	Mrs. Kinnock	Lady Cohen
Rt.Hon. Neil Kinnock	Rt. Hon. Sir Zelman Cowen	Sir James Cleminson	The Lord McAlpine of West Green
Mr. D.A. Hollway	Mrs. Ramphal	Lady Nolan	Lady Gadsden
The Lord McAlpine of West Green	Rt. Hon. Alfred Morris	Sir Kerry St. Johnston	Sir John Coles
Sir Sidney Nolan	Lady Cleminson	Mrs. Morris	Lady Walters
Lady St. Johnston	Sir Peter Gadsden	Mr. G. Walsh	Mr.Ted Dexter
Sir Peter Walters	Lady Cradock	Miss Carol Thatcher	Mr. J.S.F. Bowan
Lady Coles	Sir Donald Tebbit	Professor Roland Smith	Lady Tebbit
Mr. Arthur Weller	Mrs. Dexter	Mrs. Powell	Sir Percy Cradock
Mrs. Smith	Mr. Charles Powell	Mr. David Gower	Mrs. Weller

ENTRANCE

22.VI.89

Charles

You may like to know (& ? tell
the Pr) that Bob Hanshe paid her
a real tribute at the Mansion
House dinner last night. He had
a large percentage of the guests
singing Waltzing Matilda during
dinner (in response to the band's
excellent playing, and demands for a

incor.

At the end of his speech, which was direct and clear, he was given a standing ovation.

It was a warm friendly occasion on which many many remarked very favourably as they left.

Yours ever
Lynda Chatter

CONFIDENTIAL



Cite

CC PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

21 June 1989

SUBJECT CC MASTER

Dear Stephen,

**BRITISH/AUSTRALIAN CONSULTATIONS:
PLENARY SESSION AND LUNCH**

I enclose a record of the discussions in the plenary session of the British/Australian consultations this morning, which continued over a working lunch.

I am copying this letter and enclosure to Brian Hawtin (Ministry of Defence), Alex Allan (Treasury), Neil Thornton (Department of Trade and Industry), Roger Bright (Department of the Environment) and Trevor Woolley (Cabinet Office).

Yours sincerely,

CHARLES POWELL

Stephen Wall Esq
Foreign and Commonwealth Office

SW

RECORD OF THE PLENARY SESSION OF THE BRITISH/AUSTRALIAN
CONSULTATIONS HELD AT NO 10 DOWNING STREET ON WEDNESDAY
21 JUNE 1989

Prime Minister	Mr Hawke
Secretary of State for Foreign and Commonwealth Affairs	Senator Evans, Minister for Foreign Affairs and Trade
Secretary of State for Defence	Senator Button, Minister for Industry, Technology and Commerce
Secretary of State for Trade and Industry	Mr Beazley, Minister for Defence
Sir Percy Cradock	Australian High Commissioner
Sir John Coles	Mr Bowan, Adviser to the Prime Minister for Inter- national Relations
Mr Charles Powell	

Introduction

The Prime Minister said that the British/Australian Summit was a unique and historic meeting. During her visit to Australia in 1988, she and Mr Hawke had agreed to foster closer relations between Britain and Australia and to hold regular consultations. The present meeting was similar in form to our regular summits with the French and German Governments. The message to go out from it should be that both sides wanted to draw closer to each other in an uncertain world. It also showed that Britain wanted to be involved in the Pacific area. Mr Hawke thanked the Prime Minister for the welcome which he and his party had received. He endorsed her comments about the meeting. She deserved full credit for having restored impetus to relations between Britain and Australia. There had never been a meeting of this sort between Britain and Australia before, and the message would not be lost on people in both countries or more widely. It was a very positive development.

The Prime Minister then proposed that individual Ministers should be asked to report on their separate discussions.

Foreign Affairs

The Foreign Secretary said that he and Senator Evans had discussed events in China, on which the two Governments' views were very similar. Both utterly condemned the Chinese Government's behaviour while wishing to help open channels of communication, in the hope of re-establishing support for sanity. He had explained the difficulties which Britain faced over Hong Kong and the need to restore the credibility and effectiveness of the Joint Declaration. He and Senator Evans had considered the situation which could arise in extremis after 1997, where very large numbers of people might want to flee Hong Kong. This was something which we might all have to face up to. Although it was not possible to make specific plans now, Senator Evans had said that Australia would be prepared to play its part in any wider action. The Foreign Secretary continued that he had expressed the hope that Hong Kong would be able to take part in the proposed Pacific Economic Forum, regardless of whether China participated.

The Foreign Secretary said that he had expressed Britain's enormous appreciation for the position which the Australian Government had taken at the Geneva Conference on Indo-Chinese Refugees and the help which they had given in dealing with the refugee problem. He had explained the need to keep up the pressure on Vietnam to take back those who were economic migrants rather than genuine refugees. They had also discussed the situation in Cambodia. It was not clear what effect events in China would have on the prospects for a settlement. But Britain and Australia had the common objective of seeing Pol Pot and those connected with him excluded from any future government.

The Foreign Secretary said that Britain had been rather startled by the latest Australian ideas on Antarctica. We understood their concern about the environmental issues and were ready to discuss these, but believed that the Antarctic

Minerals Convention remained essential. There was a difference of perception here.

Senator Evans said that the fundamental question was whether there should be any mining activity in Antarctica at all. Australia wanted to build a new consensus in favour of a comprehensive environmental protection convention. He did not think the present moratorium on mining activity would collapse. The Prime Minister pointed out that the Antarctic Minerals Convention, in the negotiation of which Australia had participated fully, made it possible to regulate mining. This was the best guarantee against environmental damage. Mr Hawke said there had been an enormous increase in public consciousness of environmental problems which had simply not been present at the time negotiations on the Minerals Convention had begun. The objective should be to ban mining altogether, although it was possible that at some point in the future there could be changes in technology which meant that the development of Antarctica could proceed without damage to the environment. The Prime Minister commented that we remained convinced that the Minerals Convention offered the most effective means of protecting the Antarctic environment. The United Kingdom would continue on the course of ratification. Mr Hawke said that he hoped Britain and Australia could increase co-operation between their scientists and researchers in Antarctica.

The Foreign Secretary said that he and Senator Evans had also discussed wider environmental questions. Australia had played a helpful part at The Hague meeting, emphasising the essential role of the United Nations in environmental matters. Senator Evans confirmed that Australia had not wanted The Hague meeting to cut across existing activities or create new institutions. He believed Australia and Britain could work together successfully in this area. The Prime Minister commented that European initiatives in the field of the environment were not always well thought out or based on proper scientific analysis. This had been evident, for instance, in the recent decision to introduce three-way

catalysts for small cars. The effect of this decision would be substantially to increase the quantity of carbon dioxide in the atmosphere, as well as to increase consumption of fossil fuels.

Defence

The Defence Secretary reported that relations between the British and Australian armed forces and defence industries were an important part of overall relations. He had briefed Mr Beazley on the recent NATO Summit and for the conventional force reduction negotiations. He had also reaffirmed the United Kingdom's commitment to the Five Power Defence Arrangements, and the United Kingdom's intention to participate in an air defence exercise next year. He had mentioned to Mr Beazley indications that the Philippines were showing interest in participating in the FPDA. Both of them were sceptical about this. He had expressed Britain's gratitude to the Australian Government for their help over dry-docking of Royal Naval ships. They had reviewed developments in United States' and New Zealand defence policies and welcomed the excellent co-operation between the United Kingdom and Australian elements of UNTAG, which had been crucial to its success in the early stages. Finally, he had thanked Mr Beazley for Australia's participation in mine-clearance operations in the Gulf through the presence of its diving team.

Mr Beazley said that the most pleasing development was the extent to which the United Kingdom now treated the FPDA with more seriousness than for a decade. There had been a helpful commitment to take part in future exercises. There had also been some discussion of the possibility of establishing permanent exercise staffs. They had agreed that the situation in Namibia was likely to become difficult later in the year as pressure built up before the elections. The United Kingdom and Australian contingents might be called upon to take a more substantial role once again. On ships' visits, he had put forward a series of formulations which the United States had found useful. There would be further discussion of these.

Finally, they had considered the scope for collaboration between defence industries in areas such as air purification systems for submarines, pilotless aircraft and sonar buoys. To sum up, there were good things to report, most of all Britain's very welcome interest in defence matters in South East Asia. The only word of caution was the need to avoid any impression of trying to recreate SEATO.

Trade and Industry

The Trade and Industry Secretary said that trade and investment between Britain and Australia was developing very satisfactorily. The United Kingdom's investments in Australia had doubled over the past five years and the United Kingdom was now the largest equity investor in Australia. Twenty-five trade missions would go from the United Kingdom to Australia over the next twelve months. He and Senator Button had discussed Australian concerns over referral of bids to the MMC. He had been able to point out that of thirteen merger proposals, only three had been referred and only one rejected. This had been purely on domestic competition grounds. The major conference on Trade and Investment the following day would be a most important event. More and more British businessmen saw Australia as the best way into the markets of the Asia-Pacific region.

Senator Button said that he and Lord Young had discussed how to get the best value out of the Trade and Investment conference. He welcomed the recent resurgence of interest in Australia by British investors. This had been matched on the Australian side: in 1987, Australia had been the third largest investor in the United Kingdom after the United States and the Netherlands. They had also discussed European Community matters, including Australia's fear that the proposed new merger control regulation would impose double jeopardy for companies from outside the EC. The Trade and Industry Secretary said that the Government was conscious of these fears and determined to avoid the problem of double jeopardy. We were also insisting that competition should be the only ground for referral. Senator Evans said that there were other

aspects of the Community's trade policy which caused concern such as anti-dumping actions and quantity restrictions. The Trade and Industry Secretary said that we were doing our best to prevent these being mis-used. The Prime Minister said that the Australian Government should make its complaints vigorously in Brussels. Mr Hawke asked whether the question of subsidies to the coal industry had been raised. Australia was disadvantaged by the policies pursued by Britain and Germany. The Trade and Industry Secretary said that the subsidy in the United Kingdom was £6.60 a ton compared with £58 in Germany, and similarly high figures in France and Belgium. Privatisation of the electricity industry was likely to improve the market for imported coal. The United Kingdom was very active in working for the reduction of State aids and subsidies of every sort in the European Community.

Mr Hawke said that Australia appreciated Britain's efforts to persuade the Community to adopt a more open position in the Uruguay Round. He wondered how the Prime Minister saw the prospects for success. The Trade and Industry Secretary said that the work done by the Cairns Group had been responsible for the breakthrough achieved last April. He hoped that the momentum from that would carry us through to a successful conclusion, not just on agriculture but also on intellectual property and services. The Foreign Secretary said that it was satisfactory to see Australia and the United Kingdom firmly in the lead. Senator Evans said that Australia would like to see an informal meeting of Trade Ministers before the end of 1989. It would be important to get all the agenda items for the negotiations on to the table by the end of the year. He hoped that the GATT Secretariat would prepare its own negotiating draft.

Lunchtime Discussion

In a brief discussion of the Australian economy, Mr Hawke said that Britain and Australia faced many similar problems. Economic performance in both countries had been too strong and it was taking a long time to achieve a slow down.

CONFIDENTIAL

- 7 -

Mr Hawke raised the question of the Middle East. Australia had traditionally been a strong supporter of Israel. But the Government took the view that there had been a real change in the Arab and PLO position. There was now an obligation on Israel to come forward with a more positive response. The Prime Minister said that the way forward lay in building on the Israeli proposal for elections in the Occupied Territories. She did not think Mr Shamir would ever bring himself to make the concessions on territory which would be needed to secure a peaceful solution. Mr Hawke commented that a large number of details about Israeli proposals still had to be clarified.

Mr Hawke wondered whether the international community should not do more to help bring about peace in the Lebanon. There seemed no real sense of urgency. The Prime Minister said that the Arab League were now making a serious effort to achieve a solution. She had recently received an account of their plans from Prince Saud, on behalf of the Arab League Committee of Three. We had given them our full backing. She was not very optimistic of the chances of success but saw no other way forward. It would be necessary to be very firm with Syria. Mr Hawke asked how Australia could help. The Prime Minister said that it would be useful if Australia were to make a public statement of support for the Arab League's efforts.

The Foreign Secretary expressed our appreciation for Australia's role in representing British interests in Damascus following the withdrawal of our Embassy.

In response to a question from Mr Hawke, the Prime Minister said that we expected the Ayatollah Khomeini's ideas to continue to have a major influence in Iran. We were concerned by the extent to which the Soviet Union was trying to strengthen its relations with Iran.

Mr Hawke wondered whether events in China would lead the Chinese Government to take a tougher position on Cambodia.

CONFIDENTIAL

The Foreign Secretary thought they were more likely to disengage from business for a while, as over Hong Kong. Senator Evans thought that the Chinese would not want to spoil the process which had been set in train. The unpredictability of Thailand's role was a matter of concern. Mr Hawke commented that the Thais would no doubt be working out a net benefit calculation. They would support anything which made them a fast buck. Mr Hawke added that he had the impression that the US Administration were backing off their proposal to provide lethal aid to Prince Sihanouk's forces. The Foreign Secretary commented it would be harder to make progress without the involvement of sensible Chinese officials.

Mr Hawke raised the question of Mr Gorbachev's prospects and how the West could help him. The Prime Minister said that economic reform was bound to take a very long time. We were not in favour of proposals for some sort of Marshall Plan. During his visit to the United Kingdom, Mr Gorbachev had spoken of his fears of seeing the settlement reached at the end of the Second World War undone. He had also been very concerned about the problem of the nationalities in the Soviet Union.

Mr Hawke raised the potential dangers of nuclear proliferation, particularly with Pakistan and India. Mr Gandhi clearly believed that Mrs Bhutto was not being fully informed of Pakistan's military nuclear programme. It would be a tragedy to lose the impetus of the Non-Proliferation Treaty.

Mr Hawke raised and pursued at some length the issue of the South Pacific Nuclear Free Zone. The Americans had agreed to look further at the possibility of signing the Protocols. He hoped that the United Kingdom would also be prepared to reconsider its position. He was increasingly concerned by the instability of the Pacific region and particularly by unrest and the secessionist movement in Papua New Guinea. Signing the Protocols would contribute to stability and generate much goodwill. It would not involve any diminution of rights of

passage for ships carrying nuclear weapons. The Prime Minister and the Foreign Secretary explained our difficulties with this: we accepted the need to test nuclear weapons to maintain their effectiveness and could not abandon the French on this point of principle. Mr Hawke asked whether a change in the United States position would affect our view. The Prime Minister said that it would not.

edp
22/6

SECRET



RY
SUBJECT CCMASTER DS2ARG

bc PC

B(A-E)

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

21 June 1989

PRIME MINISTER'S MEETING WITH THE AUSTRALIAN PRIME MINISTER

The Prime Minister had a talk with the Australian Prime Minister before the plenary session of the British/Australian consultations this morning. It ranged widely and was very friendly throughout. Mr Hawke was accompanied by Mr Bowan (Senior Adviser for International Relations).

Some of the material in this letter is sensitive and it should receive a restricted distribution.

Introduction

The Prime Minister stressed the significance of the British/Australian consultations. She recalled that she and Mr Hawke had agreed during her visit to Australia last year, to foster closer relations between Britain and Australia across the board. The present meeting was on the same lines as the regular summits which we held with the French and Germans. Together with the Conference on Trade and Investment the following day, she believed it would give a clear signal of the desire of both Governments to give fresh impetus to our relations. She was most grateful to Mr Hawke for giving up so much of his time to come to London. Mr Hawke endorsed the Prime Minister's remarks. It was very much appreciated in Australia that she had taken the initiative to revive relations. The results had already been evident in the greatly increased number of Ministerial visits.

China

The Prime Minister spoke of our dismay at recent events in China. Mr Hawke said Australia felt a special sense of tragedy because of its close involvement with China. His information was that a meeting of the Central Committee of the Chinese Communist Party was now in progress and that Zhao Ziyang had appeared before it and repudiated the charges against him. But it seemed inevitable he would be stripped of office. We must hope that he would not be executed, so that he could still become a rallying point for more liberal opinion in the future. Meanwhile, it was noteworthy that Deng

SECRET

had made clear that he wished to keep up the momentum of economic reform.

Mr Hawke continued that he hoped that the Madrid European Council and the Paris Economic Summit would both issue statements about events in China. He would like to see a common position emerge which would combine condemnation of these events while keeping open channels of communication so that China did not turn in on itself. This led on to the question of how we should handle the COCOM Meeting in September. He would have been ready to support liberalisation for China but no longer thought this was appropriate. The Prime Minister asked about Japan's attitude to developments in China. Mr Hawke said that they seemed to be hurrying to get back on terms and snap up business while other countries were holding back. Mr Hawke concluded that he hoped Britain and Australia could keep in close touch as they had very similar perceptions of China.

Hong Kong

Mr Hawke said that he realised events in China caused serious problems for Hong Kong. Australia was ready to do anything it could to help. The Prime Minister described the particular problems we faced over the wish of people in Hong Kong to have the insurance policy of right of abode in the United Kingdom. The fact was that in an Armageddon situation the whole world community would have to rally round.

Vietnamese Boat People

Mr Hawke said that Australia had tried to help over the problem of Vietnamese Boat People. The Prime Minister said that most of those arriving in Hong Kong were economic migrants rather than refugees. We were ready to help genuine refugees, but others would have to be returned to Vietnam. Mr Hawke said that Britain and Australia were at one on this problem.

Japan

Mr Hawke commented that the new Prime Minister, Mr Uno, had no real political base and would not be a substantial leader like Nakasone and Takeshita.

Soviet Union

Mr Hawke enquired about our recent decision to expel a number of Soviet spies. Had it affected wider relations? The Prime Minister said that Mr Gorbachev's first reaction had been anger, but we had subsequently had a number of signals to the effect that the matter was closed and that normal relations should continue.

Mr Hawke asked whether the Prime Minister still took the view that it was right to support Mr Gorbachev. The Prime Minister confirmed that. We supported his efforts at internal reform. But we still had to be very watchful of the Soviet

Union's international activities. The Soviet Union would continue to maintain massive military strength. Its aim remained to get American forces and nuclear weapons out of Europe. Soviet propaganda was targetting Germany and particularly young people there. The response of the German people to Mr Gorbachev's recent visit was worrying. There was a risk that Germany would become the weak link in NATO. She recounted to Mr Hawke the problems with the Germans on the issue of SNF modernisation. She drew the conclusion that it was all the more important to anchor Germany firmly in NATO and the European Community.

Commonwealth Secretary General

Mr Hawke said that Malcolm Fraser was continuing to campaign vigorously for the Commonwealth Secretary General post. He had the support of the Pacific countries, Zambia and Uganda at least in Africa, and about half the Caribbean countries. Despite Nigerian lobbying, he still had a good chance of securing the nomination. The Prime Minister said that we received differing reports of the degree of support which each candidate enjoyed. Her main concern was to avoid a black/white clash at the Commonwealth Heads of Government Meeting. That view was shared by others to whom she had talked, including Mr Mulroney and Mr Manley. A number of Heads of Government seemed willing to consider extending Ramphal's term of office for a further three years.

TEMPORARILY RETAINED S. Gray 13/4/2017
THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT.

The Prime Minister continued that it would be better to get a solution before Heads of Government went to Kuala Lumpur. Mr Hawke said the main obstacle to that was the fact that Britain, Canada and India had not shown their hands. Mr Fraser had recently seen Gandhi who had given the impression of being well disposed but had not made any commitment. He thought the Prime Minister's fears of a black/white confrontation were unjustified. In practice, there would be much crossing of lines.

€

mining was essential, and the best guarantee of protection for the Antarctic environment. Mr Hawke said that Antarctica's particular scientific value stemmed from the total absence of human activity. If that were lost, its scientific usefulness would be greatly reduced. The world had changed since we had all started to negotiate the Antarctic Minerals Convention; there was now a much greater awareness of environmental issues. The Australian Government's aim was to negotiate a comprehensive Antarctic Environmental Protection Convention. The Prime Minister suggest that this was bound to take a great deal of time and, in the absence of a Minerals Convention, we might see a mining free-for-all get under way. Mr Hawke said that the Minerals Convention provided for no mining operations to take place until its entry into force. This gave a grace period of two years during which an Environmental Protection Convention could be negotiated. He had already secured support from India and France for his proposal. The Prime Minister said that she could see there might be a case for additional environmental protection measures, but these should not be at the expense of the Minerals Convention. We would proceed into ratification of this.

I should record for the sake of completeness that Mr Hawke did not raise either the pensions issue or the Constitution Act.

It would be helpful to have advice in due course about the dates of the Gallipoli Commemoration next year.

I am copying this letter to Alex Allan (HM Treasury), Brian Hawtin (Ministry of Defence) and Trevor Woolley (Cabinet Office).

C. D. POWELL

Stephen Wall, Esq.
Foreign and Commonwealth Office

FROM JAMES LEE FOR COI RADIO TECHNICAL SERVICES

TRANSCRIPT OF DOORSTEP INTERVIEW

GIVEN BY THE PRIME MINISTER, MRS. THATCHER,

AND THE AUSTRALIAN PRIME MINISTER, MR. BOB HAWKE,

IN DOWNING STREET, LONDON,

ON WEDNESDAY, 21 JUNE 1989

MR. HAWKE:

Thank you, Margaret. Mrs. Thatcher has invited me to make the initial comments.

The first thing I say is to express to Mrs. Thatcher the appreciation of the Australian Government for the catalytic role which she has taken to put a new vigour into the Australian-United Kingdom relationship. I think it commenced with a visit to Australia last year and upon her return, she has ensured that the preparations for our visit have left nothing at all to be desired.

We are now participating in an historic meeting, by which I mean that never before has there been a delegation at the level of Prime Minister and so many Ministers reciprocated on your side and that, of course, will be followed up tomorrow by the meeting of more than 300 high-level businessmen from my country and from the United Kingdom. So we are engaged at this time, as I say, in an historic enterprise to increase the level of economic and trading relationship between our two countries, but it would be a misapprehension if it were to be taken that it is merely bilateral matters with which are concerned, as important as they are.

-2-

MR. HAWKE (CONTD):

The United Kingdom and Australia share common perceptions on matters of international and regional importance and I think it is fair to say, Margaret, that tragically at this time, an issue which has taken up a fair bit of the discussion between yourself and myself and between our Ministers is what has been happening in China.

We are at one in expressing a sense of almost immeasurable tragedy as to what has happened there and what has been further compounded by the most recent evidence now of the execution of the Chinese who were involved in the train incident in Shanghai. We both deplore the decision of the Chinese authorities in taking that sort of action, which is out of all sort of relevance to what those people were involved in.

So we have talked about the issue of China; we have talked about regional issues; we have talked together about the challenges that confront us in a world now where Europe is moving closer together after 1992, where in our part of the world the region is developing at an enormously rapid rate offering for us and for British companies who come to operate out of Australia enormous opportunities. We are also living in a time where the changes within the Soviet Union, led by President Gorbachev, are also presenting their own opportunities and challenges and I think that Mrs. Thatcher and I share a fundamental perception about those developments, that is that we welcome them; we believe that it is appropriate that the West should, with caution, assist in those changes that are happening but as I say, that that should be done with an appropriate caution.

-3-

MR. HAWKE (CONTD):

So you can see, I think, that we have covered a very wide range of subjects and our discussions will continue now over what I think will be a useful working lunch, Margaret, so I conclude as I began, by expressing my appreciation to you and your Government for the thought and the preparation that has gone into this meeting which I believe can properly be described as "historic".

PRIME MINISTER:

Just a few words because Mr. Hawke has said almost everything that there is to say about this.

We give him a very warm welcome to the United Kingdom. The invitation was extended when I was over there for the Bicentennial last year when I think we all realised that we were entering on a new era of contacts; that we must have much more consultation about global matters and much more consultation between Ministers, so that we may work the better on things like defence matters, on things like trading matters, on things which affect the whole world. Australia's position is very prominent. The great thing about talking to her and her Ministers is that our approach is the same.

It starts on human rights, the desire to extend those the world over and as we now have great problems to face in the Pacific and things happening which we never thought to see, it is very good that we and Australia should have the time to talk about those and others matters which Australia is very keen on such as the environment.

-4-

PRIME MINISTER (CONTD):

I may say it is very easy to talk with Australia, with all her Ministers, because of the similarity of approach. This is not just a one-off meeting - it is the beginning of a course of meetings which we will pursue regularly.

There is a special one tomorrow between Trading Ministers where we have a conference at the Queen Elizabeth Conference Centre to enhance the trading contacts and to enhance investment both ways. We have long been high investors in Australia. Australia is also a very high investor in Britain, which we welcome.

It has been a very very successful start and I am sure that that atmosphere will continue through the rest of the visit.

-5-

QUESTIONS AND ANSWERS

QUESTION:

Prime Minister, can I ask you what your reaction is to the first reported execution of people involved in the unrest in China?

PRIME MINISTER:

Utterly appalled! Just exactly as Bob Hawke pointed out. The punishment is totally out of proportion to the crime and we are calling on them not to persecute those who are merely trying to have better arrangements for democracy.

It just shows you the depth of what has happened in China - something which we hoped would never happen and which we still cannot quite believe has, to the extent that they are repressing anyone who merely wants to enlarge human relations.

QUESTION:

Did you make any progress on reassurances you might offer the Hong Kong people?

-6-

PRIME MINISTER:

We obviously talked about the Hong Kong people because we both feel the same way and understand how they must be thinking. We cannot go any further than that at the moment.

We also have another difficulty in Hong Kong which we are working together on - the Vietnamese boat people - and Australia is being very helpful about that.

Australia has also had a considerable number of people from Hong Kong - particularly those involved in industry - taking up residence in Australia, which has been a great comfort to the Hong Kong people and I think also a great benefit to Australia.

QUESTION:

Mr. Hawke, what about Hong Kong? Can you give them any reassurances, the people of Hong Kong? What do you think should be done about their desire to have the right to come out of the country if things get worse?

MR. HAWKE:

As to the request by those people to exercise what they may perceive as their right to come here, that is a matter for decision and judgement by Mrs. Thatcher and her Government.

All that we are concerned to say are these things first: that we express our understanding of the pressures and the problems that confront the United Kingdom in a situation where they had properly thought that through detailed unremitting negotiation with

-8-

PRIME MINISTER:

One moment! I think some of you might have to get back to transmit and I did see Mr. Brunson give an indication that he wanted a question. If it is a short one, we can get two in!

MICHAEL BRUNSON:

I just wanted to ask, Prime Minister, whether you have both thought about how you ought to be reacting to China now, given that the United States are taking some measures.

PRIME MINISTER:

We have in fact spent, I think, about an hour talking about that subject alone because it is so important and, of course, we keep very closely in touch with the United States. Last question!

MR. HAVKE:

May I just add to that? It is not as though it is just the United States that has taken decisions. The Government of Mrs. Thatcher has already taken decisions in the area of the supply of arms and so on - they have taken decisions. So have we. It is not a question of the United States being in front - if anything, they are catching up with us!

QUESTION (NOT COMPLETELY AUDIBLE)

..Antarctica and what is your attitude now in light of the agreement between the French Government and the Australian Government to oppose mining there?

-0-

PRIME MINISTER:

We both have the same objective in Antarctica. It is a very important environmental area. The methods are different.

France did, of course, build a very considerable airstrip there comparatively recently, which was not necessarily the best thing to do.

MR. BRUNSON:

One more on the European elections!

PRIME MINISTER:

That is very unfair! Go on, quickly!

MICHAEL BRUNSON:

Can I ask you now to take this opportunity about why you did so badly in the European elections?

PRIME MINISTER:

Because insufficient of our supporters came out.

The time when we did best in the European elections was in 1979 when a far bigger proportion of supporters came out. That is exactly what I said to you the day before it happened. It is an organisational election. It depends upon which side can get most of their supporters out. This was an absolutely correct judgement.

-10-

MICHAEL BRUNSON:

Did you get it wrong over Europe?

PRIME MINISTER:

The message we had was that a bigger proportion of our people were intending to come out. It did not turn out to be the truth on a very hot, nice warm day.

MICHAEL BRUNSON:

Did you yourself get it wrong over Europe, do you think?

PRIME MINISTER:

No, not at all!

Thank you, Michael!

MR. HAWKE:

Perhaps you ought to try the Australian system, Margaret.
We make them vote - it is compulsory!

(END OF TRANSCRIPT) BHH

END

dti

the department for Enterprise

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

**Department of
Trade and Industry**

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5422
Our ref PB3BGK
Your ref
Date 21 June 1989

See Charles,

**MR HAWKE'S VISIT: TRADE AND INVESTMENT CONFERENCE AT QEII
CENTRE ON 22 JUNE**

Thank you for your letter of 18 June. You may find it helpful
to have the attached detailed timetable which has been
prepared by the COI. *file on BUP*

The only new point is that the Minister for Trade,
Mr Alan Clark, would see the Prime Minister off if she wishes
to leave the Conference straight after her speech.

I am copying this letter to Bob Peirce at the FCO.

Your own

Ben.

BEN SLOCOCK
Private Secretary

the
Enterprise
initiative

AUS/UK CONFERENCE - 22 JUNE 1989
DRAFT TIMETABLE

1. 07.30 Registration team assembles.
2. 08.00 Registration starts, followed by coffee for Delegates in the Pickwick Suite. Information desk (in Pickwick) and Press Desk (in Caxton Lounge) should be manned by this time.
3. 08.40 First warning to delegates to take their seats in the Churchill Auditorium. Ushers encourage movement of delegates down to Churchill
NB. Registration to direct late arrivals straight into Churchill.
4. 08.50 Lord Young, Senator Button and Alan Clark meet up in Nightingale Room prior to the arrival of PM Hawke. Refreshments available.
5. 09.00 PM Hawke and Senator Evans arrive to be greeted by Co-Chairmen Lord Young and Senator Button, outside under the QEII entrance canopy.

This group (the Platform Party) then proceeds through the main foyer to the West Foyer for a photo-call against a lit backdrop of panels which feature the Conference logo and title.
6. 09.05 Platform Party enters the Churchill Auditorium and take seats in the front row. Lights dim and the 25 second video fanfare is played.
7. 09.06 Full house lights come up together with stage set lights and Peter Hobday welcomes the delegates and briefly introduces the 5 minute scene setting video.
8. 09.07 Lights dim and the video is played.
9. 09.12 Lights up. Peter Hobday then introduces the platform party by asking the audience to give a warm welcome to: PM Hawke, Lord Young, Senator Button, Senator Evans and the Hon. Alan Clark. Applause as the platform party take their seats stage left.
10. 09.13 Peter Hobday introduces the first keynote speech by Lord Young.
11. 09.14 Lord Young moves to the lectern and delivers his speech.
12. 09.29 Peter Hobday thanks Lord Young and then introduces the second keynote speech by PM Hawke.

13. 09.30 PM Hawke moves to the lectern and delivers his speech.
14. 09.45 Peter Hobday thanks PM Hawke and then introduces Sir Ralph Robins.
15. 09.46 Lighting dims to the level for use of visual aids and Sir Ralph Robins delivers his address.
- NB. House lights sufficient to allow delegates to make notes.
16. 10.06 Lights up as Peter Hobday thanks Sir Ralph and then introduces Alan Jackson.
17. 10.07 Lighting dims to audio visual level as Alan Jackson moves to the lectern to deliver his address.
18. 10.27 Lights up and Peter Hobday thanks Alan Jackson before going on to cover the departure of the platform party by noting that PM Hawke must leave for other engagements. But both British and Australian Prime Ministers will attend the final plenary session. He then invites the delegates to coffee in the Pickwick Suite, reminding them that the conference will reconvene at 11.00 hrs. PM Hawke leaves via Nightingale Suite, as does Alan Clark.
19. 10.30 Coffee break.
20. 10.50 Reminder to delegates that the conference reconvenes at 11.00 hrs. Ushers encourage this.
21. 11.00 Platform Party take their seats and Peter Hobday welcomes the delegates back and introduces Richard Branson.
22. 11.01 Lighting dims and Richard Branson moves to the lectern to deliver his address.
23. 11.21 Lights up and Peter Hobday thanks Richard Branson before moving to introduce Simon Crean.
24. 11.22 Lights dim and Simon Crean moves to the lectern to give his address.
25. 11.42 Lights up and Peter Hobday thanks Simon Crean before going on to introduce the Question and Answer session (during this we may have to move the second table and microphones to mid-stage). Peter Hobday asks the previous speakers to come up and take their seats and opens the event to questions. It will be made clear that questions can be addressed to all members of the by now 7-strong platform party.

26. 12.00 Peter Hobday brings the Q+A to a close and thanks the speakers for their participation. Speakers leave the stage to resume their seats while Peter Hobday goes on to introduce the team of three speakers from Cooper and Lybrand. (During this we may need to shift the table once more). Two chairs required on stage for C+L team.
27. 12.28 Peter Hobday thanks the C+L team and then points out to delegates that one of the team will attend each of the syndicate sessions after lunch. He then invites the delegates to pre-lunch drinks in the Pickwick Suite. He also takes the opportunity to remind the delegates of postlunch moves to the 5th floor, pointing out that they should take their delegate packs with them.
28. 12.30 Pre-lunch drinks.
- NB. Possible press briefing by officials in Fleet Room.
29. 12.50 Reminder to delegates in Pickwick that lunch will be held in Fleming on 3rd floor. Table numbers in delegate pack. Ushers to encourage move.
30. 13.00 Delegates seated in Fleming for lunch.
31. 13.05 Lunch is served.
32. 14.12 Lord Young introduces Senator Evans. Toasts.
33. 14.13 Senator Evans moves to the lectern and gives his address.
34. 14.28 Peter Hobday thanks Senator Evans and reminds delegates about their respective moves and timing of the programme for the afternoon.
35. 14.30 Delegates move the syndicates.
36. 14.30 to 16.00 Discussion in syndicates. Later, Syndicate Chairmen invite delegates to tea in Pickwick.
- ~~15.30~~ 17.00 NB. Probably Press Conference in Fleet Room. Young and Button.
37. 16.00 Tea in Pickwick. (During this, desks on stage are altered for the final plenary session).
38. 16.20 Reminder to delegates that plenary session resumes at 16.30. Ushers encourage move.
39. 16.25 Arrival of PM Thatcher, to be met by Lord Young Senator Button. They then move in to the Nightingale Room to meet up with PM Hawke, Senator Evans and Alan Clark. This party of 6, led by the two PMs then move back through to the photo-call in West Foyer. The platform party then enter the Churchill Auditorium.

40. 16.39 Lights dim and the opening 25 second video fanfare is re-played.
41. 16.30 Lights up and Peter Hobday announces the arrival of the two PMs and invites the audience to welcome the platform party for the final plenary session. The two PM's lead the group up on to the platform.
42. 16.31 During the final session Peter Hobday will briefly introduce each of the speakers in the order: Senator Button, PM Hawke, PM Thatcher and then Lord Young who will wind up the formal proceedings. PM Thatcher will probably leave immediately after her speech. She may be accompanied by Alan Clark.
43. 17.00 On behalf of Senator Button, Peter Hobday then invites the delegates to the reception in the Fleming Room.
44. 17.00 to
19.00 Reception hosted by Senator Button.

AUSTRALIA: Visits of Maske
ATZ



AUSTRALIA – UNITED KINGDOM
TRADE AND INVESTMENT INTO THE '90s

AUSTRALIA – UNITED KINGDOM TRADE AND INVESTMENT INTO THE 90s

Outline Conference Programme

8.00 – 8.50 am

Registration and coffee.

9.00 am

Arrival at Conference of Mr Hawke, Prime Minister of Australia, with Lord Young and Senator Button, co-chairmen of the Conference.

9.05 am

Introduction by Mr Peter Hobday, Presenter of the Conference, with scene-setting video.

9.15 am

Keynote Speech by Lord Young.

9.30 am

Keynote Speech by Mr Hawke.

9.45 am

Address by Sir Ralph Robins of Rolls-Royce Plc.

10.10 am

Address by ~~Sir~~ Mr Alan Jackson of BTR Nylex.

10.30 – 11.00 am

Coffee.

11.00 am

Address by Mr Richard Branson of Virgin Group Ltd.

11.20 am

Address by Mr Simon Crean, President of Australian Council of Trade Unions.

11.40 – 12.00 noon

Speakers answer questions from delegates, chaired by Presenter.

12 noon – 12.30 pm

Presentation by Coopers & Lybrand Team on their Australia-UK Trade and Investment Study.

12.30 pm

Pre-lunch drinks.

1.00 – 2.30 pm

Lunch hosted by Lord Young.

Address by Senator Gareth Evans, Australian Minister for Foreign Affairs and Trade.

2.30 – 4.00 pm

Discussion Group Sessions.

– Manufacturing and Commodities.

– Service Industries (including Transport, Tourism, Construction and Consultancy).

– Banking and Financial Services.

4.00 – 4.30 pm

Tea.

4.30 – 5.00 pm

Final Plenary Session in presence of Prime Ministers of United Kingdom and Australia.

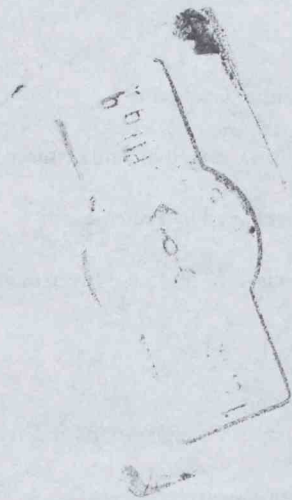
5.00 – 7.00 pm

Reception hosted by Senator Button, Minister for Industry, Technology and Commerce.

AUSTRALIA: VISITS 20

AUS UK

Hawke ● 1/12



cc Backup

PRIME MINISTER

AUSTRALIA/UK TRADE AND INVESTMENT CONFERENCE

You are to attend the final, plenary session of the Australia/UK Trade and Investment Conference at the QE II Conference Centre on Thursday.

You are due to arrive at 16.25 and will be met at the front entrance by Lord Young. He will escort you to the Nightingale Room to meet up with Mr Hawke, Sen Button and, possibly, Alan Clark and Sen Evans. At 16.30 you will all pass through the foyer, pause in front of the doors of the Churchill Auditorium for a photocall, and pass through the Auditorium to the platform. There will be a brief video fanfare.

The presenter, Peter Hobday, will introduce the speakers in the following order:

- Sen Button, to present the overall findings of the Conference
- Mr Hawke
- Yourself
- Lord Young, to wind up the proceedings

You, and Mr Hawke, will be able to leave as soon as you have spoken, at around 16.55, ie before Lord Young winds up.

Charles will accompany you. I shall also be present.

Content?

Yes

MICHAEL BATES
Press Office
20 June 1989

SECRET

Ria...
COP

2(A-B)



Foreign and Commonwealth Office

London SW1A 2AH

20 June 1989

Dear Charles,

Visit by the Prime Minister of Australia: Hong Kong

I wrote to you on 19 June about the Prime Minister's meeting with Mr Hawke on 21 June. We expect Mr Hawke to refer to Britain's responsibility for the people of Hong Kong. In preparation for this meeting the Prime Minister might therefore like to know what progress has been made by the task force which has been reviewing the application of our immigration and nationality laws to Hong Kong and what the Foreign Secretary said on this subject when he gave evidence to the Foreign Affairs Committee on 14 June.

One suggestion which has been widely canvassed in the light of recent events in China is the possibility of international action to provide the "insurance policy" which Hong Kong people are seeking. The Foreign Secretary made clear to the Foreign Affairs Committee that if the worst came to the worst, and disaster overtook Hong Kong, it would plainly be our duty to seek to mobilise the widest possible international support for whatever action was then necessary. But to do that now in relation to a hypothesis which we all devoutly hope is not going to happen, would neither get the response which proponents of an international solution want, nor would it help to head off the hazard that we all wish to avoid.

In any case we very much doubt if the international community would ever be able to make a commitment of the order of magnitude necessary to accommodate the entire population of Hong Kong. Australia, Canada and the United States are already taking significant numbers of Hong Kong people for settlement. (Of the 45,000 or so people who emigrated from Hong Kong last year, around 8,000 went to Australia.) But all these countries also have other immigration commitments of their own.

As far as the operation of our own nationality and immigration laws is concerned, a task force including Home Office, FCO and Hong Kong Government

/officials

SECRET



S E C R E T

officials has been conducting an urgent review of the scope for flexibility. The task force has been examining a range of possible options to provide further assurances to British nationals in Hong Kong that would enable those whose skills and abilities are most needed in Hong Kong to remain there. The Foreign Secretary and the Home Secretary aim to circulate a paper to OD(K) for discussion on 29 June.

If Mr Hawke raises the matter the Prime Minister may therefore wish to:

- explain why Britain cannot take all 3.25 million BDTs, let alone all 5.7 million residents of Hong Kong;
- tell him that we are looking urgently at how to provide "insurance" to key groups, in both the public and private sector;
- refer to the Foreign Secretary's assurance to the FAC that Britain would make every effort to organise an international response to a possible refugee crisis in the very worst case.

Jaw,

Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
PS/10 Downing Street

S E C R E T





Foreign and Commonwealth Office

CONFIDENTIAL London SW1A 2AH

20 June 1989

50
JPC
②
Dean Charles,

Commonwealth Secretary Generalship, and Mr Hawke's Visit

As you know, after the last round of Nigerian lobbying on behalf of Chief Anyaoku, we undertook a survey of intentions in Commonwealth capitals on the Ramphal succession. Our primary objective was to identify "firm commitments". The picture of intentions that emerged was that less than half of the Commonwealth described its position as firmly committed to either Anyaoku or Fraser: these commitments were almost equally divided. Significantly more Commonwealth countries, however, showed a willingness to support Fraser than Anyaoku at this stage.

In response to an expression of concern about the risk of a deadlock, there was very little visible support for a continuation by Ramphal. Ten member countries were strongly opposed to any extension, and there was certainly no evidence, in spite of reports about Mr Manley's activities on his behalf, of any emergence of a Caribbean or Canadian move to draft him.

Our tentative conclusions are:

- both the Nigerians and the Australians are overstating the support for their candidates;
- the African group (with the exception of Zambia) tend to support Anyaoku and do not favour a Ramphal extension;
- the Caribbean group, while showing more support for Fraser, are (with the exception of Manley) strongly opposed to a further term for Ramphal.

All this suggests that, if our primary aim remains to stop Malcolm Fraser (as we think it should be), then the best hope at present of achieving that goal is for Anyaoku to run more strongly. It is still possible that Anyaoku can overtake Fraser now that the Nigerians have started to promote his candidature. It does not look as if a Ramphal compromise candidature will run seriously at this stage.

The Australians are well aware of our doubts about Malcolm Fraser and Bob Hawke may not try very hard to convert us. But the Foreign Secretary advises against showing too

CONFIDENTIAL



CONFIDENTIAL

much of our own hand. It may be sufficient to say that:

- we have taken no decision;
- we want effective management of the Commonwealth and the Secretariat;
- we are keen to avoid a stalemate, leading to a split at Kuala Lumpur.

Yours,
Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

20 1/2
P11 n 9



CONFIDENTIAL

PRIME MINISTER

cc Mr. Ingham

MEETING WITH AUSTRALIAN PRIME MINISTER

You have a full day of Mr. Hawke tomorrow. The programme is:

1015 Guard of Honour Ceremony in the FCO Courtyard
1030- Restricted talks with Mr. Hawke
1130
1130- Full session of Ministerial talks in the Cabinet
1245 Room
1300- Working lunch with Mr. Hawke and his Ministers
1445

You will want to decide whether to hold the restricted talks alone with Mr. Hawke, or have note-takers and/or High Commissioners present as well. From the point of view of follow-up, it makes sense to have someone present.

A British/Australian Summit on this scale is, I think, unprecedented. The very fact that it is being held at all is the main story. It marks a turning away from the rather sterile Pom-bashing of recent years in Australia, and the end of a period in which Britain and Australia seemed increasingly to be going their separate ways. The initiative for this came from your visit to Australia last year and your decision to invite Mr. Hawke and his Ministers to return. The fact that Mr. Hawke accepted with such alacrity shows that he shared your wish to see a fresh start.

There seems to me two messages which we want to come out of this encounter. The first concerns the nature of the occasion. It is a major production with Wednesday's talks, the Trade and Investment Seminar on Thursday, the dinner at No.10, lunch at the Palace and attendance at the Lords Test Match on Friday. It is on a bigger scale than we usually do these things, and that in itself should signal the effort we are putting into upgrading UK/Australia relations.

CONFIDENTIAL

Second, there is a wide-ranging agenda to be discussed. No single problem dominates and there are no negotiations. These are consultations right across the spectrum of world affairs, of the same sort that we conduct with the French and Germans. There are a number of small but quite significant agreements to be signed in the educational and research field. The message that we are trying to convey is that Australian views count with us and we are restoring substance to a relationship which will assume growing importance as the Asia-Pacific region features ever more largely in our calculations.

I attach a separate sheet setting out the various bilateral, regional and broader international issues which can be covered in the talks. Some you will want to deal with, at least initially, in the restricted talks with Mr. Hawke. Others are more appropriate for the full Ministerial session and working lunch. Extensive briefing on them is in the folder.

Restricted session

You will want to start by recalling your own visit to Australia last year and welcoming the subsequent expansion of Ministerial visits and other contacts. You might say a word about the current Britain/Australia Summit and the message you want to come out of it (see above). An impression of renewed warmth and extensive consultation is in the interests of both countries.

You might go on to ask him about the political situation in Australia, including the changes in the leadership of the Opposition parties, as well as the prospects for the economy. →

This would be the time to welcome the continued high level and closeness of our intelligence exchanges.

Since China will be very much in the forefront of his mind, you might discuss the significance of recent developments and the implications for Hong Kong. It will be a chance to thank him for Australia's very helpful role over Vietnamese Boat

CONFIDENTIAL

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT.

people (at the recent Conference, they offered to resettle
11,000 and help finance a regional processing centre).

I suggest that you also tackle him on Southern Africa in the
restricted talks, since the Australians are the most active in
pressing for financial sanctions. You will want to argue for
avoiding a great clash at CHOGM, stressing the absolute
priority for seeing the Namibian settlement through to a
conclusion. You will want to tell him about your contacts
with South African politicians.

The question of the Commonwealth Secretary-General is also
very much one for the restricted talks. The Australians are
aware that you have been discussing the
possibility of extending Sonny Ramphal, so you will want to be
quite open about this.

You might like to say a word about your concern at the drift
in New Zealand's policy, with Lange's recent hint about
leaving ANZUS. That would be a serious blow to the overall
Western/democratic interests in the Pacific.

Mr. Hawke attaches great importance to the celebration next
year of the 75th Anniversary of the Gallipoli landings and
will probably go to Turkey for it. You need to consider
whether you might join him there and find some other way to
mark the occasion jointly.

You ought also to mention his recent letter on Antartica.
Under environmentalist pressure the Australians have switched
from being strong supporters of the Convention to a decision
not to sign it. The point you will want to get across is that
the Convention provides for greater environmental protection
than any other politically feasible course of action.

Finally - and if there is time, you might like to talk to him
about Gorbachev, the NATO Summit and your concern about the
slippage of opinion in Western Europe towards facile
acceptance of the Soviet Union's benign intentions.

CONFIDENTIAL

For his part, Mr. Hawke may raise the pensions issue - on which you will want to explain frankly the public expenditure constraints - UK attitudes to Australian investment. References to the MMC are only made on competition grounds and have nothing to do with the nationality of the bidder.

Plenary session

I suggest that you run the Plenary session as at an Anglo/French or Anglo/German Summit: that is, you might start by reporting on your talks with Mr. Hawke and then invite the three sets of Ministers (Foreign Affairs, Defence and Trade and Industry) to report on their own separate discussions. These reports will probably throw up most of the other items on the agenda, and you can pursue them in that context. You will want to bear in mind that Mr. Hawke and his Ministers will want the opportunity to set out at some length their views on regional issues in the Pacific. Mr. Hawke has also expressed a particular interest in hearing your views on the Middle East.

Just so that you have a check list to hand, the points which ought to be covered are:

<u>Foreign Affairs</u>	<u>Trade and Industry</u>	<u>Defence</u>
China/Hong Kong	Economic Summit	ANZUS/New Zealand
East/West	Uruguay Round	Five Power Defence Arrangements
Japan	Trade and Investment	Arms control
South Pacific	UK Merger Control	Defence Procurement

Foreign Affairs

Cambodia

Trade and Industry

Scientific

Collaboration

Defence

Maralinga

Middle East

Southern Africa

CHOGM

Antartica

e.d.?

C. D. POWELL

20 June 1989

PM2ASE

Agenda for UK/Australia ConsultationsBilateral

- Australia: political and economic developments
- Trade and Investment
- UK merger control policy
- Expansion of Ministerial visits
- Defence
- Education and Science
- Indexation of Pensions
- Constitution Act (probably to be raised at official level)
- Gallipoli 75th Anniversary
- Intelligence co-operation

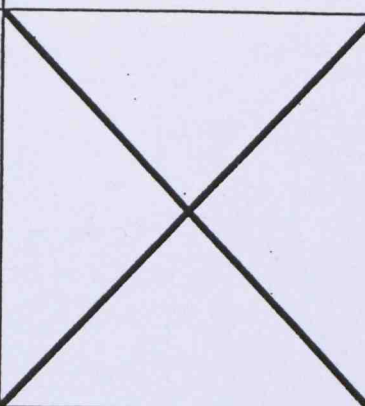
Regional

- New Zealand
- China
- Hong Kong
- Japan
- Cambodia
- Vietnamese Boat People
- South Pacific

International

- East-West relations
(Gorbachev's prospects, arms control)
- International economic issues
(trade, debt, finance, coal subsidies)
- Middle East
- CHOGM
- Southern Africa
- Environment
(Antartica).

A The National Archives

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>3218</i> (one piece/item number)	Date and sign
Extract details: <i>Cradock to Lowell dated 19 June 1989</i>	
CLOSED UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>13/4/2017</i> <i>G. Gray</i>
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
NUMBER NOT USED	
MISSING (TNA USE ONLY)	
DOCUMENT PUT IN PLACE (TNA USE ONLY)	

Instructions for completion of Dummy Card

Use black or blue pen to complete form.

Use the card for one piece or for each extract removed from a different place within a piece.

Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.

This should be an indication of what the extract is,
eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.
Do not enter details of why the extract is sensitive.

If closed under the FOI Act, enter the FOI exemption numbers applying to the closure, eg. 27(1), 40(2).

Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.

CONFIDENTIAL

CCPC
L. Sackup



Foreign and Commonwealth Office

London SW1A 2AH

19 June 1989

Jean Charles.

Visit by the Prime Minister of Australia

This letter contains briefing to update the Prime Minister on major international issues.

SECURITY ISSUES

The Prime Minister can give Mr Hawke a first hand account of the NATO Summit.

As the START talks resume on 19 June, the Prime Minister may wish to reaffirm our support for the goal of 50% cuts in US/USSR strategic nuclear weapons.

On conventional arms control in Europe, the Prime Minister might say that the expansion of the Alliance's negotiating proposal has improved prospects for an early agreement and put the Warsaw Pact on the defensive for the moment.

On chemical weapons, the Prime Minister might say:

- UK will play active role at Conference on CW (Canberra 18-22 September). In touch with UK Chemical Industry about members of delegation.
- verification crucial in negotiations on CW ban.

Soviet Internal

The Prime Minister can underline the importance of the Congress of Peoples' Deputies and Gorbachev's handling of it, stressing:

- the unprecedented frankness of debates despite its big traditionalist majority;
- the live television coverage nationwide; and

CONFIDENTIAL



- the voicing of criticisms of the Army, Party privileges, even Lenin.

This represents the start of a process of shifting some power away from the Party but is only a first step; the CPSU still firmly holds the levers of power although it may now be increasingly accountable.

The Congress has pointed up the increasing contrast between the pace of political reform and continuing economic stagnation. Gorbachev's reform programme cannot proceed indefinitely so long as there continues to be little grassroots support and no sign of economic progress.

There is also the difficulty of introducing fundamental reform in a multinational empire largely held together by the threat of force.

Anglo/Soviet

The Prime Minister will wish to stress our continuing commitment to developing more substantial UK/Soviet relations. The Soviet response to the recent expulsions was disappointing and without justification. But, despite the threat of a ceiling, the Russians - like us - are keeping their eye on practical business over a wide range of issues.

Mr Hawke will be interested in the Prime Minister's impression of Gorbachev's recent visit to the UK.

Soviet Far Eastern Policy and the Pacific

Gorbachev's visit to Peking from 16 to 18 May was viewed with particular interest in Canberra. The rapprochement is important in its own right, and has been made possible by the Soviet withdrawal from Afghanistan, a more positive Soviet policy over Cambodia, and troop withdrawals from Mongolia and the Soviet Far East. It will help Soviet efforts to become more engaged in the Asia/Pacific region as a whole.

The Prime Minister may like to draw out Mr Hawke on the Australian assessment of Soviet foreign policy.

The Prime Minister will wish to remind Mr Hawke of the continuing ambiguities in Soviet foreign policy (eg wedge-driving in NATO, arms sales to Libya, and continuing high level of KGB activity).



Mr Hawke will be going on to Washington after his visit to Britain.

ECONOMIC ISSUES

Mr Hawke will be briefed on issues likely to come up at the G7 Summit in July. He is considering sending a message once again to all Summit participants, outlining Australia's views on the agenda. It will probably focus on trade, debt and the environment. On the major macroeconomic issues, the Australians are sound.

They see eye to eye with us on trade and agriculture. We want the Summit to welcome the agreements reached at the Mid Term Review of the Uruguay Round, concluded in April, and to give a strong political commitment to a successful conclusion of the Round in 1990. The US may come under pressure in Paris on unilateral action and the Super 301 process. But the Japanese may not press the issue too hard for domestic reasons.

The Australians share our opposition to middle-income debt initiatives which involve a transfer of risk from the private to the public sector. Like us, the Australians will not favour any proposals involving further public sector contributions. The Australians have gone along only reluctantly with the Paris Club concessions for the poorest debtors agreed at last year's Toronto Summit, on Britain's initiative. Mr Hawke may seek reassurance that the Summit will not extend the concessions to Egypt and Nigeria. This is unlikely to be discussed at the Summit. We believe that Nigeria's eligibility may have to be considered in due course, but Egypt's per capita income is too high.

The Prime Minister will wish to tell Mr Hawke that we expect the environment to feature prominently at the Summit. We welcome this (so will Mr Hawke). In particular, the Summit could give a boost to the need to base environmental decisions on sound economics, as well as sound science.

It is still too early to be certain what issues should be covered in the political declaration, but obvious themes include East/West, China, human rights and terrorism post-Lockerbie.



Asia/Pacific Economic Cooperation

In a speech in Seoul in January Mr Hawke called for a "formal intergovernmental vehicle for regional cooperation" in the Asia-Pacific area. A special envoy (Mr Richard Woolcott) has since toured regional capitals. He was generally well received. But ASEAN countries are hesitant; so too are the Japanese. The Australians now wish to convene a regional Ministerial conference to discuss their ideas. The Prime Minister will wish to say that we welcome regional cooperation, as long as it promotes, the multilateral trading system and does not erode the OECD.

/ A background note is at annex A.

TRADE ISSUES

The Australians strongly support trade liberalisation through the Uruguay Round. Mr Hawke warmly welcomed the successful outcome of the TNC meeting in Geneva in April. Australia is most interested in agricultural trade and founded the Cairns Group of agricultural free traders in GATT. The Australians have not been prominent in expressing concern about 1992, but they are worried about it. The Prime Minister will wish to reassure Mr Hawke of our commitment to trade liberalisation and the liberal principles guiding the Single Market process. The Prime Minister could say:

- fully share commitment to liberalisation through Uruguay Round;
- welcome successful outcome of April Trade Negotiations Committee. Firm basis for second phase of negotiations;
- must tackle many difficult issues. Strong political will needed on all sides if to reach agreement.
- UK committed to fundamental agriculture reform. Have to work within EC. Have had some success: 1988 CAP reforms working well. But must go further.
- 1992 should encourage global liberalisation in the Uruguay Round. No question of "Fortress Europe".
- Australia well placed to take advantage of Single Market. 320 million consumers.



Coal Subsidies

Mr Hawke will raise the question of coal subsidies. Australian producers see European power stations as major potential customers. But they complain that restrictive agreements between domestic producers and generating companies, and subsidies to producers, restrict their exports. The Prime Minister should make the following points:

- (1) The agreements between British Coal and the CEGB are a result of commercial judgement. UK electricity generators can buy their coal wherever they choose. There are no Government restrictions on imports.
- (2) UK aid to producers lowest in EC on a £ per tonne basis. The 1987 (1987-88 in the UK) figures are:

	Belgium	France	Germany	Portugal	Spain	UK
£/tonne	58.1	49.6	59.1	6.9	12.0	6.6

- (3) Average pithead price of British coal in 1988 was £41 per tonne. This 12% higher than the average CIF price of imported coal (£36.50), not 180% as sometimes alleged in Australia.
- (4) UK policy is to phase out aid over a period until we produce coal at world market prices.

MIDDLE EAST

The Prime Minister could summarise her talks on Arab/Israel with Mr Shamir (22 May), President Bush (1 June), and the Egyptian Foreign Minister Dr Magid (6 June). Mr Shamir's election proposals represent a useful step forward, but, as she made clear to him, they are flawed by the absence of a clear promise that they would lead to negotiations based on 'land for peace'. They need elaboration and clarification to make them acceptable to Palestinian opinion. We should like to see the PLO nominate Palestinian representatives in the Occupied Territories who might discuss the elections plan with the Israelis. Building on Mr Shamir's proposals, as the Americans are also determined to do, requires the constructive engagement of both sides. The Prime Minister underlined to Mr Shamir our concern about the situation in the Occupied Territories.

If Mr Hawke asks about our contacts with the PLO, the Prime Minister could say that we see no problem in



principle about further contacts with the PLO, provided that Arafat sticks to his moderate line. But we have no plans at present to meet Arafat.

On Lebanon, the Prime Minister could stress the UK's support for the Arab League's Three Man Committee (she will have met Prince Saud), drawing attention to the statement issued by Foreign Ministers of the Twelve in Luxembourg on 12 June. She might add that, as long as the League is pursuing its initiatives, it should be allowed a free hand before the international Community considers alternative approaches, such as involving the UN Security Council.

Iran

While the death of the Ayatollah is certain to lead to changes in Iran, it is almost impossible to judge what will happen in the immediate future. The Prime Minister can say that our immediate concern remains that all Iranian threats against foreign citizens be withdrawn.

The Prime Minister will wish to thank Mr Hawke for Australia's co-operation over Iran in recent months. We have consulted closely, and Australia, like our European Partners, has imposed a ban on high level visits to and from Iran.

COMMONWEALTH ISSUES

CHOGM Agenda

The Prime Minister will want to stress our interest in seeing that important non-political items get the attention they deserve and that CHOGM avoids divisive treatment of Southern African issues, when what is needed is encouragement of the positive developments since Vancouver. The Secretary General's pre-agenda letter has just issued, and suggests topics like strengthening democracy, and the Commonwealth in the 1990s and beyond. The Prime Minister may wish to seek Mr Hawke's initial views on these items, and on the weight to be given to Environment and Drugs.

Secretary Generalship

I shall be writing to you separately about this.



Southern Africa

At CHOGM Mr Hawke will press for financial sanctions against South Africa (exactly how this will be done procedurally will be decided at the next meeting of the Commonwealth Committee of Foreign Ministers on Southern Africa in Canberra on 7-9 August). The Prime Minister will wish to outline to Mr Hawke our view of how progress can best be achieved in Southern Africa and why we shall oppose all calls for sanctions:

- New era approaching in South African politics.
- UK urging new South African leaders to consider early initiatives for fundamental change (de Klerk in London this week).
- Timing of CHOGM crucial for Namibia.
- Sanctions at CHOGM would make reform politically impossible in South Africa and provoke South African withdrawal from Namibian independence process.
- Do not believe Governments should dictate to banks.
- British and Australian units in UNTAG worked well in Northern Namibia.

ENVIRONMENT

The Prime Minister will wish to tell Mr Hawke of our proposal for a Convention on Climate Change, welcoming the fact that we and Australia have similar views, and to remind Mr Hawke that we are firmly committed to strengthening international institutions such as UNEP (where the UK is now the second largest contributor). We do not favour setting up a new international institution and very much hope Australia continues to support this approach.

If Mr Hawke raises it, the Prime Minister might say we have an open mind on where the 1992 UN Conference on Environment and Development might be held. A consensus will probably emerge at this year's General Assembly.

If asked, the Prime Minister can say that we are not attracted by the idea of a special international fund to help developing countries to deal with the environment. We believe existing international mechanisms should be used as well as bilateral arrangements.



Antarctica

This issue will be high on Mr Hawke's agenda. The Australian Government has decided not to sign the Antarctic Minerals Convention, thus putting into jeopardy its entry into force, and is seeking international support to replace the Convention with a ban on all Antarctic mineral activity. Formerly a strong supporter of the Convention the Australians have changed tack for internal political reasons related to environmentalist pressures. We have told the Australians we are "disappointed" but are prepared to listen to their arguments. The Convention provides for greater environmental protection than any other politically feasible course of action.

It is very much in UK interests that the Convention should enter into force. If it does not, the present voluntary moratorium on minerals activity may collapse; unregulated mineral activity may follow, and lead to the unravelling of the Antarctic Treaty System.

The Antarctic Minerals Bill passed through all its stages in the House of Lords on 8 June, with bi-partisan support. But an MPs' letter campaign instigated by Greenpeace, coupled with the Australian move, may mean a rougher passage in the Commons than was expected. So, for political as well as policy reasons, it is important that Mr Hawke be given a clear message on where we stand.

The Prime Minister will want to make the following points to Mr Hawke:

- read his recent letter;
- Convention essential for management of our relations with Argentina and Chile, who lay claim to British Antarctic Territory;
- an effective alternative to Convention is unattainable;
- do not agree that Antarctic mineral activity should be banned; proper way to deal with environmentally sensitive issues is to regulate them in the interest of environmental protection; Convention a landmark agreement in this regard;
- prepared to work hard with Australia on practical measures to improve protection of the Antarctic



environment: there is much that can be done, eg on marine pollution, waste disposal and the Convention Liability Protocol (but not at the expense of Convention);

- we should do all we can to encourage cooperation between your scientists and British Antarctic Survey in research of global environmental significance (ozone, greenhouse).

/ A background note is at annex B.

I am copying this letter to Trevor Woolley (Cabinet Office).

Jans.
Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

PRIME MINISTER HAWKE'S VISIT: INTERNATIONAL ECONOMIC ISSUES:
ASIA/PACIFIC ECONOMIC COOPERATION

BACKGROUND

1. The idea of closer Asia/Pacific economic cooperation is not new. ASEAN has existed since 1970; the Pacific Economic Cooperation Conference (PECC) was formed in 1980. On 31 January, Australian Prime Minister Hawke made a speech in Seoul calling for a "formal intergovernmental vehicle for regional cooperation". Hawke said that although the PECC had identified areas of common interest within the region, it had been unable to address policy issues properly. His proposed forum would use the OECD as its model. The aims of the new organisation would be:

- (i) to improve the prospects for a successful Uruguay Round;
- (ii) to stimulate the liberalisation of regional trade on a multilateral basis;
- (iii) to identify scope for greater interdependence between the economies of the area; and,
- (iv) to provide analytical backup that could stimulate the development of the region.

Hawke stressed that his aim was not to create a Pacific regional trading bloc, nor to undermine the multilateral trading system.

2. Indonesia, Malaysia and Singapore have doubts about the Hawke initiative. They are convinced that a larger, looser group could undermine inter-ASEAN co-operation. Their preference is to build on existing ASEAN machinery, rather than create new structures. Mr Takeshita said in a speech in Jakarta on 5 May that countries of the Asia/Pacific region should think seriously about how best to promote cooperation in the future. But UK officials were told at the end of May that Takeshita had decided that there was no need to institutionalise Asia/Pacific cooperation "for the time being".

VISIT TO BRITAIN BY THE PRIME MINISTER OF AUSTRALIA:
20-24 JUNE 1989

ANTARCTICA: BACKGROUND NOTE

1. Antarctic Treaty of 1959 was result of UK initiative. We could find no other solution to our escalating dispute with Argentina and Chile over the British Antarctic Territory (shots had been fired).
2. The Treaty demilitarizes Antarctica, puts sovereignty questions in suspense and encourages scientific research. Present world-beating scientific excellence of the British Antarctic Survey a direct consequence of Cabinet decision in 1967 to rely on the Treaty as means of managing our Antarctic relations with Argentina and Chile. Hallmark of Treaty System has been its capacity to deal with looming issues before vested or territorial interest made them insoluble.
3. The minerals negotiations began in 1982. They were covered by a voluntary moratorium on mineral activity dependent on progress towards their "timely" conclusion. Negotiation proceeded from a common assessment that, in the absence of agreed rules, an unregulated scramble for Antarctic mineral resources was inevitable and that unregulated prospecting activity would revive the sovereignty issue in an acute form, causing possibly fatal damage to the Antarctic Treaty System, as well as damage to the Antarctic environment. Australia held these views in common with all other Treaty parties and was one of the parties which specifically requested the extension of the voluntary moratorium "pending the timely entry into force of the Convention". Australia's ratification as a claimant state is, like ours, essential to the entry into force of the Convention.
4. Contrary to public perceptions, Convention is weighted in favour of environmental protection. If Australia wishes to prevent

Antarctic mining on environmental grounds, the Convention provides mechanisms for them to do so. It is difficult to interpret their decision other than as playing to their domestic environmental gallery, but our High Commissioner in Canberra believes they will be hard to shift.

5. Australia is holding a gun at the head of the Antarctic Treaty System. If the Convention is not to become a dead letter, with all the severely damaging consequences for our political, scientific and environmental interests that would follow, the only courses of action available to us are to assume the Australians can eventually be won round, and meanwhile, to give the Australians time by seeking additional environmental protective measures - but not at the expense of the Convention.

6. France is also having difficulties with its environmentalists, but has not yet decided which way to go. Mr Hawke will have tried to get them on his side. Our soundings of other Antarctic Treaty partners show widespread support for Convention and opposition to the Australian decision - notably on the part of the US and NZ.

7. Legislation to enable the UK to ratify the Convention (Antarctic Minerals Bill) passed all its stages in the House of Lords on 8 June with bi-partisan support. Because of Australian decision, we expect the Opposition in the Commons to use debate on the Bill in support of its environmental credentials.

Polar Regions Section
South America Department

9 June 1989

JH8AAH

Dear Margaret

You will be aware that on 22 May the Australian Government announced that it had decided not to sign the Antarctic Minerals Convention but to propose an alternative course aimed at achieving the comprehensive protection of the Antarctic environment. The Australian Government has a strong commitment that no mining at all, including oil drilling, should take place in Antarctica.

Although the negotiation of the Antarctic Minerals Convention began in 1982, it was based on resource and environmental assumptions that were prevalent in the early to mid 1970s. The view then was that, with proper regulation and with the eventual development of appropriate technology, mining could take place consistent with the protection of the environment and the preservation of the Antarctic as an invaluable scientific laboratory.

I believe these assumptions now deserve reconsideration by Governments. There has of late been a profound change in the appreciation of the world community and national Governments of the importance of protecting the environment. Accidents such as the oil spill from the Exxon Valdez in Alaska have demonstrated to many the impossibility of guaranteeing that accidents will not occur no matter how good the environmental safeguards are on paper. The margin for error in Antarctica is even less than it is elsewhere.

The Australian Government strongly believes the Antarctic Treaty System will continue to offer the best means of protection for Antarctica. We now propose to pursue the urgent negotiation of a comprehensive environmental protection convention within the framework of the Treaty System.

In this context Australia wishes to explore the prospects for the establishment of an Antarctic Wilderness Park. While this objective will represent a change in the course followed to date by the Antarctic Treaty Consultative Parties, my Government believes it should have the ultimate effect of strengthening the Treaty System, a process to which we are firmly committed.

An assurance that mining was no longer a possibility would also greatly reduce external pressures on the Treaty System.

In 1964 the Consultative Parties acknowledged Antarctica as a special conservation area. A progression to an Antarctic Wilderness Park bringing all existing activities under its purview is, I firmly believe, a logical extension to that idea.

I look forward to the opportunity of presenting our ideas to you in greater detail when we meet later this month in London.

Yours sincerely,

Bob Hawke



Backup



Foreign and Commonwealth Office

London SW1A 2AH

19 June 1989

Sean Chavels.

Visit by the Prime Minister of Australia:
20-24 June

This letter covers briefing on bilateral and regional issues. A separate letter contains briefing on major international issues.

Mr Hawke's visit is in response to the invitation the Prime Minister extended during her visit to Australia last August. It will be the first full bilateral visit to Britain by an Australian Prime Minister since that of Mr Fraser in May 1977.

Our Objectives

We wish the visit to set the seal on the more modern relationship with Australia which has developed since the visits by the Foreign Secretary in 1987 and the Prime Minister in 1988. Our broad objectives are:

- to press home to the Australian Government our commitment to a reinvigorated and forward looking relationship;
- to reemphasise that, besides our purely bilateral concerns, the relationship should also cover cooperation between Britain and Australia on regional and global issues;
- to minimise any possible damage to the bilateral relationship from our decisions not to accede to Australian requests to up-rate pensions and to give Australia an original of the Constitution Act.

The Bilateral Relationship

As the Prime Minister will know from the two action reports submitted to her by the Whitehall Australia Group (WAG), the pace of Ministerial and official exchanges with Australia has quickened in the past year and we intend to maintain the momentum. Since August 1988,



Australia has been visited by the Secretaries of State for Trade and Industry, Defence, and Education and Science and by the Lord Chancellor, the Speaker and the Attorney General. In the next year or so visits are planned by the Foreign Secretary, the Secretary of State for Scotland, the Lord Chancellor and the Minister for Overseas Development. It is also possible that the Minister of State for Energy and the Minister of Agriculture will pay visits to Australia in 1990.

/ A copy of a Policy Paper on the UK-Australia relationship prepared by the Whitehall Australia Group is at Annex A

Mr Hawke's Government

Politically, things are now going less well for the Labor Government. The economy has developed serious problems and the Government's earlier reputation for good economic management has been damaged. The opposition parties both changed their leaders last month in overnight coups and may emerge better equipped to fight an election. The timing of an election is still unclear, but the most likely date is at the end of this year or during the first quarter of 1990.

Economic Situation

Australians are now worried about the the economy. The current account deficit has increased sharply this year (about 5% of GDP); the inflation rate is up at 7% and likely to rise further; mortgage rates have just risen to 17% and may go higher. Foreign debt has reached a A\$100 billion, (about 31.1% of GDP), although some 60% of it is held by the private sector. The main current policy issue is whether a soft landing is possible. The normally ebullient Treasurer (Keating) looks beleaguered and the Labor Government is facing criticism.

The Prospects for Increased Trade and Investment

In 1988 we overtook the Federal Republic of Germany and became again the third largest supplier to Australia after the US and Japan (market share 7.5%, a slight increase on 1987). Our exports in the first quarter of 1989 were 28% up in sterling terms over the same period of 1988. Our investment has been growing rapidly. We are now the largest investor in Australia with accumulated investment of A\$44 billion.

Australian exports to the UK for the first quarter of 1989 were 7% down on the same period last year. But generally Australian exports have grown quite strongly in



recent years and manufactures eg car engines, machinery, and scientific instruments, represent a growing proportion. Australian investment in the UK has also greatly increased (up 740% 1982-7). The advantages of the UK as a springboard for expansion into the EC, especially post 1992, are increasingly appreciated by Australian companies.

UK Merger Control and Foreign Investment Policy

Mr Hawke is likely to raise the subject of Australian takeover bids and referral to the Monopolies and Mergers Commission (MMC). The DTI's March 1988 review of mergers policy made clear that the effect of a merger on competition in the UK would continue to be the main criterion for deciding on referral. The Prime Minister will wish to say that we encourage inward investment, and Australian bids have actually enjoyed a very good success rate.

/ A background note on referrals to the MMC and a note on the UK-Australia Trade and Investment Conference are at annex B.

Defence

The Prime Minister will wish to stress the value we place on defence cooperation, and thank Mr Hawke for his Government's continuing efforts to facilitate future RN ships' visits. She will also wish to stress our interest in participating in Australia's re-equipment programme.

ANZUS

It would be interesting to have Mr Hawke's views on the estrangement between the United States and New Zealand, in the light of Mr Lange's recent speech at Yale University in which he said New Zealand should consider withdrawing from ANZUS. The Prime Minister will wish to express our concern about the New Zealand attitude. She could also seek Mr Hawke's view of Australia's defence relationship with New Zealand and of prospects for the ANZAC frigate project, a test case for New Zealand.

/ A background note on the defence relationship is at annex C.

Education and Science

Following Mr Baker's visit to Australia, he and Senator Button expect to sign an exchange of letters on



21 June covering:

- exchanges of science teachers;
- co-operation in "distance learning" (provision of courses by the Open University);
- support for post-doctoral scientists and technologists, building on existing exchanges;
- scientific collaboration: each side (for the UK, the Research Councils) will devote cf50,000 pa to exchanges of academics in the fields of global environment/climate, biotechnology/biology/biomedical sciences, enabling technologies (eg materials, robotics) and earth sciences.

The Prime Minister will wish to refer to the importance we attach to closer S&T links.

Indexation of Pensions

The Prime Minister will recall an exchange of letters with Mr Hawke on this subject in March. (Copies of the correspondence are at annex D.) The Australian Government paid solicitors in London A\$10,000 to advise whether a legal challenge in British courts would succeed. The opinion was that it would fail, but the Australian Government was disappointed by the evident lack of research done by the British solicitors. We understand that an Adelaide-based lobby 'The Australian-British Pensioners Trust Fund' may be seeking a second opinion to see whether a case could be mounted by a civil action in the British Courts and, if that fails, through the European Commission on Human Rights.

Constitution Act

The Australian Government has requested permanent loan of one of the two originals of the Commonwealth of Australia Constitution Act. The Prime Minister agreed that we should offer the Australians an Exemplification of the Act making it clear that we could not go any further. The preliminary Australian reaction has been negative. Mr Hawke is unlikely to raise this as Mr Hawke's Cabinet Secretary has specifically asked to discuss it with Sir Robin Butler.



Cleaning Up of Nuclear Test Sites at Maralinga

If Mr Hawke raises this subject, (the Australians tell us that he won't), the Prime Minister can say that we must await the report by the Technical Assessment Group due in mid-1990.

75th Anniversary of Gallipoli

Australia wishes to make much of the 75th Anniversary, not least because by the Centenary none of the survivors of Gallipoli will be alive. Mr Hawke plans to go to Turkey for the Anniversary. Consideration is being given to attendance by the Foreign Secretary but no decision yet.

REGIONAL ISSUES

China

The Prime Minister may wish to exchange views with Mr Hawke on the situation in China. Our policy is to register in the strongest terms our disapproval of the violent suppression by the Chinese authorities of peaceful demonstrations. We have suspended all scheduled Ministerial exchanges and high-level military contacts and have banned arms sales. The proposed visit of The Prince and Princess of Wales will not take place so long as those responsible for the atrocities in Peking remain in control of the Chinese Government. At the same time we recognise the need to keep open some channel of communication to the Chinese authorities, not least because of our responsibilities for Hong Kong.

The prospects do not look very bright for a return to more moderate policies. The new hardline leadership is now consolidating its position. Political instability seems likely in the longer term. Deng Xiaoping has had to turn to the conservative veteran leaders and the army to bolster his authority. There is now no obvious successor to Deng.

Mr Hawke has cancelled his own proposed visit to China in October, a forthcoming Australian naval visit to Shanghai, and a visit by a Chinese trade delegation to Australia. He has also written in strong terms to Premier Li Peng condemning Chinese actions.



Hong Kong

As regards the impact on Hong Kong and the territory's prospects, the Prime Minister will wish to make clear that, while we do not want to play down the damage to confidence, we share a common interest in rallying round Hong Kong at this difficult time. The international community should do all it can to demonstrate its faith in Hong Kong's future.

Japan

Japan is Australia's foremost trading partner and Australia enjoys a small visible trade surplus. But there are difficulties over Japanese restrictions on imports of Australian agricultural products and over the rapid rise in Japanese property investment in Australia. The Australians are nevertheless keen to promote Japanese inward investment. The Prime Minister will wish to:

- seek Australian support in pressing for structural reforms of the Japanese economy. This will be a major British objective at the Paris Summit.

Japan is seeking to adopt a higher international profile more commensurate with her wealth. Her neighbours are ambivalent about this. But Japan's influence can also be a considerable Western asset. The Prime Minister might therefore:

- stress that we wish to see Japan better integrated into the Western political and economic system;
- elicit Australian views on Japan's growing international role, particularly in the Asia/Pacific region.

Cambodia

We expect the Vietnamese to withdraw their troops by the end of September. The French are pushing ahead with plans for an international conference co-chaired with Indonesia, to be preceded by a round table between the Cambodian factions in July.

The main point of disagreement between the factions is what to do about the Khmer Rouge. No one wants them to take over. The issue is how to prevent them provoking a civil war.



We believe that that the better tactic is to include the Khmer Rouge minus Pol Pot and his cronies in an interim administration.

The Australians seem to accept the inevitability of a civil war and tend to look more favourably on a deal which excludes the Khmer Rouge.

The Prime Minister might therefore:

- note apparent movement towards a settlement;
- express concern that the Paris International Conference should not simply establish an International Control Mechanism to verify Vietnamese withdrawal in the absence of an internal political settlement;
- argue that the international community should make every effort to prevent civil war and therefore support inclusion of a decapitated Khmer Rouge in an interim administration;
- urge Australia to put pressure on Vietnam and the PRK to be more flexible;
- (if asked) express HMG's willingness in principle to participate in a well prepared international conference, but warn that at least the main features of a political settlement should be agreed between the Khmer factions before a conference can play a useful role.

Vietnamese Boat People

The Geneva Conference went well. Resettlement offers totalled approximately 56,000 places, sufficient to clear the backlog over the next three years, including in Hong Kong. There was significant progress towards the establishment of a regional processing centre in the Philippines. The conference unequivocally endorsed the principle that screened out non-refugees have no alternative but to return to Vietnam, and gave a mandate to pursue this immediately. Multilateral progress will be slow due to American hostility. But bilateral talks with the Vietnamese are encouraging: they will not appear to condone forcible repatriation, but they are beginning to cooperate over the return of non-refugees to Vietnam.

Australia has been most helpful. Their objectives coincide with ours. In his statement at the Conference



the Australian Foreign Minister offered to resettle 11,000 refugees and to help finance a Refugee Processing Centre in the Philippines. He suggested the establishment of an international fund to meet more of resettlement and repatriation expenses. Australia has announced a A\$49,000 aid grant for boat people in Hong Kong.

The Prime Minister will wish to:

- thank the Australian Government for its help and generosity.
- express appreciation for UK/Australia cooperation over the Conference - encourage further cooperation notably:
 - to sustain pressure on Vietnam to cooperate fully on repatriation of non refugees.
 - for early establishment of Refugee Processing Centre in the Philippines.
 - to discourage Americans from making an issue out of mandatory repatriation.

The Conference did not pursue the Australian idea of an international fund. If Mr Hawke raises it, the Prime Minister can say that we will study it carefully.

South Pacific

Mr Hawke may touch on some South Pacific issues which affect Australia.

The constitutional position in Fiji remains unresolved. The process of producing a new constitution is being extended and interim Government now looks like continuing into next year. There is little likelihood of an application for readmission to the Commonwealth in the foreseeable future. Ratu Mara has said he will stand down at the end of the this year when the Interim Administration's original two year mandate expires. Mara has withdrawn his request for a legal draftsman (we proposed Sir William Dale) so we are deprived of a potential channel of influence. Fiji's relations with Australia remain prickly. Our aid programme has continued uninterrupted (mostly medical but also courses for military officers). Australia has latterly made its aid conditional on constitutional progress and recently announced the withholding of the next tranche.



The Prime Minister may be interested in Mr Hawke's views on the prospects for the Lange administration in New Zealand. Mr Lange looks increasingly like losing the next election, due by October 1990. The Opposition National Party has a 33-point lead in opinion polls and Mr Lange looks more and more embattled. Labour's slump is due to lack of any tangible rewards for the tough economic policies of the past 5 years, increasing worries over race relations, and Mr Lange's erratic style of leadership.

Australia is very concerned at sabotage of foreign mines and secessionist moves in North Solomons Province of Papua New Guinea. PNG government military and administrative resources are stretched and the Australians are expecting to be approached for assistance. Given her close relationship with PNG, Australia naturally wishes to do whatever possible to help PNG but does not wish to become embroiled in a military solution to the troubles. Although Britain does not share the same close interests in PNG as Australia, there is an increasing British investment there (c £500 million) and the country's potential petrocarbon and other mineral wealth (in which BP and RTZ have major stakes) points to greater opportunities.

Elections in New Caledonia on 11 June passed off peacefully. Since the Matignon Accords the territory has been less of an issue regionally. Franco/Australian relations have improved as a result. The assassination of the Kanak leaders Tjibaou and Yeweinie in May so far appears not to have disturbed the process.

I am copying this letter to Trevor Woolley (Cabinet Office).

Jane.
Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

UK/AUSTRALIA: PARTNERSHIP INTO THE 21ST CENTURY

(A basis for giving greater emphasis to the Bilateral Relationship)

SUMMARY

I AUSTRALIA'S POSITION IN THE WORLD

In international terms a medium sized power but regionally a major power.

International position based on the strength of her economy, (13th in the world); her active involvement in international cooperation; and as a major supplier of minerals and agricultural commodities.

Australia's situation on the periphery of Asia makes her relations with Asia vital but complicated.

Her long term economic prospects are likely to lie in seeking to participate in the economic growth of the Asian Pacific countries.

Over time this could mean that Australia's political interests may shift still further towards Asia and away from the West.

II UK-AUSTRALIA TRADE AND INVESTMENT

The two-way flow of trade and investment is the core of the bilateral relationship.

An estimated annual trade balance in our favour of approx £1½ billion. We are the third largest supplier of imports behind Japan and the USA.

There is more accumulated British investment in Australia than in any other foreign country except the USA.

Potential exists for British companies to use Australia as a base for further expansion of UK commercial interests in the Asian Pacific Rim where this ties in with individual characteristics and strategies. Australia's ambitious defence capital equipment

CONFIDENTIAL

We need to encourage regular parliamentary and youth exchanges. The Secretary of State for Education's visit in May 1989 identified several new areas for increased education and cultural exchanges.

VII FUTURE ACTION

To reinvigorate the relationship and achieve the objectives set out in section V above we need to:

- i) pursue actively the opportunities identified in the Consultancy report on trade and investment prepared for the June Trade and Investment Conference and follow up the possibilities opened up by the Conference
- ii) establish and develop the schemes for educational, scientific and technological cooperation agreed in principle during the Secretary of State for Education's visit to Australia (May 1989)
- iii) initiate and develop the bilateral work experience scheme
- iv) organise a programme of official inward visits by Australian Ministers to pursue specific objectives
- v) ensure we exploit fully the opportunities offered by regular bilateral visits and consultations
- vi) continue to look for new types of exchanges and new areas of cooperation.

Whitehall Australia Group
June 1989

CONFIDENTIAL

UK/AUSTRALIA: PARTNERSHIP INTO THE 21ST CENTURY

(A basis for giving greater emphasis to the Bilateral Relationship)

INTRODUCTION

I AUSTRALIA'S POSITION IN THE WORLD

II UK-AUSTRALIA TRADE AND INVESTMENT

III NON-TRADE UK INTERESTS IN RELATIONS TO AUSTRALIA

IV AUSTRALIAN INTEREST OTHER THAN BILATERAL TRADE

V OBJECTIVES OF AN ENHANCED RELATIONSHIP

VI MEANS TO ACHIEVE THE OBJECTIVES

VII FUTURE ACTION

INTRODUCTION

The Prime Minister visited Australia in August 1988, the first formal bilateral visit at that level since 1957. She was struck by the extent of our commercial interests and the potential which exists for developing a closer more productive bilateral relationship. On her return she expressed the wish that Ministers should ensure that their Departments took full advantage of the momentum created by her visit and by Mr Hawke's return visit to Britain (June 1989).

This paper examines the nature of Britain/Australia relations, assesses the significance of each country for the other, and explores the basis for a reinvigorated relationship which avoids condescension and is founded on an appreciation of mutual interest. Although we have decided to give relations with Australia a greater priority, as far as we know the Australian side to date has not taken a corresponding decision. The situation is somewhat one-sided. After a period of taking each other for granted, particularly since our entry into the European Community, the Australians will need some persuading that there are valid reasons for forging a closer relationship with the UK. Their fears of a 'fortress Europe', and what happens to Australian exports to Europe after 1992, will be an important element in this. Nevertheless, Australian ministers have told us that they considered relations were transformed by Mrs Thatcher's visit. They frequently state that the priority attached by Australia to relations with Asia does not mean that they wish to see relations with Britain and Europe weakened. The Australian Prime Minister made a notably warm speech on the bilateral relationship during Mrs Thatcher's visit and very readily accepted her invitation to him to visit Britain.

CONFIDENTIAL

I AUSTRALIA'S POSITION IN THE WORLD

In global terms Australia is a medium sized power with a bigger role on the international scene than is suggested by the size of her population (16m). Regionally she is a major power in Asian Pacific terms, and the dominant power in the South Pacific.

Her international position is based on the strength of her economy (13th in the world) and her active involvement in international cooperation. As a major supplier of minerals and agricultural commodities, with a narrow manufacturing base and limited domestic market, she is dependent on international trade, vulnerable to price fluctuations outside her control, and has a strong interest in the preservation of the multilateral world trading system, although she is protectionist where her own manufacturers are concerned. Japan is her largest trade partner, Britain her third largest after the United States. The main features of her international relations are:

- a) Her staunch support for western democratic values, and alignment with the western alliance. She is a valuable contributor to western intelligence
- b) The crucial political, economic, and defence relationship with the United States. The US is Australia's principal ally, specifically in ANZUS. Australia hosts important US defence facilities (but not bases)
- c) The maintenance of a close political and economic relationship with Japan through regular ministerial consultations
- d) Cultivation of good relations with the other Asian Pacific countries. Australia sees the Asian Pacific economic area as offering the best potential for the expansion of her overseas markets. She regards herself and wants to be regarded as part of the wider region. Early cultivation of China is paying commercial dividends. She also sees a large potential market opening up in the Soviet Far East
- e) Relations with the South Pacific. Australia has an obvious

CONFIDENTIAL

interest in the stability and development of the island states. She is the major aid donor (A\$ 300m to Papua New Guinea, A\$ 70m to the rest of the region) and has defence agreements with PNG. But as the giant in the area she has to tread warily to avoid trampling local sensitivities

- f) Active involvement in certain areas of international cooperation and international organisations, notably
- in GATT, as a leader of the Cairns Group working for reform of agricultural trade;
 - in the UN in the disarmament field (special Ambassador for Disarmament since 1983, initiatives on chemical weapons) and as a frequent contributor to peacekeeping forces (eg currently in Namibia);
 - through her interest in the Indo-China problem, where she is ready to help (she has taken 6,184 Vietnamese refugees from Hong Kong in the last 10 years);
 - through her membership of the Commonwealth
- g) Cultural, historical, personal, and trade ties with Britain (and to a lesser extent Europe).

Australia's situation on the periphery of Asia makes her relations with Asia vital but complicated. Although she is in Asia she is not of it. Her population and traditions are mostly not Asian. Her cultural isolation is daunting when measured in terms of the population ratio. By the year 2000 20m Australians will look across at 4000m Asians. Fear of the yellow peril has in the past been a major factor in Australia's attitude. Whereas her geographic isolation tends in fact to enhance her security, psychologically it leads to a sense of vulnerability. Although Asian immigration and business contact have brought some change in attitudes, fears of excessive Japanese investment in some areas and of a long term threat arising from land hunger in Indonesia and elsewhere in the Asian Pacific, still persist. Nevertheless, trade with the Asian Pacific is growing. Export markets there offer her the chance of overcoming the handicap of her small domestic market.

CONFIDENTIAL

Australia's comparative advantages and disadvantages in pursuing her international ambitions are as follows. She has the advantage of:

- a) considerable mineral wealth
- b) efficient large scale agricultural production
- c) political stability
- d) a relatively equitable distribution of wealth
- e) an educated work force
- f) secure frontiers, no natural enemies, relatively well trained and equipped defence forces
- g) the English language
- h) acceptability in the international community
- i) influential allies.

She has the disadvantages of:

- j) a small population
- k) an inhospitable hinterland
- l) a small domestic market
- m) heavy dependence on imports
- n) high labour costs
- o) difficult labour relations with many restrictive work practices.

Australia's long term prospects, in the economic field, are likely to be in increasing the value added component of her main exports, boosting her service sector, and participating in the economic growth of the Asian Pacific countries. The latter offer Australia the potential of rapidly expanding markets for her exports. Over time this could mean that Australia's political interests may shift still further towards Asia and away from the West. But for the foreseeable future Australia is likely to continue to have a major interest in retaining her export markets in the United States and Europe. Add this factor to her cultural and political heritage and it is clear that a significant part of Australia's future will continue to lie in her commitment to the West and her ties with the United States and Britain.

II UK-AUSTRALIA TRADE AND INVESTMENT

The two way flow of trade and investment is the core of the British-Australia bilateral relationship. Notwithstanding a remorseless decline post war and the consequences of our entry into the European Community, our trade links remain very substantial. But the Australians are concerned about the impact which the introduction of the Single European Market in 1992 could have on their trade relations with the UK and the rest of the EC.

Visible Trade

Taking visibles and invisibles together Australia provides us with our second largest trade surplus after the US, with an estimated annual balance in our favour of around £1½ billion. However our share of Australia's imports has declined from about 50% to some 7.5% since World War II. Japan and the USA are now her principal suppliers, each with about 20% of the market, with the UK third, and West Germany fourth, with about 7%. Latterly several other EC members, some NIE's and New Zealand, have substantially increased their market shares. Our relative decline has been mainly due to our inability to beat the competition in the market's biggest growth sectors eg machinery and capital equipment. We have lost out to Japanese and American domination in high-technology areas such as IT, consumer electronics and, until recently, aerospace. As a result, most of our competitors (but possibly not Japan and the USA in the last 5 years) are achieving higher growth in the market than the UK.

Nevertheless, Australia is our 14th largest visibles market with about £1.3 billion exports a year, almost all manufactures. In 1988 our exports increased strongly by 12.6%, while imports to the UK rose by 10%, thus widening the trade gap in our favour to £632 million, an increase of 15% on 1987. In the first 3 months of 1989 our exports to Australia rose by 28%. Our main visible exports are manufactures, specialised machinery, road vehicles, chemicals, food and beverages, books, and power generating equipment. Australia is the second biggest market in the world for British books. It is the BBC's most valuable overseas market.

Our imports from Australia have generally run at about half the

CONFIDENTIAL

level of our exports. We remain an important market for Australia, (after Japan, USA, New Zealand, Hong Kong and Korea), accounting for about 4% of all Australian exports (but less than 1% of total UK imports). Major Australian exports to the UK include non-ferrous metals, metalliferous ores, coal and textile fibres.

Invisibles

Accurate statistics are hard to come by, but we calculate that there is currently a UK surplus of about £700 million a year in our invisible trade with Australia. This makes her still one of the most profitable markets for UK services.

Most of the UK's invisible income is derived from insurance, financial services, travel and investment income. Australian visitors spend more money in Britain than anyone except Americans, Germans and French. In 1987 nearly half a million Australian visitors accounted for expenditure of £302m.

Investment

There is more accumulated British investment in Australia than in any other foreign country except the USA. Its total value is estimated at about £11 billion, some 20% of all foreign investment, although Australian figures put this much higher at about £17 billion. Britain continues to invest over £500 million annually in Australia (more than anyone except the US and Japan), making it our fourth largest net recipient of investment.

The level of UK investment has more than doubled in the past 5 years. UK companies, such as BOC, Unilever, P & O, BTR and Rugby Group took advantage of the October 1987 stock market crash and the subsequent weakness of the Australian dollar to purchase outright their holdings in a number of Australian subsidiaries. Over 1,500 UK companies are thought to be directly represented through subsidiaries in Australia. Many manufacture locally and remit profits. Cadbury Schweppes (UK) exports nothing to Australia but its local subsidiary provides 20% of the group's world-wide turnover. British Petroleum's investment in Australia is higher than in any country except the US and the UK.

CONFIDENTIAL

Australian investment in the UK is estimated to have increased seven-fold in the past 5 years to about £3 billion. But this may be an understatement. The wish to have a base of operations within the single European market is an underlying factor. Recent acquisitions have included Elders-IXL's take-over of Courage, National Australia Bank's purchase of Midland Bank's Scottish and Irish subsidiaries and the Bond Corporation's takeover of Airship Industries. About two-thirds of Australian investment in the EC continues to be in the UK (mostly in the form of mergers and acquisition rather than 'green-field' developments).

Access to Asian Pacific Rim Markets

Opinions tend to be divided about the advantages of using Australia as a base for further expansion of UK commercial interests in the Asian Pacific Rim. But many large UK public companies (for example BP, BTR, Cadbury-Schweppes) have invested heavily in Australia to develop their business in what is now generally acknowledged to be the world's fastest growing economic region. A recent study by Canberra showed that out of 60 British firms examined 48 are now exploiting 2 or more Asian markets from Australia. Others however have concluded that the region can be better served from elsewhere eg Hong Kong, and to a lesser extent Singapore.

High Australian unit labour costs and distances from the more dynamic markets of North-East Asia are often cited as major reasons for not developing new or existing operations in Australia. Others are discouraged by the levels of competition experienced, and by the disparate nature of many of the markets in the region, with the result that companies such as Hawker Siddeley service individual markets direct from the UK. In the longer term the option of using Hong Kong as a base for penetrating the region might become less attractive. Ultimately much will depend on the extent to which Australia can demonstrate sufficient comparative advantage to persuade UK companies that their individual corporate marketing strategies can best be advanced by locating at least part of their regional operations in Australia.

Australia as a Market for Defence Sales

Australia's ambitious capital equipment programme, estimated to be

CONFIDENTIAL

worth A\$25 billion over the next 10 years, presents a challenging opportunity to the UK defence industry. Our principal objective over this period must be to increase the UK's percentage of Australian defence imports (currently running at 10%). A vital step in this will be to ensure that UK sub-systems are well represented on board the ANZAC-frigate. (UK sub-systems currently specified as options are currently worth £350-500m). This will be our main aim over the next year. Following the recent award to GEC Marconi of a A\$15 million contract for an initial phase of the over the horizon radar project, we are also well placed to compete for the very valuable contracts which will be awarded in the later phases.

III UK INTERESTS OTHER THAN TRADE

Political

The UK has a political interest in:

- The continued success of democracy in Australia as an inspiration for democracy elsewhere, particularly in the South Pacific and wider Asian region.
- Australia's continuing alignment with the western alliance. British and western interests would suffer if Australia moved to non-alignment.
- The political stability and security of Australia as a factor in the security of trade routes linking the Asian Pacific to Europe.
- Our participation with Australia in the Five Power Defence Arrangements (FPDA) for the defence of Malaysia and Singapore.
- Australia's efforts to resist Soviet attempts to increase its influence in the Pacific at the expense of the United States.
- Australia's continuing support for the multilateral world trading system.
- Continued access to Australian intelligence and analysis on Asia and the South Pacific where they are sometimes better informed than we are.
- Australia's relations with Japan, China and other Asian Pacific countries as offering us a different perspective on Asia.
- Cooperation with Australia on Antarctic issues.
- Cooperation on Commonwealth issues.

CONFIDENTIAL

- Maintenance of our traditional links. Eight million residents of Britain are thought to have relatives in Australia. Nearly 2 million residents of Australia are entitled to British passports.

Strategic and Defence

Australia's strategic importance to the UK lies largely in her support for Western security interests as a whole through her contribution to the stability and security of Asia and the South Pacific. Her role in this respect can only increase in significance as the US continues its gradual reduction in military presence West of Hawaii. Although Britain's direct defence interests in the region will be very limited after the withdrawal from Hong Kong in 1997, we will rely heavily on cooperation with Australia to make the best of the resources we make available to meet those commitments that remain (eg to the FPDA).

A Source of Important Raw Materials

Australia supplies significant proportions of our imports of important raw materials: lead (75%), zinc (34%), coal (16%), iron ore (21%), nickel (7%), copper (5%), aluminium (6%) and certain strategic minerals (16%). UK generating boards obtain about 16% of their uranium from Australia. Australia supplies 21% of our wool imports.

She is also a significant supplier of raw materials to others. She accounts for 64% of world trade in wool. In other key commodities her share is: aluminium 12%, coal 35% (the world's largest exporter and expected to remain so into the next century), iron ore 47%, wheat 18% and sugar 17%. Excluding the Eastern Bloc she holds about 25% of the world's recoverable uranium resources. Her oil reserves are small and although she has been largely self sufficient she could be importing over half her oil requirements by the year 2000. But this estimate could change since she has recently made major discoveries of natural gas offshore, more are expected, and exports of liquified gas to Japan will start this year (1989). She may well eventually become a major gas supplier to the Pacific countries. Australia is a major agricultural producer and is likely to remain an important supplier of foodstuffs to the world market, especially wheat and meat.

CONFIDENTIAL

IV AUSTRALIAN INTERESTS OTHER THAN BILATERAL TRADE

It is very much in Australia's interest that we should continue our political support for free trade both within the Community and more widely - particularly, now, in the context of 1992. Australia has a major interest in the success of our efforts to reform the EC's agricultural policies.

It is also in Australia's interest that we should continue active participation in the FPDA and continue our involvement and aid giving in the South Pacific. Our bilateral defence cooperation is of substantial value to Australia particularly for the training experience. So is our intelligence cooperation. We represent a significant source of technology transfer. There are many shared interests too: security of world trade routes, denial of Soviet influence in the Pacific, concern about the environment, narcotics control, AIDS.

Through its relationship with Britain Australia can sometimes profit indirectly from our own separate network of international alliances and relationships eg our own special relationship with the United States, our contacts with Soviet leaders, and our membership of various organisations to which Australia does not belong. We can also provide a useful balance to her very close political and defence relationship with the United States. There are also all the formative cultural, historical and personal links.

V OBJECTIVES OF AN ENHANCED RELATIONSHIP

The overall objective is to advance our national interests. The specific aim is:

- i) To increase two way trade and investment as much as possible.
- ii) To build a close, instinctive, across the board relationship, based on an appreciation of each others interests, which allows us to protect our interests in Australia and to influence Australian policies so that they serve our interests.
- iii) To exploit all the possible opportunities for fruitful

CONFIDENTIAL

bilateral cooperation.

- iv) To achieve greater coordination of our international activities and policies.

VI MEANS TO ACHIEVE THE OBJECTIVES

Trade Promotion

The DTI and Posts in Australia have worked out a coordinated strategy for trade promotion and commercial work. Although, because of the diversity of UK exports to Australia it is difficult to target specific sectors without risking missing out on opportunities in other areas, the strategy currently gives emphasis to the following sectors:

- | | |
|--|---|
| - Oil and gas machinery | - CAD/CAM, industrial automation/robotics |
| - Giftware | - Clothing |
| - Medical equipment and pharmaceuticals | - Jewellery |
| - Pollution control equipment | - Food |
| - Scientific instruments | - Automotive components and accessories |
| - Retailing | - Hotels/hotel equipment |
| - Packing and other industrial equipment | - Tourism |

Areas like aerospace and telecommunications, where the UK is relatively strong, have not been included because the market is already well covered and/or because DTI assistance is not needed.

Twenty-five DTI sponsored outward trade missions are planned for 1989-90 involving up to 400 small and medium-sized companies. At least one inward mission a year is expected from Australia and a number of store promotions are being supported. The UK organised 7 joint ventures at trade fairs in Australia in 1988/89 and 9 in the current financial year in conjunction with Trade Associations and Chambers of Commerce. To encourage greater technological interchange between companies we are supporting a programme of technology seminars in Australia under the Overseas Seminar Scheme. A seminar on biotechnology has been held, further seminars on advanced manufacturing techniques and interactive video are proposed.

CONFIDENTIAL

The DTI are organising a major bilateral trade and investment conference to coincide with Mr Hawke's visit.

Political Exchanges

Regular well targetted visits by Ministers and officials and regular bilateral consultations/talks/exchanges provide the best means of developing close political relations. 1988, bicentenary year, was exceptional for the number of UK Ministerial and other British VIP visits to Australia. We are seeking with some success to prevent a dramatic falling off in 1989 and 1990 (4 and 3 senior ministerial visits respectively) but realistically we cannot expect to maintain the level of the last two years. Nevertheless if a new relationship is to be created and maintained, we should aim at 2 or 3 Cabinet level visits to Australia each year. Aside from considerations of reciprocity, inward Ministerial visits are also very valuable. We must seek to ensure that formal official invitations are extended to Australian Ministers for full programmes, and not just rely on Australian Ministers calling in on their British counterparts during brief stopovers in London, as tends to be the case at present. The value of visits by Ministers with "domestic" portfolios has been clearly shown in the case of recent visits by British Education Ministers.

As regards official contacts, we have recently sought to regularise and to expand the areas covered by official talks, although this may sometimes present the Australians with practical difficulties. Ideally we would like to see annual discussions on politico/military, intelligence, economic, Asia, aid, policy planning and United Nations matters. Where international co-operation is required in particular fields like the environment or narcotics control we hope that Australia will be one of the first countries outside Europe that we consider consulting. We should also look out for areas in which bilateral agreements could be usefully negotiated. We should continue to liaise closely with Australia on aid matters in the region, particularly on aid to the South Pacific. There may be scope for our making more of the fact that we both belong to the Western European and other regional group (WEOG) at the UN.

Defence Cooperation

Australia attaches considerable importance to the role of the FPDA in the region and has particularly welcomed our recent increased participation in FPDA exercises. But after our departure from Hong Kong, commitments elsewhere will make it increasingly difficult for us to maintain our present level of participation in FPDA exercises. We are therefore looking at ways of maintaining the effectiveness of our contribution, mainly through improved coordination of UK, Australian and New Zealand inputs. Our suggestions in this sense have been well received by the other two countries.

For historical reasons the level of individual service exchanges (86 on each side) is very high, far higher than the broader relationship previously warranted. Nevertheless we envisage maintaining roughly the current level. The plan is to continue at roughly present levels unit exchanges between UKLF and the Australian Army, as well as short-term exchange exercises.

We wish to continue making use of the valuable training and exercise facilities which Australia provides for the Hong Kong garrison and the Special Forces, and the first rank points of call in Australia for RN and RAF deployments.

The numbers of Australians on UK training courses has been declining partly because of increased dependence on US hardware and partly because of increasing self-reliance. We hope numbers will stabilise at present levels (300 per annum). We will continue to allocate Australia 3 places on RCDS (more than any other country except the US). Increased defence sales would probably increase demand for training, which MOD would be happy in principle to meet.

Opportunities for cooperation in out of area operations arise occasionally, eg Australian willingness to help with mine clearance in the Gulf, UNTAG in Namibia, but we would not expect this to happen regularly.

Science and Technology Co-operation

Cooperation with Australia in S & T is an attractive proposition for the UK particularly in materials science, astronomy, meteorology,

CONFIDENTIAL

marine biology and biotechnology. There is scope for further cooperation. 50 UK scientists go to Australia annually under Royal Society auspices. Some 300 Australian post-graduate scientists are working in British universities (compare 700 Canadians, 350 Singaporeans, 970 Malaysians). The visit to Australia by the Secretary of State for Education in May 1989 led to agreement that the following proposals in science and technology be considered in more detail before Mr Hawke's visit:

- new post-doctoral fellowship scheme
- programme of scientific collaboration in areas such as the global environment.

An announcement on the fellowship scheme will be made during Mr Hawke's visit. An exchange of letters on scientific collaboration to be signed by Mr Baker and Senator Button is also planned during the visit.

Other Contacts and Exchanges

Parliamentary

Parliamentary links are among the oldest established ties and are highly valued in Australia. The ANZAC Parliamentary Group in the UK is now almost 150 members strong and one of the largest such parliamentary groups. At the end of 1988 a Parliamentary Australia-UK Friendship Association was formed in Canberra. In 1988 The Speaker and the President of the Australian Senate agreed a pattern of regular Parliamentary visits. A UK delegation of 5 or 6 members will visit Australia every year. One Australian member will visit Britain every year. From 1990 or 1991 a larger Federal delegation of 6 members will visit Britain once every three years.

Australian parliamentarians are included in the FCO sponsored visitors programme. Many also travel to Britain privately but undertake official programmes during their stay. Inter Parliamentary Union (IPU) and Commonwealth Parliamentary Association (CPA) meetings provide further opportunities.

Youth, Work Experience

A proposal for a new scheme to encourage young Australians to visit

CONFIDENTIAL

the UK for work experience and vice versa has recently been put to the Australian Government. Subject to an initial quota of 500, it would allow Australians aged between 18 and 30, who are in employment in their own country, to acquire work experience in the UK for up to two years. Acceptance of such a scheme will have to be conditional on full reciprocity, thus maintaining job opportunities for the domestic labour force. We hope that early agreement in principle will enable an announcement to be made during Mr Hawke's visit.

Education and Cultural Exchange

In 1989/90 there will be some 75 scholarships and bursaries available to Australians to study and research in the UK under FCO, British Council, and Commonwealth Scholarship Commission schemes. In the same period the British Council will provide academic travel grants for some 130 Britons to make study and research visits to Australia. The League for the Exchange of Commonwealth Teachers arranges around 170 teacher exchanges with Australia per year, its largest exchange programme.

Mr Baker's recent visit identified new areas for cooperation:

- In exchanges of science teachers based on a science competition.
- Between Australian Distance Educational Centres and The Open University.
- In the application of technology, particularly in language teaching.

Mr Baker also announced the expansion of the British Council's Academic Links and Interchange Scheme (ALIS) to offer 10 bursaries a year to Australian post-graduate students. We hope to build this up to 20 per year.

During Mr Hawke's visit to Britain we expect to announce the creation of 10 new annual post-graduate scholarships for Australians to study in the UK, to be financed jointly by the FCO and an industry sponsor.

The British Council has bid for an additional £160,000 from April 1990 recurrently to fund the expansion of its programme in

CONFIDENTIAL

Australia. Activities under this programme include

- bringing Australians to Britain for research and to expose them to British practice, particularly scientists, planners, and administrators
- supporting links between British and Australian institutions of higher education for collaborative research and curriculum development in science and technology
- promoting the sale of British books
- supporting British arts events (British Council seed-corn money usually attracts four fold sponsorship).

Tourism

Britain and Ireland account for the third largest number of visitors to Australia (over 250,000 each year). New relatively inexpensive direct charter flights to Australia by Britannia may increase this number.

Over 300,000 Australians visited Britain in 1988, a rise of 5%. The British Tourist Authority maintains an office in Sydney.

VII FUTURE ACTION

To reinvigorate the relationship and achieve the objectives set out in section V above we need to:

- i) pursue actively the opportunities identified in the Consultancy report on trade and investment prepared for the June Trade and Investment Conference and follow up the possibilities opened up by the Conference
- ii) establish and develop the schemes for educational, scientific and technological cooperation agreed in principle during the Secretary of State for Education's visit to Australia (May 1989)
- iii) initiate and develop the bilateral work experience scheme
- iv) organise a programme of official inward visits by Australian Ministers to pursue specific objectives
- v) ensure we exploit fully the opportunities offered by regular bilateral visits and consultations
- vi) continue to look for new types of exchanges and new areas of cooperation.

WHITEHALL AUSTRALIA GROUP June 1989

ANGLO-AUSTRALIAN TRADE AND INVESTMENT CONFERENCE: 22 JUNE 1989

- 1 The Department of Trade and Industry (DTI) will be hosting a conference on trade and investment between Australia and the UK at the Queen Elizabeth II Conference Centre on 22 June 1989.
- 2 The decision to hold a one-day conference derives from the wish of the Prime Minister and the Secretary of State for Trade and Industry to follow up their separate visits to Australia last year to develop the economic and strategic relationship between the two countries. The Prime Minister of Australia supported by two senior trade/industry Ministers will make keynote speeches at the conference which will provide the main focus for discussions on trade and investment matters. Lord Young will co-chair the conference with his Australian counterpart, Senator Button, and a number of business leaders from both countries including Sir Ralph Robins of Rolls-Royce and Richard Branson of the Virgin Group will be taking part in the various presentations which are planned.
- 3 Each country has invited a carefully selected audience of approximately 150 participants to attend the Conference. Australian participation has been organised through the Confederation of Australian Industry and the CBI, the Australia and New Zealand Trade Advisory Committee (ANZTAC), and The Australia - British Chamber of Commerce (ABCC) have been involved in identifying the names of speakers and companies to attend from the UK.
- 4 A report on Australia-UK trade and investment has been jointly commissioned by both Governments from Coopers & Lybrand for the Conference. This will form the main basis for discussion and while its findings and conclusions break little new ground, it does confirm that numerous opportunities exist to further develop trade and investment links between the two countries. This is especially so given the access which both markets can offer to the rest of Europe and the Pacific Rim.
- 5 Australian interests in the conference are likely to centre on the industrial sectors they have already identified as priority areas eg communications and information industries, aerospace, biotechnology. Other targets include downstream mining and food processing activities, financial services, health-care and tourism. UK interests are likely to focus on the mutual benefits that can be obtained by the development of these activities through collaboration and on the opportunities for further investment.

MERGERS AND MONOPOLIES

1. Investment in the UK by Australian companies whether by direct investment in greenfield sites or by acquisition of UK companies is welcome - is part of the process of market forces operating in the UK economy and increases competition.
2. Merger control provisions are not operated in a protectionist way. The nationality of a bidder is not in itself a factor in mergers policy.
3. References to the Monopolies and Mergers Commission are made primarily on competition grounds - this has been expressed clearly and often.
4. Of some 13 acquisitions by Australian companies in the UK in the last 3 years qualifying for investigation by the MMC only 3 have been blocked.
5. Reference may exceptionally be made to the MMC on other grounds - which can include protecting strategic interests and many include very high leveraging where this is a threat to the public interest.

BACKGROUND

VISIT TO BRITAIN BY THE PRIME MINISTER OF AUSTRALIA: 20-24 JUNE 1989

UK STRATEGIC AND DEFENCE INTERESTS

1. Australia's strategic importance to the UK lies in her support for Western security interests through her contributions to the stability and security of Asia and the South Pacific. Her role can only increase in significance as the US continues gradually to reduce its military presence. Although Britain's direct defence interests in the region will be limited after the withdrawal from Hong Kong in 1997, we will rely heavily on cooperation with Australia to make the best of the resources we can make available to meet remaining commitments (eg to the FPDA) and to make a contribution to overall Western activities in the region.

BILATERAL DEFENCE RELATIONS

2. Although close, they are necessarily of a different order from those with our NATO allies. There are frequent exchanges of personnel from all three services and joint exercises; British units often exercise in Australia; large numbers of Australians attend military training courses in the UK and around 25 senior officers (one-star rank and over) visit Australia every year.

SHIPS' VISITS/NCND

3. The last RN ships' visits to Australia were for the bicentennial celebrations in 1988, when HMS ARK ROYAL and HMS EDINBURGH were subjected to anti-nuclear demonstrations. Those incidents had implications not only for future visits but also for the effectiveness of Australia's role in the Western Alliance. The Australian Government have been highly cooperative and, with our encouragement, are taking steps to avoid a repetition. They are publicly committed to acquiring ocean-going tugs for the Royal Australian Navy so that ships' visits can be handled without trade union assistance. On the dry-docking of visiting naval ships, we shall be taking up with the Australians the question of a public formula which does not compromise our NCND policy. We expect these arrangements to be in place by the time the next naval deployment to the region takes place in 1990.

AUSTRALIAN DEFENCE POLICY

4. The 1987 White Paper, which places Australia's defence policy firmly within the framework of the Western Alliance, projects capital expenditure of over £20 billion over the next 10-15 years. This procurement programme gives the British defence industry an excellent opportunity to improve on the rather small share of the Australian defence sales market which they have achieved so far.

/AUSTRALIA

CONFIDENTIAL

AUSTRALIA/NEW ZEALAND/US (ANZUS)

5. Provocative remarks by Mr Lange during his recent visit to the US about possible New Zealand withdrawal from ANZUS have focussed renewed attention on the 5 year old dispute between New Zealand and the US. The dispute led in 1985 to the breaking off by the US of military cooperation with New Zealand and later to the suspension of its security commitment under the ANZUS treaty.

6. The New Zealand Government is advocating defence cooperation with Australia, despite differences over the nuclear issue. A key question is whether New Zealand will replace its four ageing frigates under a joint Australia/New Zealand (ANZAC) programme, despite fierce domestic opposition.

Defence Department
12 June 1989

CONFIDENTIAL



16

Annex D

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

22 March 1989

Jean Boh.

Thank you for your letter of 10 March about the indexation of British pensions payable in Australia.

I can understand your disappointment at our decision not to uprate these pensions. However, as I said in my letter of 28 December last, we gave your proposal full and careful consideration but our decision had to be that we should not make such a change.

We have considered in detail all the options your officials have put forward for different approaches to indexation. However, the cost of any realistic change smaller than full indexation would still be considerable. For example, the eventual cost in 15 to 20 years of paying pension increases for pensioners aged 70 and over would be of the order of £55 million a year at current prices.

In these circumstances I have to say that I do not think a meeting of officials would be useful, as it would serve only to raise false expectations.

Warm regards,

Yours ever

R. J. L. Hawke

The Honourable R.J.L. Hawke, A.C., M.P.



AUSTRALIAN HIGH COMMISSION

Annex D

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438 8211

10 March 1989

The Rt Hon. Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON SW1A 2AA

My dear Prime Minister,

I have the honour to forward to you the following message from The Hon. R.J.L. Hawke, Prime Minister of Australia.

Text begins:

Dear Margaret,

Thank you for your letter of 28 December 1988 concerning the indexation of British pensions in Australia.

I am most disappointed that, once again, the United Kingdom Government's response is negative. I appreciate that the cost of full indexation would be substantial. However, the cost of other options such as some form of prospective indexation could be very modest in comparison.

While I note your point that frozen rate British pensions are paid in around 145 countries and uprated pensions in 30 others, Australia has by far the largest number of frozen rate pensioners, some 120,000. It is regrettable that such a large group, in a Commonwealth country with such close and extensive ties with Britain, does not merit a more favourable response from your Government.

It would be in our mutual interest to have further discussions between officials to explore ways of reaching a satisfactory resolution to this issue which my Government sees as involving injustice to a large group of people in Australia.

...2

I would welcome your agreement to talks with a view to putting forward realistic ~~options~~ for consideration by our Governments.

Yours sincerely,

Bob Hawke

Text ends.

Yours sincerely,

D. W. Evans

(D. W. EVANS)
Acting High Commissioner

RESTRICTED



file DTJ
(44)
bc: PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 June 1989

MR HAWKE'S VISIT: TRADE AND
INVESTMENT CONFERENCE

Thank you for your letter about the Britain-Australia Trade and Investment Conference on 22 June. I shall try to ensure that the Prime Minister gets there at 1625, and confirm that she will need to be away by 1655. The arrangements which you propose on arrival are perfectly acceptable. I expect that the Prime Minister will in practice speak without a text, but I enclose a version which she has approved.

C. D. POWELL

Ben Slocock, Esq.
Department of Trade and Industry

RESTRICTED

21

dti

the department for Enterprise

copy

RESTRICTED

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

C D Powell Esq
Private Secretary to
Prime Minister
10 Downing Street
London SW1

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5422

Our ref PS3AJL

Your ref

Date 16 June 1989

See Charles

MR HAWKE'S VISIT: TRADE AND INVESTMENT CONFERENCE

Thank you for your letter of 17 May approving the proposed arrangements for the Prime Minister's participation in the Australia-UK Trade and Investment Conference on 22 June.

As requested, I attach a draft, which has been approved by my Secretary of State, of the short speech which we think the Prime Minister should make in the final session of the Conference. It uses Christian name terms for the various dramatis personae. The Foreign and Commonwealth Office have proposed that the Prime Minister should refer, in the penultimate paragraph, to the creation of 10 annual Scholarships by BTR for Australian postgraduates to study in British Universities, to be funded jointly by BTR and the FCO.

I also enclose the latest version of the Conference programme. It is still planned that Senator Button will present the overall findings of the Conference at 4:30 pm, and that he will be followed by Mr Hawke who, in a 2-3 minute statement, will endorse these findings and make his closing remarks. The Prime Minister would then speak for a few minutes on the lines of the draft expressing her gladness that the Conference originally proposed by her to coincide with Mr Hawke's return visit to the UK had taken place and had been a success. She would also confirm that the UK Government warmly welcomes investment in the UK by Australian companies, and that we want to see further increases in the flow of trade and investment between the two countries. My Secretary of State as host and co-chairman, would then bring the Conference to a close. A draft of his closing remarks is also attached. This order



the department for Enterprise

of events would enable the Prime Minister to leave the Conference soon after 4:50 pm. I understand she has an engagement at No 10 at 5 pm.

I should be grateful if you would let me know the precise time of the Prime Minister's planned arrival at the Conference. What I would propose is that she should arrive at 4:25 pm, to be met by Lord Young and Senator Hutton, and be taken to the Nightingale VIP suite where Mr Hawke will be waiting. There should then be a photo-call in the West Foyer, after which the party would enter the Churchill Auditorium. I should be grateful if you could let me know if the Prime Minister would be content with this, and whether we should arrange an autocue for her speech.

I am copying this letter to Bob Peirce at the FCO.

Yours sincerely

BEN SLOCOCK
Private Secretary

DRAFT

CLOSING SPEECH FOR SECRETARY OF STATE AT TRADE AND INVESTMENT

CONFERENCE: 22 JUNE 1989

You have now heard all the speeches, including closing speeches by the Prime Ministers of Australia and the United Kingdom.

It is very fitting that Bob Hawke and Margaret Thatcher should have put their personal seal of approval on today's proceedings by their presence at this final session of the Conference. I am very grateful to them and also to John Button for his clear and succinct summing-up of the general conclusions which we have together reached.*

I am confident that two-way trade and investment will be given a permanent boost by the Conference. I expect that many of you here will have made new contacts, and will have formed new impressions of the scope offered by the expanding markets in the two countries and their potential as springboards to wider markets in their regions. I am sure you will want to follow-up the Conference in whatever way best suits the interests of your business.

For my part, I would like to build on the interest I have detected among Australian delegates in the possibility of

setting up some kind of base in the UK both because of the potential of the UK market itself and because of its attractions, which are highlighted in the Coopers & Lybrand report, as a bridgehead for wider operations in the Single European Market.

To this end, I shall be asking the Head of my Department's Invest in Britain Bureau, Chris Priston, to make a special visit to Australia in the autumn to give presentations on the advantages of the UK as a location for direct manufacturing investment within the European Community. If he were to find sufficient interest among Australian companies in direct manufacturing investment in the UK, the Bureau would aim to recruit a party of up to 14 Australian companies for an inward mission to the UK in 1990. They would have the opportunity during such a visit to meet all the regional and territorial development agencies, to hear what help and what possible financial incentives were available, and to visit potential factory sites themselves. I very much hope that Australian companies, including some of those represented here today, would take advantage of the opportunity to visit the UK in this way. As a fall-back, if the inward mission idea did not take off, it might be possible to set up a full-scale IBB seminar, involving a DTI Minister as a key speaker, supported by all the UK's regional and territorial development agencies, in Australia some time next year. If that were the case, given my great liking for the country, I hope I would be the Minister concerned!

I would now like to draw the proceedings of the Conference to a close. I have found it a most enjoyable and stimulating occasion, and I hope you all have too.

Senator Button is hosting a Reception for delegates and other guests in the Fleming room where we had lunch. I look forward to being with you again there.

PRIME MINISTER

MR. HAWKE'S VISIT: TRADE AND INDUSTRY CONFERENCE

One of the highlights of Mr. Hawke's visit is an all-day Australia/UK Trade and Industry Conference next Thursday at ^{the QEII Centre} ~~Manchester House~~. It will be chaired jointly by David Young and Senator Button. Mr. Hawke will give the opening address.

It has been agreed that you and Mr. Hawke will also attend the final half hour. What is envisaged is that you would arrive at 1625 for photographs: Senator Button would then present the overall findings of the Conference: Mr. Hawke will make a 2/3 minute statement: and you will then do the same. Finally, Lord Young will wind up the proceedings. With any luck, the whole affair can be compressed into 30 minutes.

I attach some remarks for you to make, together with a more detailed programme of the Conference. In practice, I expect you will want to ad lib a bit, adjusting your remarks to the conclusions drawn by Senator Button.

C.D.P.

CHARLES POWELL

16 June 1989

CONFIDENTIAL
FM CANBERRA
TO PRIORITY FCO
TELNO 552

OF 080030Z JUNE 89
INFO PRIORITY DTI, MODUK, CABINET OFFICE

SIC ACA/A2P

DTI (FOR PS TO S OF S),
MOD (FOR PS TO S OF S),
CABINET OFFICE (FOR CABINET SECRETARY),
NO 10. DOWNING STREET (FOR PS TO PM).

VISIT TO UNITED KINGDOM OF PRIME MINISTER OF AUSTRALIA,
20 - 24 JUNE. m

SUMMARY

1. MR HAWKE WILL BE RATHER PREOCCUPIED WITH THE AUSTRALIAN POLITICAL AND ECONOMIC SITUATION. THIS HAS CHANGED MARKEDLY, AND ON THE WHOLE TO LABOR'S DISADVANTAGE, SINCE THE PRIME MINISTER WAS HERE LAST AUGUST.
2. HAWKE HAS RECENTLY SPOKEN ENTHUSIASTICALLY OF LINKS WITH BRITAIN AND REFERRED TO HIS "EXCELLENT WORKING RELATIONSHIP" WITH THE PRIME MINISTER.
3. THE VISIT SHOULD SET THE SEAL ON THE MORE MODERN AND MATURE RELATIONSHIP WHICH HAS DEVELOPED OVER THE PAST YEAR.

DETAIL

POLITICAL SITUATION

4. POLITICALLY, THINGS ARE NOW NOT SO ROSY FOR THE FEDERAL LABOR GOVERNMENT. THE ECONOMY IS IN TROUBLE (SEE BELOW). THE GOVERNMENT'S EARLIER REPUTATION FOR SKILFUL ECONOMIC MANAGEMENT HAS BEEN DAMAGED. THE OPPOSITION PARTIES BOTH CHANGED THEIR LEADERS LAST MONTH IN OVERNIGHT COUPS AND WITH A RECONSTITUTED FRONT BENCH MAY NOW BE BETTER EQUIPPED TO FIGHT AN ELECTION.
5. RECENT ELECTORAL TESTS (BYE-ELECTIONS ETC) SHOWED THAT, ALTHOUGH VOTERS WERE BECOMING DISENCHANTED WITH LABOR, THEY WERE NOT MOVING IN ANY STRENGTH TO THE OPPOSITION PROBABLY BECAUSE ITS THEN LEADER, JOHN HOWARD, LACKED THE POPULAR APPEAL, AND AUTHORITY WITHIN HIS PARTY, TO WIN AN ELECTION. THE SUBSTITUTION OF ANDREW PEACOCK FOR HOWARD CHANGED THAT PERCEPTION SOMEWHAT, THOUGH IT REMAINS TO BE SEEN FOR HOW LONG. THE OPPOSITION HAVE A GENIUS FOR CONDUCTING INTERNAL SQUABBLES IN PUBLIC AND DID SO WITH VENOM IN THE DAYS FOLLOWING THE LEADERSHIP CHANGES. THEY BADLY NEED TO STAY UNITED NOW AND TO PREPARE FOR AN ELECTION WHENEVER THAT MAY COME. BUT WHEREAS, AT THE TIME OF MRS THATCHER'S VISIT LAST YEAR, FEW WOULD HAVE GIVEN THE OPPOSITION A CHANCE OF ELECTORAL VICTORY, NOW FEW WOULD DISMISS THAT POSSIBILITY (THOUGH PERSONALLY I THINK THEY STILL HAVE A LOT TO DO IF THEY ARE TO BEAT LABOR).
6. WHEN WILL HAWKE GO TO THE COUNTRY? CONSTITUTIONALLY, HE CAN WAIT TILL NOVEMBER 1990. BUT HIS DECISION IS COMPLICATED BY THE FACT THAT HALF THE UPPER HOUSE MUST BE RE-ELECTED BY JUNE 1990. TWO ELECTIONS CLOSE TOGETHER WOULD PROBABLY BE UNPOPULAR AND DIFFICULT TO MANAGE. THUS, HE IS LIKELY EITHER TO HAVE SIMULTANEOUS ELECTIONS FOR THE UPPER AND LOWER HOUSES BY JUNE NEXT YEAR OR, JUST POSSIBLY, DISPOSE OF THE UPPER HOUSE ONE EARLIER AND GIVE HIMSELF THE FLEXIBILITY OF HOLDING THE LOWER HOUSE ONE ANY TIME THEREAFTER BEFORE NOVEMBER 1990.
7. SOME THINK HE MIGHT PLUMP FOR A GENERAL ELECTION IN THE NEXT FEW MONTHS ON THE GROUNDS THAT THE ECONOMIC SITUATION IS LIKELY TO CONTINUE TO DETERIORATE WELL INTO NEXT YEAR AND HIS RE-ELECTION PROSPECTS CAN ONLY GET WORSE. I DOUBT THAT. HE IS MORE LIKELY TO REGARD EARLY ELECTIONS AS TOO HAZARDOUS AND THUS TO PLACE HIS HOPES ON AN IMPROVEMENT IN THE CONOMY LATER. I STILL THINK THAT SPRING, 1990 IS THE MOST LIKELY TIME, WITH NOVEMBER/DECEMBER 1989 AS A JUST PLAUSIBLE ALTERNATIVE. BUT HIS JUDGEMENT IS LIKELY TO BE BASED LARGELY ON HOW HE BELIEVES THE ELECTORATE SEE THE ECONOMIC SITUATION. ANY FAVOURABLE CHANGE IN THEIR PERCEPTION COULD TEMPT HIM.

ECONOMIC SITUATION

8. AUSTRALIANS ARE NOW MORE WORRIED ABOUT THE ECONOMY THAN AT ANY TIME SINCE THE LAST ELECTION (JULY 1987). THE CURRENT ACCOUNT DEFICIT HAS DETERIORATED SHARPLY IN THE LAST SIX MONTHS AND NET FOREIGN DEBT HAS NOW REACHED JUST OVER AUSTRALIAN DOLLARS 100 BILLION. THIS IS ABOUT 31.7 PER CENT OF GDP THOUGH IT SHOULD BE NOTED THAT SOME 60 PER CENT OF THE DEBT IS HELD BY THE PRIVATE SECTOR. HOME MORTGAGE RATES HAVE NOW RISEN TO 17 PER CENT AND MAY GO HIGHER. INFLATION AT 7 PER CENT IS ALSO LIKELY TO RISE FURTHER. APRIL'S PROBABLY INFLATIONARY PACKAGE OF TAX CUTS AND WAGE RISES HAS YET TO MAKE ITS IMPACT. THE PROSPECT IS OF A TIGHT MONETARY POLICY AND HIGH INTEREST RATES FOR MANY MONTHS YET. THE MAIN CURRENT POLICY ISSUE IS WHETHER THE DESIRABLE SLOW-DOWN OF ECONOMIC ACTIVITY CAN BE ACHIEVED WITHOUT RUNNING INTO A RECESSION. THE NORMALLY EBULLIENT TREASURER (KEATING) LOOKS BELEAGUERED AND THE LABOR GOVERNMENT AS A WHOLE IS FACING CRITICISM OF ITS ECONOMIC MANAGEMENT ON AN INCREASINGLY BROAD FRONT.

9. WHILE IN LONDON HAWKE WILL THUS HAVE AT LEAST ONE EYE ON THE AUSTRALIAN ELECTORATE. HE WILL WANT TO APPEAR AS AN EXPERIENCED, RESPONSIBLE FIGURE ON THE INTERNATIONAL STAGE. BOTH FOR POLITICAL REASONS AND BECAUSE OF PERSONAL STYLE HE WILL BE MORE INTERESTED IN THE WORKING CONTENT THAN THE CEREMONY OF THE PROGRAMME.

AUSTRALIAN ATTITUDES TO BRITAIN

10. THE PRIME MINISTER'S VISIT LAST YEAR, AND THE SERIES OF EIGHT MINISTERIAL VISIT TO AUSTRALIA SINCE THEN, HAVE PERSUADED HAWKE AND MANY OTHER AUSTRALIANS THAT THE BILATERAL RELATIONSHIP IS WORTH TAKING SERIOUSLY AGAIN. STRIKINGLY, HAWKE RECENTLY ATTENDED THE INAUGURAL EVENT OF THE NEWLY-FORMED AUSTRALIAN/BRITISH PARLIAMENTARY FRIENDSHIP GROUP. HE MADE AN ENTHUSIASTIC SPEECH ABOUT THE RELATIONSHIP, PRAISING ITS SPECIAL HISTORICAL CHARACTER AND ITS NEW MOMENTUM. HE SAID HE HAD BEEN MOST IMPRESSED BY ALL THE STEPS TAKEN BY MRS THATCHER IN THAT DIRECTION. HE ADDED QUOTE: MARGARET AND I ARE OF DIFFERENT POLITICAL PERSUASIONS BUT WE HAVE AN EXCELLENT WORKING RELATIONSHIP UNQUOTE. (A YEAR AGO THERE WAS NO SUCH GROUP TO ADDRESS AND HAWKE BRUSQUELY REFUSED AN INVITATION TO SPEAK TO THE AUSTRALIA/BRITAIN SOCIETY.)

11. ON 5 JUNE I REMINDED HAWKE THAT WHEN I FIRST CALLED ON HIM IN MARCH, 1988 HE ASKED ME WHAT I HOPED TO MAKE OF MY MISSION TO AUSTRALIA. I HAD REPLIED THAT I WANTED A MORE MODERN BRITISH/AUSTRALIAN RELATIONSHIP BASED ON WIDE PRACTICAL COOPERATION (MY TELNO 202 OF 1988). THE EVENTS OF THE LAST YEAR, AND HIS OWN SPEECHES ON THE SUBJECT, SHOWED THAT WE WERE WELL ON THE WAY. WE HOPED THAT HIS VISIT TO BRITAIN WOULD SET THE SEAL ON THIS MORE MODERN AND MATURE RELATIONSHIP. HE SAID THAT HE ENTIRELY AGREED WITH THESE REMARKS. HE WAS MOST IMPRESSED BY THE BRITISH EFFORT.

12. I ADDED THAT WE HAD AIMED TO GIVE HIM A PROGRAMME 'OUT OF THE ORDINARY'. THE INVOLVEMENT OF THE ROYAL FAMILY, THE MANY HOURS THAT HE WOULD SPEND AT NO. 10 DOWNING STREET, THE TRADE AND INVESTMENT CONFERENCE AND THE PARTICIPATION IN THE PROGRAMME OF ABOUT 10 BRITISH CABINET MINISTERS DID INDEED MAKE IT UNUSUAL. HAWKE SAID HE HAD NOTED THAT: THE PROGRAMME WAS EXCELLENT AND ACCEPTABLE IN VERY WAY. THE THREE MINISTERS HE WAS BRINGING WITH HIM HAD IMPORTANT PORTFOLIOS AND WERE SUBSTANTIAL FIGURES IN THEIR OWN RIGHT.

13. M.I.F.T. CONTAINS OBSERVATIONS ON THE SUBSTANCE OF THE TALKS, BASED PARTLY ON MY DISCUSSIONS WITH HAWKE AND OTHERS.

COLES

YYYY

CEHPAN 6726

NNNN

CONFIDENTIAL
FM CANBERRA
TO PRIORITY FCO
TELNO 553
OF 080040Z JUNE 89
INFO PRIORITY DTI, MODUK, CABINET OFFICE

*Pt. Hb
e*

SIC ACA/A2P

DTI (FOR PS TO S OF S),
MOD (FOR PS TO S OF S),
CABINET OFFICE (FOR CABINET SECRETARY),
NO. 10 DOWNING STREET (FOR PS TO PRIME MINISTER).

M.I.P.T.: VISIT TO UNITED KINGDOM OF PRIME MINISTER OF AUSTRALIA:
SUBSTANCE OF TALKS.

SUMMARY

1. THE AUSTRALIAN PRIME MINISTER AND OTHERS COMMENT ON THE SUBJECTS TO BE DISCUSSED IN LONDON.

DETAIL

2. ON 5 JUNE I HANDED MR HAWKE AN "INFORMAL CHECK-LIST OF POINTS" FOR HIS TALKS, EMPHASISING THAT WE DID NOT ENVISAGE A FORMAL AGENDA AND THAT ON THE DAY THE TWO PRIME MINISTERS WOULD OF COURSE DISCUSS WHATEVER THEY CHOSE TO.

3. MY LIST WAS AS IN YOUR TELNO 415 EXCEPT THAT
(A) I DELETED REFERENCE TO INWARD INVESTMENT PROBLEMS, FROZEN PENSIONS, THE CONSTITUTION ACT AND COAL SUBSIDIES, WHICH I DID NOT WISH TO ENCOURAGE HIM TO RAISE, AND DEFENCE SALES AS BEING MORE APPROPRIATE TO DEFENCE MINISTERS.
(B) I ADDED THE GALLIPOLI ANNIVERSARY COMMEMORATION, TO SMOKE HIM OUT, AND A SPECIFIC REFERENCE TO EDUCATION AND SCIENCE COLLABORATION TO REMIND HIS PEOPLE THAT WE WANTED THEIR EARLY AGREEMENT TO AN EXCHANGE OF LETTERS.

4. ON 6 JUNE I WENT OVER THE GROUND FOR THE TALKS WITH THE CABINET SECRETARY AND OTHERS.

5. IN THE LIGHT OF THESE EXCHANGES THE FOLLOWING POINTS MAY BE USEFUL.

GENERAL

6. HAWKE AGREED THAT THE LIST COVERED MOST OF THE GROUND BUT
(A) HE WANTS TO ADD "THE MIDDLE EAST, ESPECIALLY THE LEBANON" TO THE GROUP OF INTERNATIONAL ISSUES. HE HAS TAKEN A PARTICULAR INTEREST IN LEBANON RECENTLY UNDER DOMESTIC PRESSURE FROM ARAB COMMUNITIES AND HAS A LONG-STANDING INTEREST IN THE ARAB/ISRAELI PROBLEM. POST-KHOMEINI IRAN SHOULD OBVIOUSLY BE INCLUDED AS WELL:

(B) HE WOULD LIKE THE NATO ITEM TO READ: "EAST-WEST RELATIONS INCLUDING NATO SUMMIT". SINCE HE ENVISAGES A BROADER DISCUSSION OF EAST/WEST RELATIONS THAN YOUR LIST IMPLIES.

BILATERAL RELATIONS

7. SEE PARAS. 10 AND 11 OF M.I.P.T. FOR HAWKE'S COMMENTS ON THE BILATERAL RELATIONSHIP. HIS OFFICIALS HAVE SINCE SAID TO ME THAT BOTH SIDES WILL NO DOUBT HAVE SOME SPECIFIC ISSUES TO RAISE UNDER THIS HEADING. I HAVE LITTLE DOUBT THAT HAWKE WILL RAISE THE QUESTION OF FROZEN PENSIONS. I DOUBT THAT HE WILL RAISE OUR FAIRLY SEVERE DIFFERENCES OVER AIR SERVICE AGREEMENTS BUT HIS FOREIGN MINISTER MAY RAISE THESE WITH YOU (THOUGH NO-ONE HERE HAS YET SUGGESTED HE WILL).

CONSTITUTION ACT

8. MY TELNO 536 REPORTS THAT CODD WISHES TO DISCUSS THIS WITH SIR ROBIN BUTLER, THE IMPLICATION BEING THAT HAWKE MAY NOT RAISE IT PERSONALLY.

TRADE AND INVESTMENT

9. GIVEN AUSTRALIA'S CURRENT ECONOMIC DIFFICULTIES (M.I.P.T.) IT WILL NOT BE SO EASY FOR THE AUSTRALIAN TEAM AT THE CONFERENCE TO PORTRAY AUSTRALIA AS A GOOD PLACE FOR BRITISH INVESTMENT AND EXPORTS BUT THEY SHOULD BE ABLE TO POINT TO VALUABLE OPPORTUNITIES IN THE LONGER TERM. I AM NOT SURE THAT HAWKE WILL WISH TO DISCUSS DIFFICULTIES OVER AUSTRALIAN INVESTMENT IN BRITAIN BUT IT IS CERTAINLY RIGHT TO BRIEF DEFENSIVELY ON THE MATTER.

10. ACCORDING TO THE LATEST OFFICIAL FIGURES TOTAL AUSTRALIAN INVESTMENT IN UK INCREASED SHARPLY DURING THE LAST FINANCIAL YEAR (1987/8), RISING FROM AUSTRALIAN DOLLARS 7.5 BILLION TO AUSTRALIAN DOLLARS 12.3 BILLION (18 PER CENT OF THE TOTAL, SECOND IN SIZE TO THE U.S. WITH 28 PER CENT). UK INVESTMENT IN AUSTRALIA ALSO INCREASED STRONGLY, FROM AUSTRALIAN DOLLARS 37.1 BILLION TO AUSTRALIAN DOLLARS 44 BILLION, AND WE HAVE OVERTAKEN THE U.S. TO BECOME THE LARGEST FOREIGN INVESTOR IN AUSTRALIA.

GALLIPOLI ANNIVERSARY

11. HAWKE TOLD ME THAT AUSTRALIA WANTED TO MAKE MUCH OF THE 75TH ANNIVERSARY, NOT LEAST BECAUSE BY THE 100TH ANNIVERSARY NONE OF THE GALLIPOLI SURVIVORS WOULD STILL BE ALIVE. AS A MATTER OF COURTESY HE WOULD WISH TO DISCUSS THE PLANS WITH THE PRIME MINISTER.

REGIONAL ISSUES

12. HAWKE IS GRAVELY CONCERNED ABOUT THE LATEST EVENTS IN CHINA WHICH HE DESCRIBED TO ME AS 'TRAGIC'. HE AND AUSTRALIA HAVE INVESTED MUCH IN THE CHINESE RELATIONSHIP AS A CENTRAL ELEMENT OF THEIR FOREIGN POLICY AND ARE NOW DEEPLY WORRIED THAT THIS WILL BE SERIOUSLY STRAINED. HAWKE CONSIDERS ZHAO ZIYANG TO BE A PERSONAL FRIEND AND IS CONCERNED ABOUT HIS FATE.

13. I TOLD HAWKE THAT HE WOULD OF COURSE FIND BRITISH MINISTERS PREOCCUPIED WITH THESE EVENTS AND THEIR IMPACT ON HONG KONG AND ALSO MUCH CONCERNED ABOUT THE LATTER'S PROBLEM WITH VIETNAMESE BOAT-PEOPLE.

INTERNATIONAL ISSUES

14. HAWKE MADE NO PARTICULAR COMMENT ON THIS PART OF THE LIST BUT HIS OFFICIALS HAVE SINCE SAID THAT THEY ASSUME THE DISCUSSION OF CHOGM WILL INCLUDE SOUTHERN AFRICAN. I REPLIED THAT WE WOULD NOT BE SURPRISED IF THE AUSTRALIAN SIDE RAISED IT.

URUGUAY ROUND

15. AUSTRALIA'S AIMS FOR THE URUGUAY ROUND, AND ITS NEW CAMPAIGN TO HAVE COAL SUBSIDIES DEALT WITH, WILL OF COURSE BE A TOP PRIORITY FOR HAWKE.

ENVIRONMENT/ANTARCTICA

16. THE ENVIRONMENT HAS IN THE LAST 2 OR 3 MONTHS SUDDENLY COME TO THE FORE AS A MAJOR POLITICAL ISSUE IN AUSTRALIA. THE GREEN MOVEMENT WAS A FACTOR IN THE WESTERN AUSTRALIA ELECTIONS LAST FEBRUARY: FOLLOWING LAST MONTH'S ELECTIONS IN TASMANIA THE GREENS NOW HOLD THE BALANCE THERE AND MY SOON FORM GOVERNMENT AS A MINORITY PARTNER WITH LABOR. THE HAWKE GOVERNMENT HAS MOVED QUICKLY TO IDENTIFY ITSELF WITH ENVIRONMENTAL CONCERNS. THIS POLITICAL CONSIDERATION WAS A FACTOR IN THEIR DECISION NOT TO SIGN THE ANTARCTIC MINERALS CONVENTION. BUT IT WAS NOT THE ONLY ONE. IT WOULD BE A MISTAKE TO ASSUME THAT THE AUSTRALIAN POSITION ON THE CONVENTION IS NECESSARILY TEMPORARY OR THAT IT WILL EASILY BE CHANGED. THE MATTER IS NOW FIRMLY WITH MINISTERS AND LARGELY OUT OF THE HANDS OF THE AUSTRALIAN OFFICIALS INVOLVED EARLIER IN NEGOTIATING THE CONVENTION. THE FEDERAL OPPOSITION IS ALSO OPPOSED TO SIGNATURE. (I AM TELEGRAPHING SEPARATELY AND IN MORE DETAIL ABOUT AUSTRALIAN ATTITUDES TO THE CONVENTION.) I EXPECT THAT HAWKE WILL WANT TO EXPLAIN HIS THINKING ON THIS ISSUE TO THE PRIME MINISTER, AND HOPE WE WILL ASK HIM TO ANYWAY. I EXPECT HIM TO BE PARTICULARLY KEEN TO ANNOUNCE OUR PROPOSED SCIENTIFIC COLLABORATION ON THE GLOBAL ENVIRONMENT, AGREED DURING MR BAKER'S VISIT.

COLES



Foreign and Commonwealth Office

London SW1A 2AH

1 June 1989

John Charles

Mr Hawke's Visit: Briefing

In your letter of 13 March ¹⁹⁸⁹ you agreed the timing of the restricted bilateral and the full ministerial talks on 21 June. We aim to provide the Prime Minister with briefing in the form of two Private Secretary letters. One would cover bilateral and regional issues and the other international issues.

We shall cover the following:

Bilateral

- (a) The general bilateral relationship.
- (b) Political and official exchanges, particularly in foreign policy and defence.
- (c) Trade and investment (Mr Hawke may raise Australian difficulties with our inward investment regime, eg Elder's bid for Scottish and Newcastle Breweries, recently rejected by the MMC).
- (d) Defence sales.
- (e) Frozen pensions and the Constitution Act, both of which Mr Hawke is likely to raise.

Regional

- (f) Vietnamese boat people, China, Japan, Cambodia, New Zealand and the South Pacific.

International

- (g) NATO and G7 Summits.
- (h) 1992 and wider international trade issues, including agriculture and coal subsidies.
- (i) Mr Hawke's Asia Pacific economic cooperation initiative.
- (j) New Commonwealth Secretary-General



(k) CHOGM

(l) Environment, including Antarctica.

Of these issues we would expect (a), (c), (e), (g) and (j) to be covered, wholly or partly, in the Prime Minister's restricted session with Mr Hawke. The other subjects might be dealt with in the full ministerial talks, and perhaps over the working lunch.

The Foreign, Defence, and Trade and Industry Secretaries will all have bilateral discussions with their Australian counterparts in their respective Departments while the two Prime Ministers meet. The Foreign Secretary's discussions are bound to overlap with the Prime Minister's to some extent but he will also aim to cover subjects other than those detailed above.

I would be grateful for confirmation that you are content with the schedule outlined so that we can proceed with arrangements for briefing the Prime Minister.

Yours ever

R N Peirce

(R N Peirce)
Private Secretary

C D Powell Esq
PS/10 Downing Street

AUSTRALIA: Visit of Mr Hawke Pt 2





MRM

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

1 June 1989

Dear Bob,

**MR. HAWKE'S VISIT:
BRIEFING**

Thank you for your letter of 1 June about briefing for Mr. Hawke's visit. This seems very satisfactory to me.

*Yours sincerely,
C. D. Powell*

C. D. POWELL

R. N. Peirce, Esq.,
Foreign and Commonwealth office

l

R26-5



AUSTRALIAN HIGH COMMISSION

AUSTRALIA HOUSE
STRAND
LONDON WC2B 4LA
01-438 8000 8211

25 May 1989

Mr C.D. Powell
Private Secretary to the Prime Minister
Prime Minister's Office
No. 10 Downing Street
LONDON SW1A 2AA

Dear Charles,

I thought I should drop you a note to confirm what you told me over the telephone recently concerning Mr Malcolm Fraser's request for a call on the Prime Minister in June. I recorded from our conversation that she had agreed to a meeting at 5.30 p.m. on Wednesday 28 June after her return from the Madrid Summit.

I have passed this information to Mr Fraser who expressed his thanks and appreciation for the arrangements made.

*With kind regards,
Lewis*

(D.W. Evans)
Deputy High Commissioner

Re Crest

HER MAJESTY'S GOVERNMENT IN THE
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND

Visit of
the Prime Minister
of Australia
and Mrs. Hawke

20 to 24 JUNE 1989

The Honourable Robert J.L. Hawke, M.P., Prime Minister of Australia and Mrs. Hazel Hawke, will be accompanied by:

Senator The Honourable John Button,
Leader of the Government in the Senate and Minister for
Industry, Technology and Commerce

Senator The Honourable Gareth Evans,
Deputy Leader of the Government in the Senate and Minister
for Foreign Affairs and Trade

The Honourable Kim Beazley, M.P.,
Minister for Defence, Vice-President of the Executive Council
and Leader of the House

His Excellency The Honourable Douglas McClelland,
High Commissioner for Australia

Mr. M. H. Codd,
Secretary, Department of the Prime Minister and Cabinet,
and Secretary to the Cabinet

Mr. R. A. Woolcott,
Secretary, Department of Foreign Affairs and Trade

Dr. D. T. Charles,
Secretary, Department of Industry, Technology and
Commerce

Department of Defence

In attendance

Group Captain Paul Gray } }
 } }
 } } *Government Hospitality*
 } }

The Hon. Diana Makgill - *Lady Ceremonial Officer, Foreign and
Commonwealth Office*

The visitors will stay at:

*Hyde Park Hotel
66 Knightsbridge, S.W.1*

Senator Button will arrive at London Heathrow Airport (Suite) at 0555 hours on Sunday, 18 June by Flight QF 001 from Sydney

He will be met by

Senator Button will stay privately in the United Kingdom until the Official Visit begins on Tuesday, 20 June

Senator Evans will arrive at London Heathrow Airport (Suite) at 2000 hours on Monday, 19 June by Flight BA 781 from Stockholm

He will be met by

Senator Evans will stay privately in the United Kingdom until the Official Visit begins on Tuesday, 20 June

Mr. Beazley will arrive at London Heathrow Airport (Suite) at _____ hours on Saturday, 17 June by Flight _____ from Washington

He will be met by

Mr. Beazley will stay privately in the United Kingdom until the Official Visit begins on Tuesday, 20 June

TUESDAY, 20 JUNE

- (See page for programme for Mrs. Hawke)
(See page for programme for Senator Button)
(See page for programme for Senator Evans)
(See page for programme for Mr. Beazley)

1050 hrs Arrive London Heathrow Airport by Special
Flight from Paris
Special Waiting Room, South Side

Met by the Secretary of State for Foreign and
Commonwealth Affairs,
The Rt. Hon. Sir Geoffrey Howe, M.P.

Carpet Guard of the Queen's Colour Squadron
of the Royal Air Force

1105 Leave the Airport by car

1135 Arrive Windsor Castle
Entrance

1140 Received in audience by Her Majesty The Queen

1230 Attend Luncheon given by Her Majesty The Queen
Dress: Lounge Suit

1330 Leave Windsor Castle
(approx)

1410 Arrive Hyde Park Hotel
(approx) *66 Knightsbridge, S.W.1*

1540 Leave the hotel

1600 Arrive McIntosh and Co

Attend meeting with Senior Fund-Managers
Security Pacific House, 4 Broadgate, E.C.2

1750 Leave Security Pacific House

1810 Arrive at the hotel

1910 Leave the hotel

1920 Arrive Her Majesty's Theatre
Haymarket, S.W.1

TUESDAY, 20 JUNE (cont'd)

1915 ' Attend a performance of "Phantom of the Opera"
for Hosts: The Secretary of State for Education
1945 and Science and Mrs Baker
 Dress: Lounge Suit

Supper afterwards at

PROGRAMME FOR MRS. HAWKE

TUESDAY, 20 JUNE

- 1050 hrs Arrive London Heathrow Airport by Special
Flight from
Special Waiting Room, South Side
- Met by the Secretary of State for Foreign and
Commonwealth Affairs,
The Rt. Hon. Sir Geoffrey Howe, M.P.
- Carpet Guard of The Queen's Colour Squadron
of the Royal Air Force
- 1105 Leave the Airport by car
- 1135 Arrive Windsor Castle
Entrance
- Met by
- 1230 Attend Luncheon given by Her Majesty The Queen
- 1330 Leave Windsor Castle
(approx)
- 1410 Arrive Hyde Park Hotel
(approx) 66 Knightsbridge, S.W.1
- Leave the hotel
- School visit
- Arrive at the hotel
- 1910 Leave the hotel
- 1920 Arrive Her Majesty's Theatre
Haymarket, S.W.1
- 1915 Attend a performance of "The Phantom of the Opera"
for Host: The Secretary of State for Education
1945 and Science and Mrs. Baker
Dress: Lounge Suit
- Supper afterwards at

PROGRAMME FOR SENATOR BUTTON

TUESDAY, 20 JUNE

- 0615 hrs Leave Hyde Park Hotel
66 Knightsbridge, S.W.1
- 0630 Arrive London Heathrow Airport
Hounslow Suite
- 0655 Board Flight BA 390 departing at 0715 for Brussels
-
- 1625 Arrive London Heathrow Airport by Flight BA 395
from Brussels
Hounslow Suite
- 1645 Leave the Airport by car
- 1730 Arrive at the hotel
(approx)
- 1910 Leave the hotel
- 1920 Arrive Her Majesty's Theatre
Haymarket, S.W.1
- 1915 Attend a performance of "The Phantom of the Opera"
for Hosts: The Secretary of State for Education
1945 and Science and Mrs Baker
Dress: Lounge Suit
- Supper afterwards at

PROGRAMME FOR SENATOR EVANS

TUESDAY, 20 JUNE

1245 hrs Leave the Hyde Park Hotel
66 Knightsbridge, S.W.1

1255 Arrive Royal Institute of International Affairs
(approx) Chatham House, 10 St. James's Square, S.W.1

Met by The Chairman,
Sir Christopher Tugendhat
and by the Director
Admiral Sir James Eberle

1245 Sandwich buffet given by the Royal Institute of
for International Affairs
1300

1330 Senator Evans will give an address entitled: "Asia-
Pacific: An Australian Perspective"

1430 Leave Royal Institute of International Affairs
(approx)

1445 Arrive at the hotel

1530 Leave the hotel

1700 Arrive All Souls College
Cotte Street, Oxford ?

Met by
Sir Patrick Dean

Attend Seminar entitled:

Dinner given by
Host: The Provost of Oriel College,
Sir Ielman Cowen

PROGRAMME FOR MR. BEAZLEY

TUESDAY, 20 JUNE

0915 hrs Leave the hotel

0930 Arrive Ministry of Defence
Horseguards Avenue Entrance

Met by the Head of Protocol, Ministry of Defence,
Group Captain J. L. Dillon, RAF (Retd)

0935 Call on the Minister of State for Defence Procurement,
The Lord Trefgarne

1000 Plenary discussions

1030

1225 Leave the Ministry of Defence

1235 Arrive Lancaster House,
St James's S.W.1

1230 Luncheon given by Her Majesty's Government
for Host: The Minister of State for Defence Procurement
1245 The Lord Trefgarne

1400 Leave Lancaster House

1430 Arrive Royal Air Force Station Northolt

1435 Depart by helicopter

1515 Arrive ~~AREBA~~ MARCO DI
~~ST. JAMES'S PLACE~~

1630 Depart by helicopter

1715 Arrive Royal Air Force Station Northolt

1720 Leave RAF Northolt

1750 Arrive at the hotel

1910 Leave the hotel

Evening programme as for the Prime Minister
of Australia

WEDNESDAY, 21 JUNE

(See page for programme for Mrs. Hawke)
(See page for programme for Senator Button)
(See page for programme for Senator Evans)
(See page for programme for Mr. Beazley)

1005 hrs Leave the hotel

1015 Arrive Foreign and Commonwealth Office Quadrangle,
King Charles Street, S.W.1

Met by the Prime Minister
The Rt. Hon. Margaret Thatcher, M.P.

Received by a Guard of Honour found by the
1st Battalion Coldstream Guards under the command
of Major Hugh Bowcawen, with The Regimental Colour,
the Band of the Regiment and the Corps of Drums of
the Battalion

The Prime Minister of Australia will inspect the
Guard of Honour accompanied by the General Officer
Commanding London District and Major-General
Commanding the Household Division,
The Major-General Christopher Airy

1030 Arrive 10 Downing Street

Talks with the Prime Minister,
The Rt. Hon. Margaret Thatcher, M.P.

1130 Full Ministerial Talks

1300 Working Luncheon
(approx)

1430 Leave 10 Downing Street
(approx)

1440 Arrive at the hotel

1615 Leave the hotel

1845 Leave the hotel

WEDNESDAY, 21 JUNE (cont'd)

1905 Arrive Mansion House
Walbrook Entrance

1900 Dinner given by The Corporation of London
for Host: The Right Honourable The Lord Mayor,
Sir Christopher Collett
Dress: White tie

Return to the hotel

PROGRAMME FOR SENATOR BUTTON

WEDNESDAY, 21 JUNE

- 0900 hrs Leave the hotel
- 0915 Arrive Department of Trade and Industry
1 Victoria Street, S.W.1
- Talks with the Secretary of State for Trade and
Industry,
The Rt. Hon. Lord Young of Graffham
- 1115 Leave Department of Trade and Industry
- 1125 Arrive 10 Downing Street
- 1130 Attend Full Ministerial Talks
- 1300 Attend Working Luncheon
(approx)
- 1430 Leave 10 Downing Street
(approx)
- 1440 Arrive at the hotel
- 1615 Leave the hotel
- 1630 Arrive Australia House
Strand, W.C.2
- Meeting with Australian businessmen
- 1715 Leave Australia House
- 1730 Arrive at the hotel
- 1845 Leave the hotel
- 1905 Arrive Mansion House
Walbrook Entrance
- 1900 Dinner given by the Corporation of London
for Host: The Right Honourable The Lord Mayor,
Sir Christopher Collett
Dress: *White tie*

PROGRAMME FOR SENATOR EVANS

WEDNESDAY, 21 JUNE

- 1005 hrs Leave the hotel
- 1015 Arrive Foreign and Commonwealth Office Quadrangle
King Charles Street, S.W.1

Attend Guard of Honour Ceremony
- 1025 Leave Foreign and Commonwealth Office Quadrangle
accompanied by the Secretary of State for Foreign and
Commonwealth Affairs,
The Rt.Hon.Sir Geoffrey Howe,M.P.
- 1030 Talks with the Secretary of State for Foreign and
Commonwealth Affairs,
The Rt.Hon.Sir Geoffrey Howe,M.P.
- 1125 Leave Foreign and Commonwealth Office
- 1130 Arrive 10 Downing Street

Attend Full Ministerial Talks
- 1300 Attend Working Luncheon
(approx)
- 1430 Leave 10 Downing Street
(approx)
- 1440 Arrive at the hotel
- 1540 Leave the hotel
- 1555 Arrive House of Commons
Members' Entrance

Met by
- 1600 Call on the Principal Opposition Spokesman for Foreign
and Commonwealth Affairs,
The Rt.Hon.Gerald Kaufman,M.P.
Room:

PROGRAMME FOR MRS. HAWKE

THURSDAY, 22 JUNE

PROGRAMME FOR SENATOR BUTTON,

THURSDAY, 22 JUNE

- 0830 hrs Leave the hotel
- 0845 Arrive Queen Elizabeth II Conference Centre
Broad Sanctuary, S.W.1
Attend Trade and Investment Conference
- 1230 Luncheon given by
for Host: The Secretary of State for Trade and Industry
The Rt. Hon. Lord Young of Grafham
Dress:
- Trade and Investment Conference resumes
- 1730 Reception given by
Host: Senator the Honourable John Button
- 1830 Leave Queen Elizabeth Conference Centre
- 1845 Arrive at the hotel
- 1940 Leave the hotel
- 1950 Arrive 10 Downing Street
- 1945 Dinner given by Her Majesty's Government
for Host: The Prime Minister
2015 The Rt. Hon. Margaret Thatcher, M.P.
Dress: Lounge Suit

PROGRAMME FOR SENATOR EVANS

THURSDAY, 22 JUNE

0845 hrs Leave the hotel

0900 Arrive Queen Elizabeth II Conference Centre
Broad Sanctuary, S.W.1

Attend Trade and Investment Conference

1230 Luncheon given by
for Host: The Secretary of State for Trade and Industry,
The Rt. Hon. Lord Young of Grafham
Dress:

Senator Evans will give an address

1400 Leave Queen Elizabeth II Conference Centre

Arrive at the hotel

Leave the hotel

POSSIBLE CALL ON
MR PATTEN (ODA)

1600 Arrive Queen Elizabeth II Conference Centre
Broad Sanctuary, S.W.1

Return to Trade and Investment Conference

1730 Reception given by
Host: Senator The Honourable John Button

1830 Leave Queen Elizabeth II Conference Centre

1845 Arrive at the hotel

1940 Leave the hotel

1950 Arrive 10 Downing Street

1945 Dinner given by Her Majesty's Government
for Host: The Prime Minister,
2015 The Rt. Hon. Margaret Thatcher, M.P.
Dress: Lounge Suit

PROGRAMME FOR MR. BEAZLEY

THURSDAY, 22 JUNE

- 0845 hrs Leave the hotel accompanied by the Secretary of State for Defence,
The Rt. Hon. George Younger, M.P.
- 1000 Arrive Headquarters Strike Command,
Royal Air Force Station,
High Wycombe, Bucks
- Met by the Commander-in-Chief Strike Command
Air Chief Marshal Sir Patrick Hine
- Tour of Headquarters Strike Command
- 1230 Arrive Officers' Mess
- 1230 Luncheon
for Host: The Commander-in-Chief, Strike Command,
Air Chief Marshal Sir Patrick Hine
- 1345 Leave Headquarters Strike Command
- 1430 Arrive CINCFLEET,
Northwood
- Met by the Commander-in-Chief
Admiral Sir Benjamin Bathurst
- 1645 Leave CINCFLEET
- 1730 Arrive at the hotel
- 1940 Leave the hotel
- 1950 Arrive 10 Downing Street
- 1945 Dinner given by Her Majesty's Government
for Host: The Prime Minister,
2015 The Rt. Hon. Margaret Thatcher M.P.
Dress: Lounge Suit

FRIDAY, 23, JUNE

(See page 1 for programme for Mrs. Hawke)

0900 Working breakfast with the Leader of the Opposition,
The Rt. Hon. Neil Kinnock, M.P.
and Members of Her Majesty's Opposition

1045 Leave the hotel

1100 Arrive Lords Cricket Ground

Met by

Attend Test Match : England vs. Australia

Luncheon given by
Host:

Tea Interval Visit to AUSTRADE Marquee

Leave Lords Cricket Ground

Arrive at the hotel

1910 Leave the hotel

1930 Arrive Australia House,
Strand, W.C.2

1900 Reception given by His Excellency,
to the Australian High Commissioner

2100 Hosts: The Honourable Douglas McClelland and
Mrs. McClelland

Return to the hotel

Private Dinner

PROGRAMME FOR MRS. HAWKE

FRIDAY, 23 JUNE

SATURDAY, 24 JUNE

(See page for programme for Senator Evans)
(See page for programme for Mr. Beazley)
(See page for programme for Senator Button)

0930 hrs Leave the hotel

1010 Arrive London Heathrow Airport
Special Waiting Room, South Side

1030 Depart by Special Flight for Washington

will bid farewell

PROGRAMME FOR SENATOR BUTTON

SATURDAY, 24 JUNE

Leave the hotel

Arrive London Heathrow Airport

Depart by Flight for

will bid farewell

PROGRAMME FOR SENATOR EVANS

SATURDAY, 24 JUNE

Leave the hotel

1145 hrs Arrive London Heathrow Airport

Depart by Flight AF 002 at 1215 for

will bid farewell

WEDNESDAY, 21 JUNE (cont'd)

Leave House of Commons

Arrive at the hotel

1845 Leave the hotel

1905 Arrive Mansion House
Walbrook Entrance

1900 ? Dinner given by The Corporation of London
for Host: The Right Honourable The Lord Mayor,
Sir Christopher Collett
Dress: White tie

PROGRAMME FOR MR. BEAZLEY

WEDNESDAY, 21 JUNE

1005 hrs Leave the hotel

1015 Arrive Ministry of Defence
Horseguards Avenue Entrance

Met by

1030 Talks with Secretary of State for Defence
The Rt. Hon. George Younger, M.P.

1125 Leave Ministry of Defence

1130 Arrive 10 Downing Street

Attend full Ministerial talks

1300 Attend working lunch
(approx)

1430 Leave 10 Downing Street
(approx)

1445 Arrive hotel

1540 Depart hotel

1555 Arrive House of Commons,
Members' Entrance

Met by

1600 Call on Shadow Minister for Defence,
Mr. Martin O'Neill, M.P.

1700 Depart House of Commons

1715 Arrive at hotel

1845 Depart hotel

1905 Arrive Mansion House,
Walbrook Entrance

Dinner given by the Corporation of London
Hosts: The Right Honourable The Lord Mayor,
Sir Christopher Collett
Dress: *White tie*

THURSDAY, 22 JUNE

(See page for programme for Mrs. Hawke)
(See page for programme for Senator Button)
(See page for programme for Senator Evans)
(See page for programme for Mr. Beazley)

0855 hrs Leave the hotel

0905 Arrive Queen Elizabeth II Conference Centre
Broad Sanctuary, S.W.1

Met by The Secretary of State for Trade and Industry,
The Rt. Hon. Lord Young of Graffham

0915 The Secretary of State for Trade and Industry,
The Rt. Hon. Lord Young of Graffham will address the
Trade and Investment Conference

0930 Address Trade and Investment Conference

0950 Leave Queen Elizabeth II Conference Centre

1000 Arrive Battersea Heliport
Lombard Road, S.W.11

1005 Depart Battersea Heliport by RAF Puma

1025 Arrive Vauxhall Motors
Luton, Bedfordshire

Met by

Tour production facility

1130 Leave Vauxhall Motors by helicopter

1200 Arrive Battersea Heliport

1205 Leave Battersea Heliport by car

1230 Arrive House of Commons
Speaker's House

Met by the Speaker of the House of Commons
The Rt. Hon. Mr. Bernard Weatherill, M.P.

Drinks with the Speaker

1245 Leave Speaker's House

1250 Arrive the Residence of The Lord Chancellor

WEDNESDAY, 22 JUNE (cont'd)

1245 Luncheon given by
for Host: The Lord Chancellor
1300 Room: *Riverside Room*

1420 Meeting with Members under the auspices of the ANZAC
Parliamentary Group
Room: *The Grand Committee Room*

1510 Leave House of Commons

1630 Arrive Queen Elizabeth II Conference Centre
Broad Sanctuary, S.W.1

1630 Attend Final Plenary Session, Trade and Investment
Conference

1700 Attend reception given by
(approx) Host: Senator The Honourable John Button

1745 Leave Queen Elizabeth II Conference Centre

1755 Arrive at the hotel

1940 Leave the hotel

1950 Arrive 10 Downing Street

1945 Dinner given by Her Majesty's Government
for Host: The Prime Minister,
2015 The Rt. Hon. Margaret Thatcher, M.P.
Dress: Lounge Suit

PROGRAMME FOR MR. BEAZLEY

SATURDAY, 24 JUNE

Leave the hotel

Arrive London Heathrow Airport

Depart by Flight for

will bid farewell

DIRECTORY

Government Hospitality
8 Cleveland Row, St. James's, S.W.1 01-210 4291

Foreign and Commonwealth Office
Protocol Department 01-210
South Pacific Department 01-270 3262

Australian High Commission
Australia House, Strand, W.C.2 01-379 4334

Hyde Park Hotel
Knightsbridge, S.W.1

London Heathrow Airport
Special Waiting Room, South Side
Suite
Suite

Windsor Castle

Her Majesty's Theatre
Haymarket, S.W.1

Royal Institute of International Affairs
St James's Square, S.W.1

All Souls College
Cattle Street, Oxford

Oriel College,
Oxford

Ministry of Defence

Lancaster House
St James's, S.W.1

10 Downing Street

Mansion House

House of Commons

Queen Elizabeth II Conference Centre
Broad Sanctuary, S.W.1

Headquarters Strike Command
High Wycombe, Bucks

CINCFLEET
Northwood

Lord Cricket Ground

For Loc: Pa's view

to Art

Pg 2



alc
BW

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 May 1989

**MR. HAWKE'S VISIT:
INVESTMENT CONFERENCE**

Thank you for your letter of 16 May setting out the proposed arrangements for the Prime Minister's participation in the Conference on Trade and Investment into the 1990s on 22 June. I think the Prime Minister would be well content with what is proposed, and you may plan on that basis. I should be grateful if you could also let me have in good time a draft of the remarks which you think the Prime Minister should make in bringing the Conference to a close.

BF

I am copying this letter to Bob Peirce (Foreign and Commonwealth Office).

(C. D. POWELL)

Ben Slocock, Esq.,
Department of Trade and Industry.

21

dti

the department for Enterprise

CONFIDENTIAL

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
London
SW1

cdk

**Department of
Trade and Industry**

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5422
Our ref PB2BAS
Your ref
Date 16 May 1989

See Charles

**AUSTRALIA - UNITED KINGDOM AND INVESTMENT CONFERENCE ON
22 JUNE 1989**

at flap
Bob Peirce of the FCO wrote to you on 10 March about the arrangements for the visit of the Australian Prime Minister, Mr Hawke, to the UK in the week beginning 19 June. He said the FCO suggested that the Prime Minister should attend the closing session of the Trade and Investment Conference in the late afternoon of 22 June, and that the DTI would be writing to you separately about the Conference.

I attach a copy of the outline programme for the Conference which my Secretary of State has approved subject to confirmation that it will be convenient for the Prime Minister to attend, with Mr Hawke, the closing session at 4:30 pm. I believe this is already pencilled in the Prime Minister's diary. As you will see, Mr Hawke also intends to be present at the start of the Conference at 9 am and he will be delivering a key-note speech at 9:30 am.

Subject to the Prime Minister's views, Lord Young suggests that the order of events during the closing session might be as follows: Senator Button, who will not otherwise have an opportunity to speak at the Conference, should present the overall findings of the Conference. He would be followed by Mr Hawke who, in a 2-3 minute statement, would endorse these findings and make his closing remarks. Mrs Thatcher would then speak for up to 5 minutes expressing her gladness that the Conference originally proposed by her to coincide with Mr Hawke's return visit to the UK had taken place and had been a success. She could also confirm that the UK Government

dti

the department for Enterprise

warmly welcomes investment in the UK by Australian companies, and that we want to see further increases in the flow of trade and investment between the two countries. Lord Young, as host and co-chairman, would then bring the Conference to a close. This order of events would enable the Prime Minister to leave the Conference soon after 4:50 pm: I understand she has an engagement at 5 pm.

I should be grateful if you would let me know as soon as possible whether these proposed arrangements are acceptable to the Prime Minister.

I am copying this letter to Bob Peirce at the FCO.

Yours ever

Ben Slocock

BEN SLOCOCK
Private Secretary

AUSTRALIA - UNITED KINGDOM TRADE AND INVESTMENT INTO THE 90sOutline Conference Programme

- 8:00 - 8:50 am: Registration (and coffee)
- 9:00 am: Arrival at Conference of Mr R J L (Bob) Hawke, Prime Minister of Australia, with Lord Young and Senator Button, co-chairmen of the Conference.
- 9:05 am: Introduction by Peter Hobday, Presenter of the Conference, with scene-setting video.
- 9:15 am: Keynote Speech by Lord Young.
- 9:30 am: Keynote Speech by Mr Hawke.
- 9:45 am: Address by Sir Ralph Robins of Rolls-Royce Plc.
- 10:10 am: Address by Mr Alan Jackson of BTR Nylex.
- 10:30 - 11:00 am: Morning Coffee/Tea
- 11:00 am: Address by Mr Richard Branson of Virgin Group Ltd.
- 11:20 am: Address by Mr Simon Crean, President of Australian Council of Trade Unions.
- 11:40 - 12 noon: Speakers answer questions from delegates, chaired by Presenter.
- 12 noon - 12:30 pm: Presentation by Coopers & Lybrand Team on their UK-Australia Trade and Investment Study.
- 12:30 pm: Pre-lunch drinks.
- 1:00 - 2:30 pm: Lunch hosted by Lord Young.
- Address by Senator Gareth Evans, Australian Minister for Foreign Affairs and Trade.
- 2:30 - 4:00 pm: Discussion Group Sessions
- Commodities
 - Manufactured Goods
 - Services, including financial services.
- 4:00 - 4:30 pm: Afternoon Tea
- 4:30 - 5:00 pm: Final Plenary Session in presence of Prime Ministers of United Kingdom and Australia.
- 5:00 - 7:00 pm: Reception hosted by Senator Button.

AUSTRALIA: Visits of

Mr. Hawke P2

AUSTRALIA - UNITED KINGDOM TRADE AND INVESTMENT 1970 THE 198

Official Conference Programme

11:00 - 11:30 am: Reception at the airport by Mr. Hawke and Mrs. Hawke. Mr. Hawke will be accompanied by Mrs. Hawke and Mr. G. G. Whitmore, Secretary of the Department of Trade and Industry.

11:30 - 12:00 pm: Breakfast at the airport.

12:00 - 12:30 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

12:30 - 1:00 pm: Lunch at the airport.

1:00 - 1:30 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

1:30 - 2:00 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

2:00 - 2:30 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

2:30 - 3:00 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

3:00 - 3:30 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

3:30 - 4:00 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

4:00 - 4:30 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

4:30 - 5:00 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

5:00 - 5:30 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

5:30 - 6:00 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

6:00 - 6:30 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

6:30 - 7:00 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

7:00 - 7:30 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

7:30 - 8:00 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

8:00 - 8:30 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

8:30 - 9:00 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

9:00 - 9:30 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

9:30 - 10:00 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

10:00 - 10:30 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

10:30 - 11:00 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

11:00 - 11:30 pm: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.

11:30 - 12:00 am: Presentation by the Department of Trade and Industry of a copy of the 'Trade and Investment' report.



RESTRICTED



*File
Lo 83
loc. P.C.*

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

11 May, 1989.

VISIT BY THE PRIME MINISTER OF AUSTRALIA

Thank you for your letter of 10 May about the visit of Mr. Hawke and the question of participation in the talks.

I see no difficulty in principle about the restricted meeting with Mr. Hawke, although I do not exclude that the Prime Minister and Mr. Hawke might want to meet without anyone present, at least for part of the time.

I think, however, that the Prime Minister would be disturbed by the scale of participation proposed for the full Ministerial talks. Her preference is for participation to be restricted to Ministers, High Commissioners and notetakers: if that causes insuperable difficulties for the Australians, we at least should set a good example. In any event, she would wish that more limited participation to apply to the working lunch, with a separate lunch for senior officials.

(C.D. Powell)

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

RESTRICTED

20

WFC



Foreign and Commonwealth Office

London SW1A 2AH

10 May 1989

Dear Charles

Visit to Britain by the Prime Minister of Australia

You have already agreed to the timing of the bilateral discussions between the Prime Minister and Mr Hawke and of the full Ministerial talks. We now need to confirm participation in the talks and the working lunch.

We and the Australians have been working on the basis that the Ministerial terms for the full session of talks (immediately after the Prime Minister's restricted meeting with Mr Hawke) will be as follows:

UK

Prime Minister
Foreign Secretary

Defence Secretary
Trade and Industry
Secretary

Australia

Prime Minister
Minister of Foreign Affairs and
Trade (Senator Evans)
Defence Minister (Mr Beazley)
Minister for Industry, Technology
and Commerce (Senator Button)

Can we assume that in addition to yourself and Mr Hawke's Private Secretary, Sir John Coles and the Australian High Commissioner (Mr McClelland) will be expected to attend both the bilateral discussions between Prime Ministers, and the full ministerial talks?

Mr Hawke will be accompanied to Britain by his Cabinet Secretary, Principal Private Secretary, Senior Political Adviser and a political adviser on foreign affairs. Each Australian Minister will be accompanied by the Secretary (Permanent Secretary equivalent) of his Department. The Australians would like their team for the Ministerial talks at Number 10 to number 13. They have said that they regard this as their minimum. The two sides that are proposed for the full talks are:

/UK

UK

1. Prime Minister
2. Foreign Secretary
3. Mr Younger
4. Lord Young
5. Senior FCO official
6. Senior MOD official
7. Senior DTI official
8. British High
Commissioner
9. Sir Robin Butler
10. Sir Percy Cradock
11. Mr Powell
- 12.
- 13.

UK total = 11

Australia

- Prime Minister
 Senator Evans
 Mr Beazley
 Senator Button
 Mr Woolcott (Secretary DFAT)
 Senior Defence official
 Dr Charles (Secretary DITAC)
 Australian High Commissioner
- Mr Codd (Cabinet Secretary)
 Mr Walsh (Political Adviser to Mr Hawke)
 Mr Hollway (PS/Mr Hawke)
 Mr Bowan (Adviser on International
 Relations to Mr Hawke)
 Mr Evans (Deputy High Commissioner
 and notetaker)

Australian total = 13

This is a much larger meeting than we normally have for visiting Prime Ministers, but the nature of Mr Hawke's visit and the strength of the team he is bringing with him are quite exceptional.

If the Prime Minister agrees to the presence of senior officials at the talks, she might also wish them to attend the working lunch. If, however, she would prefer the lunch to be more restricted in numbers, we could arrange a separate lunch for senior officials.

Yours ever

R N Peirce

(R N Peirce)
Private Secretary

C D Powell Esq
 10 Downing Street

Australia - Visits of Hawke
PV 2





BRITISH HIGH COMMISSION
CANBERRA

1 May 1989

Mr Charles Powell
Private Secretary
No.10 Downing Street
London SW1

CF
Pl. big demand
2 June
CF

Dear Charles,

THE HAWKE VISIT

1. This is just to say that I shall be back in London (with Anne) from about 14 June for the Hawke visit the next week. If you need me for any purpose in connection with the visit Heads of Mission Section will know where to find me.
2. The visit is my unrepeatable opportunity to get on to more than conventionally good terms with Hawke. I have asked the F.C.O. to do all they can to give me maximum exposure to him during the visit but should be most grateful for anything you can do so far as the No.10 engagements are concerned. No reply necessary - I know you will do what you can.
3. The visit isn't shaping up quite as well as I had hoped. We have not been able to meet the Australians on a number of items - pensions, the Constitution Act (I think they will decline our offer of a magnificent replica), address to Parliament etc. And there is

/other



other fairly inflammable timber lying around - for example the Rank Hovis bid for Goodman Fielder, on top of Goodman Fielder's failed bid for Rank Hovis earlier and the blocking of Elliott's bid for Scottish and Newcastle. The Lord Mayor's insistence on white ties for the Mansion House (tho' the Hawke party are permitted to wear black) may also rankle him.

4. The answer, I think, is to try to give Hawke something on the substance of the visit. What he would probably like most is a ringing endorsement at Prime Minister level of our support for his efforts to reform world agricultural trade - the CAP, Uruguay Round etc - plus perhaps some support for his attempt to set up a Pacific trade forum. Those things would go down well in Australia and contrast favourably with what our German and French friends are likely to be able to do for him on the same tour. I have made the point to the F.C.O.

5. I much look forward to seeing you again.

*Yours ever
John Coles.*

Sir John Coles
High Commissioner



Cole SKW

cc PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 March 1989

VISIT BY THE PRIME MINISTER OF AUSTRALIA

Thank you for your letter of 10 March about the Australian Prime Minister's visit in June. I have already replied separately to the point about Parliamentary involvement.

I can now confirm that the timings proposed in your letter for 21 and 22 June are convenient and have been entered in the diary. I do not think the Prime Minister will want to attend the Lord Mayor's dinner on the evening of 21 June.

(C. D. POWELL)

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

Peirce

KK



ech
40

bcpc

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

12 March 1989

VISIT BY THE AUSTRALIAN PRIME MINISTER

You wrote to me on 10 March raising various points about Mr. Hawke's visit in June. I have discussed with the Prime Minister the problem over his apparent wish to address both Houses of Parliament. She agrees that we should not make an exception for Mr. Hawke on this, but has asked whether we might arrange for him to give a speech in the Guildhall. Since the Lord Mayor is giving a dinner for him, I imagine that this need not be pursued separately.

I will write further about the various timings for the meetings with Mr. Hawke.

(CHARLES POWELL)

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

ech

MRS PONSONBY

Charles

- ① Timings all OK
- ② I agree with you about Lord Mayor's banquet

AP
13/3

VISIT BY THE PRIME MINISTER OF AUSTRALIA

Could you look at the timings proposed for the various meetings and entertainment for Mr Hawke in June and let me know if they fit. I see no reason for the Prime Minister to go to the Lord Mayor's banquet on the evening of 21 June.

CD?

Charles Powell

10 March 1989

PRIME MINISTER

VISIT BY THE AUSTRALIAN PRIME MINISTER

There is a point to be resolved in connection with Mr Hawke's visit in June.

Mr Hawke's office have asked whether he will be able to address both Houses of Parliament. Unfortunately, the custom is that such invitations are limited to carefully selected Heads of State. In a way this is illogical, because it rules out some of our closest allies such as Australia and Canada, from ever having this privilege. But the rule has only ever been broken once and that was for Herr Brandt in March 1970. This was intended as an exceptional gesture of post-war reconciliation. No exception was made for Sir Robert Menzies even though he was Prime Minister of Australia and a close friend for thirty years.

The Foreign Secretary's recommendation is that we should not make an exception for Mr Hawke, otherwise the position will become impossible to hold within the Commonwealth. This must be right. We are doing everything we can to honour him in other ways during his visit.

Agree no speech to Parliament?

C.P.

Charles Powell
10 March 1989

Mac - yes.

Would be the idea
to do one # in Guildhall
or is that for Heads
of State as well
not

cc/c



Foreign and Commonwealth Office

London SW1A 2AH

10 March 1989

Dear Charles

Visit by Prime Minister of Australia

In your letter of 16 September 1988 you said that the Prime Minister had agreed the outline programme for Mr Hawke's visit. I enclose a copy of the draft programme as it now stands.

We now need to confirm timings for one or two events so that detailed planning can proceed, and also seek the Prime Minister's views on parliamentary contact. As you said in your letter the Prime Minister's participation will centre on the talks and lunch on 21 June and dinner on 22 June. We suggest the following timings for 21 June:

1015-1030	Guard of Honour, FCO Courtyard
1045-1130	Prime Minister/Mr Hawke
1130-1245	Full Ministerial talks
1300-1430 approx	Working lunch

Would the Prime Minister wish to attend the Lord Mayor's dinner the same evening (19.00)? We suggest the dinner at No 10 on 22 June be timed at 1945 for 2015.

If you can agree to these timings, or suggest alternatives for the events above, this will confirm all of the Prime Minister's involvement in Mr Hawke's visit with one exception. The DTI will write separately about the Trade and Investment Conference on 22 June which we suggest the Prime Minister attend briefly in the late afternoon.

Parliamentary Involvement

The Prime Minister will wish to be aware that Mr Hawke's office have enquired about the possibility of his addressing the members of both Houses of Parliament. In reporting this Sir John Coles has drawn attention to the fact that the customary limitation of such invitations to certain carefully selected Heads of State has the effect of denying the privilege to countries whose parliamentary practice is nearest to our own. He has also argued that

/it would



it would not be inappropriate to extend the practice to a country so close to us as Australia, and that the inclusion of such an occasion would add weight to Mr Hawke's programme.

In recent years, the only exception to the "Head of State only" rule has been Herr Willy Brandt, who addressed both Houses as Federal German Chancellor in March 1970. The privilege was extended to him as an exceptional gesture of post-war conciliation and in recognition of his personal contribution. The only others to have made such addresses have been Presidents Saragat (of Italy), Reagan, Mitterrand, King Juan Carlos and President von Weizaecker. No exception was made for Sir Robert Menzies, who as you know was Prime Minister of Australia for almost 30 years, and was an extremely close friend of Britain. The Foreign Secretary believes that if the practice were to be changed, it would be very difficult to hold the line within the Commonwealth; other Commonwealth heads of government could well come to expect to be honoured in the same way. Other close allies with non-executive Heads of State could ask for equal treatment for their heads of government.

The Foreign Secretary therefore takes the view that we should not make an exception for Mr Hawke in this way. We should however do everything we can to arrange a suitable parliamentary occasion for Mr Hawke. The ANZAC Group have already offered a meeting with him, possibly in the Grand Committee Room, as well as lunch. This would provide him with a parliamentary platform if he wished to give a speech.

Yours ever

Bosker

(R N Peirce)
Private Secretary

C D Powell Esq
10 Downing Street

VISIT TO BRITAIN BY PRIME MINISTER OF AUSTRALIA (DRAFT PROGRAMME)

Tuesday 20 June

AM Arrive London Heathrow (Ceremonial Carpet Guard)
Minister to greet

Travel direct to Windsor

LUNCH with HM Queen at Windsor

PM Visit Oxford (Speech)

EVENING Theatre - Phantom of the Opera

Wednesday 21 June

AM Guard of Honour (FCO Courtyard)

Talks with Mrs Thatcher followed by meeting of
full ministerial teams

WORKING LUNCH At No 10

PM Press Conference (Australian Press)

EVENING Lord Mayor's dinner (Mansion House)

Thursday 22 June

AM Keynote address to Trade and Investment Conference
 ? Call on Leader of the Opposition
 Address to ANZAC Parliamentary Group

LUNCH At Palace of Westminster (Hosted by ANZAC Group)

PM PM'S questions
 Return to Trade and Investment Conference
 Possible press conference (International Press)

1730 Attend reception hosted by Senator Button at QE2
 Conference Centre

EVENING No 10 dinner

Friday 23 June

AM Early am golf with Lord Young
 Possible visit to British Aerospace (Hatfield)
 Lords for lunch and Test Match

EVENING Australian reception

Saturday 24 June

EARLY AM Depart London

bhlaaa

Australia

Visit of Aust. PM to UK Pt 2

10.11.70 PM 9

Thursday 23

Friday 23 June

Saturday 24 June



SUBJECT CC FILE

CC MASTER

CC OPS

PRIME MINISTER'S
PERSONAL MESSAGE
10 DOWNING STREET
LONDON SW1A 2AA

SERIAL No. T 24/89

THE PRIME MINISTER

30 January 1989

Dear Bob,

During my visit to Australia last year, I told you that I hoped very much you would be able to visit the United Kingdom in 1989. I was very pleased that you agreed.

Since then, agreement has been reached on dates for your visit and on an outline programme. On behalf of the British Government, I therefore have great pleasure in conveying a formal invitation to you and Hazel to pay an official visit to this country from 20-24 June 1989.

As you know, I very much hope that you will bring some of your senior Ministerial colleagues with you, so that we can take advantage of your visit to consider our bilateral relations across the board and how we can make them even better. My invitation therefore extends to them and to their wives.

My visit to Australia in the Bicentennial Year was one of the highpoints of 1988 and I shall for ever be grateful for the warmth of the welcome which I received. I hope you will find the same friendly welcome in Britain - and shall do everything I can to ensure that is so.

Warm regards,

Yours ever

R. J. L. Hawke

The Honourable R. J. L. Hawke, A.C., M.P.



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

27 January 1989

The Prime Minister has agreed to write to Mr. Hawke to issue a formal invitation to visit the United Kingdom in June. I enclose her letter and should be grateful if you could arrange for it to be delivered as soon as possible.

(C. D. POWELL)

Richard Gozney, Esq.,
Foreign and Commonwealth Office.



Foreign and Commonwealth Office

London SW1A 2AH

27 January 1989

Dear Charles

Australia: Mr Hawke's visit to Britain

As you know, dates for Mr Hawke's visit to the country have now been settled and agreement has been reached on an outline programme. Sir John Coles believes that it would be helpful if the Prime Minister could now write to Mr Hawke, formally inviting him to pay an official visit to the United Kingdom between 20-24 June. This would put the visit on a proper basis and facilitate further discussion about the details and decisions on outstanding points.

I enclose a draft. You will see that it extends the invitation to those Ministerial colleagues Mr Hawke might wish to bring with him, together with their wives (your letter of 1 September 1988 refers). The latest information is that Mr Hawke is likely to be accompanied by Senators Evans (Foreign Affairs and Trade) and Button (Industry), but we would like to leave the way open for the inclusion of others.

Yours ever

(R N Peirce)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street

DSR 11 (Revised Sept 85)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1 +

FROM:
Prime Minister
DEPARTMENT:

TEL. NO:

Reference

BUILDING:

ROOM NO:

Your Reference

SECURITY CLASSIFICATION

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

PRIVACY MARKING

..... In Confidence

CAVEAT

TO:
The Rt Hon R J L Hawke AC MP
Prime Minister of Australia

Copies to:

KAY API

SUBJECT:

During my visit to Australia last year,

said you told you that I hoped very much
I expressed the hope that you would be

able to visit the United Kingdom in 1989.

very pleased
I was delighted that you agreed.

agreement has been

Since then, ~~our officials have reached agreement~~
on dates for your visit and on an outline programme.

On behalf of the British Government, I therefore
have great pleasure in conveying a formal invitation
to you and Hazel to pay an official visit to this
country from 20-24 June 1989.

As you know, I very much hope that you will bring
some of your senior Ministerial colleagues with
you, so that we can take ~~full~~ *consider* advantage of your
visit to promote the development of our bilateral
relationship ~~across~~ across the board. My invitation therefore
extends to them and to their wives.

*and how
we can make
them even
better*

Enclosures flag(s)

*can no longer
visit is so.*

*you will find
the same friendly
welcome in
London as you will
find in Sydney*

My visit to Australia in ^{*the*} Bicentennial Year was for
me one of the highpoints of 1988 and I shall ^{*for ever be*} never
^{*grateful for*} forget the warmth of the welcome which I received.

^{*hope*}
I shall do everything possible to make your visit to
Britain equally memorable.

AUSTRALIA: visit of

P. M. Hawke

pt 2

CONFIDENTIAL



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

16 September 1988

*File 0/0
a file
Tessa*

VISIT OF THE AUSTRALIAN PRIME MINISTER

Thank you for your letter setting out the sort of programme you envisage for Mr. Hawke on his visit to Britain next year. On the basis of this, the Prime Minister has agreed the dates of 19/23 June, with her own participation focussed on the talks and lunch on 21 June and dinner on 22 June. This may now be put to the Australian Government.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Secretary of State for Trade and Industry and the Secretary of State for Defence.

CHARLES POWELL

R. N. Peirce, Esq.,
Foreign and Commonwealth Officer.

CONFIDENTIAL

HS

E.R.
CONFIDENTIAL

PRIME MINISTER

VISIT BY MR. HAWKE

When we discussed dates for a possible visit by Mr. Hawke next year, you agreed in principle to the week 19-23 June but wanted to see a draft programme so that you could gauge the extent of your own involvement.

I attach a programme which the Foreign Office has drawn up. As you will see it would involve you heavily on Wednesday 21 June and in giving a dinner in Mr. Hawke's honour on the evening of Thursday 22 June. You might need to make a brief appearance at the trade conference in the course of Thursday 22 June.

I think this is probably manageable: any later dates run into the European Council, the Economic Summit and the June State Visit.

Agree that Mr. Hawke should be invited to the UK for the week 19-23 June?

CDP

Yes

C. D. POWELL

14 September 1988

SLHAZS

CONFIDENTIAL

CPC



Foreign and Commonwealth Office

London SW1A 2AH

13 September 1988

CPC, 13/9/88

Dan Archer

Australia

Thank you for your letter of 1 September about Mr Hawke's visit to Britain next year.

We agree with all your suggestions for Mr Hawke's visit and I enclose a draft outline programme based on them. We have informally consulted the Mansion House about the Lord Mayor's dinner on 21 June which they are happy to host. We have also informally sounded the Palace about a call by Mr Hawke on The Queen. The Queen has offered to give a lunch for Mr Hawke, probably at Windsor, followed by an afternoon's racing at Ascot. This is a singular honour and we are certain it would greatly appeal to Mr Hawke.

As soon as the Prime Minister has agreed the dates we will instruct Mr Coles to discuss the broad outline of the visit with Mr Hawke's staff. We would very much like to offer Mr Hawke a day (23 June) when we could plan a programme around his own preferences, though we could of course suggest some possibilities.

We expect both the Secretary of State for Trade and Industry and the Chancellor to participate in the Trade and Investment Conference on Thursday, 22 June, but we also feel that it would be extremely valuable if both the Prime Minister and Mr Hawke could briefly address the Conference sometime during the final session (between 1600 and 1800).

I am copying this letter to Alex Allan (HM Treasury), Brian Hawtin (Ministry of Defence) and Neil Thornton (Department of Trade and Industry).

Yours ever

R N Peirce

(R N Peirce)
Private SecretaryC D Powell Esq
10 Downing Street



MR HAWKE'S VISIT TO BRITAIN - DRAFT OUTLINE PROGRAMME

We expect Mr Hawke to travel from Australia over the weekend 17/18 June.

Monday 19 June

Arrival London? Guard of Honour? (depending on time of arrival we should allow Mr Hawke a large part of the day to recover from journey).

Tuesday 20 June

Visit Oxford?/Industrial Project(s)? West of London (Mr Hawke was a Rhodes scholar)

Lunch with HM The Queen probably at Windsor

Followed by visit to Ascot Race Meeting

Wednesday 21 June

0930

Guard of Honour? followed by

1000-1045/1100

PM/Hawke bilateral discussions and other bilateral ministerial meetings

1100-1230/1300

Full ministerial talks

1300-1430

Working lunch

1900 evening

Lord Mayor's dinner

Thursday 22 June

Trade Conference

Evening

PM's dinner at No 10

Friday 23 June

Visit places of interest to Mr Hawke outside London

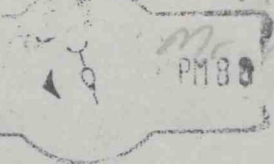
Saturday 24 June

Visit Lord's for England v Australia Test Match

AUSTRALIA: Posts to



13. IX.



PM88

McL...

A 2



CONFIDENTIAL

file DASTOX
bc: PC
T9



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

1 September 1988

AUSTRALIA

Thank you for your letter in response to mine of 7 August about the Prime Minister's visit to Australia.

I agree that we must start to think about the arrangements for Mr Hawke's visit next year and try to settle dates. I have discussed these with the Prime Minister; she is slightly anxious about committing herself to dates in late June which tends to be an exceptionally busy period. Before finally settling on them, I think we need to have a very clear idea of the exact format we envisage for the visit and the Prime Minister's own involvement in it. The main official items would presumably be a private talk between the Prime Minister and Mr Hawke (and no doubt between other Ministers and their Australian colleagues), a full session of talks between the two Ministerial teams, an official dinner and the Trade Conference. In addition, the Prime Minister would no doubt feel she should meet Mr Hawke on arrival, which would mean his being helicoptered into the centre of London. Apart from these engagements, I imagine that Mr Hawke would see The Queen and attend a lunch or dinner at the Guildhall. There should at some point in the programme be a Guard of Honour ceremony, given that this was a courtesy extended to the Prime Minister in Australia.

The day which would suit the Prime Minister best for the talks would be Wednesday 21 June and she could probably also manage a working lunch that day. But it would not be a good day for a dinner at Number 10, since there is Cabinet and Questions on Thursday. The official dinner might better be on Thursday 22 June. Perhaps the Lord Mayor could be encouraged to give a dinner at the Guildhall on the Wednesday. If this pattern were followed, presumably the meeting with The Queen would be on Tuesday 20 June. The Trade Conference would be held on Thursday 22 June or Friday 23 June. I should be grateful if you could draw up a programme on these lines so that I can go back to the Prime Minister with a firm proposal and we can then agree dates.

Bf

CONFIDENTIAL

DTS

CONFIDENTIAL

- 2 -

As regards the other aspects, I am sure the Prime Minister would be content with the participation proposed in your letter and also with the idea that the wives of Australian Ministers should be invited to come to London.

I am copying this letter to Alex Allan (HM Treasury), Brian Hawtin (Ministry of Defence) and Neil Thornton (Department of Trade and Industry).

C. D. POWELL

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

CONFIDENTIAL

PRIME MINISTER

cc Tessa Gaisman

AUSTRALIA

You agreed with Mr. Hawke that he would visit the UK next summer with a team of Ministers. John Coles is anxious to settle dates now, as well as a number of other details.

DATES

The most promising period looks likely to be 20-24 June. I attach your diary for that time. It is not ideal: you have ^{the Welsh Conference} a regional tour slotted in for 23 June and the European Council in the next week. But you would probably need to be involved on the first two days only (Mr. Hawke will probably want to go to the Test Match on 23/24 June); and they are better than the alternative which is 4-7 July (close to the Economic Summit and the inward State visit).

Agree to the period 20-24 June?

FORMAT

The idea is that there should be a seminar-type discussion between teams of Ministers on one day, followed by a Trade Conference on the next day.

One possibility would be to hold the talks down at Chequers on Wednesday 21 June with a working lunch (indeed you might like to invite Mr. and Mrs. Hawke to stay down at Chequers on the night of Tuesday 20 June). You could then return to London on the evening of 21 June to prepare for questions and Cabinet. You would need to be prepared to make an appearance at least at the Trade Conference on Thursday 22 June, and give a big dinner at No. 10 that evening.

Agree this format?

PARTICIPATION

The recommendation is that other Ministers taking part should be the Foreign Secretary, the Chancellor, the Defence Secretary and the Trade and Industry Secretary, together with their Australian counter-parts.

John Coles also suggests that the invitation to London should be extended to wives.

Agree on both points?

CDP

C. D. POWELL

31 August 1988

KKIADH

I am very worried
about the timetable. I don't
like being absent from London
on Tuesday ^{night} morning Wednesday.
However I doubt whether it is
right to start at the present.
I should prefer to start at
Downing Street

Friday 21 April

FINCHLEY COCKTAIL PARTY

Wednesday 3 May

Lunch for 1922 Committee

Friday 5 May

? CCO

Family Party

Monday 8 May

Keep free for speech writing

Tuesday 9 May

STATE BANQUET - BUCKINGHAM PALACE

Wednesday 10 May

Lunch in honour of President Babangida - No.10

Keep free for speech

Thursday 11 May

ATTEND RETURN STATE BANQUET

?

Friday 12 May

SCOTTISH CONFERENCE

Monday 22 May

EUROPEAN CANDIDATES CONFERENCE AND MANIFESTO LAUNCH

Wednesday 24 May

WOMEN'S CONFERENCE

Thursday 25 May

HOUSE RISES?

Tuesday 30 May

EURO PRESS CONFERENCE

Wednesday 31 May

KEEP FREE - OVERSEAS?

wednesday 7 June

REGIONAL TOUR

Saturday 10 June

Trooping the Colour?

Monday 12 June

EURO RALLY

Wednesday 14 June

FINAL EURO PRESS CONFERENCE

CONFIDENTIAL

Thursday 15 June
Euro Elections

Tuesday 20 June
AUDIENCE?

Friday 23 - Saturday 24 June
WELSH CONFERENCE

Monday 26 -Tuesday 27 June
EUROPEAN COUNCIL

Wednesday 28 - Friday 30 June
? Keep free

+ Srdj Visir.

Friday 7 July
FINCHLEY CARNIVAL (or 14th)

Thursday 13- Sunday 16 July
ECONOMIC SUMMIT

Friday 21 July
REGIONAL TOUR?

Monday 4 September
IPU CENTENARY CONFERENCE

Monday 11 - Friday 15 September
KEEP FREE

Friday 29 September
REGIONAL TOUR?

Tuesday 10-Friday 13 October
PARTY CONFERENCE

Saturday 21 October
FINCHLEY SPECIAL BALL

Wednesday 25-Tuesday 31 October
KEEP FREE?

Friday 27 October
FINCHLEY LADIES LUNCH

Saturday 11 November
FINCHLEY FAIR

Sunday 12 November
Remembrance Sunday (or possibly 5th)

Monday 13 November
LORD MAYOR'S BANQUET?

CONFIDENTIAL

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

30 August 1988

Dear Charles

Australia

Thank you for your letter of 7 August on the Prime Minister's visit to Australia.

The Foreign Secretary warmly welcomes the Prime Minister's wish to give Australia greater priority in our foreign policy. Mr Hawke's visit to the UK next year will be an important milestone.

As you will have subsequently seen from Canberra telex 659 and 660, Mr Coles has sought early agreement on dates for Mr Hawke's visit, other ministerial participation and the broad outline of the visit, so that he may discuss the visit as soon as possible with Mr Hawke's staff.

In addition to the Foreign Secretary we recommend that the Chancellor, Defence Secretary and Trade and Industry Secretary also participate. Lord Young will visit Australia in September and Mr Younger in March. Both will therefore be in a position to follow-up opportunities identified for advancing British interests. The Chancellor has regularly met his opposite number, Mr Keating, and would welcome the opportunity to continue the dialogue. We also strongly recommend that our invitations be extended to wives.

On dates, the period from 20-24 June is preferable. The Foreign Secretary, Chancellor of the Exchequer, Defence Secretary and Secretary of State for Trade and Industry would all be available to take part in bilateral talks. They would also be free from 4-7 July, but these dates are close to the 1989 Economic Summit and the summer State visit.

The Department of Trade and Industry are in favour of an Anglo-Australian Trade Conference and will now consider how this will best be organised. Lord Young may be able to propose such a conference and discuss the idea further with Australian Ministers during his visit.

/If

CONFIDENTIAL

CONFIDENTIAL



If the Prime Minister agrees with the proposed dates we will instruct Mr Coles to inform the Australian Government and discuss their participation.

I am copying this letter to Alex Allan (HM Treasury), Brian Hawtin (Ministry of Defence) and Neil Thornton (Department of Trade and Industry).

Yours are

Bosker

(R N Peirce)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL



30th
MAR 2 1908

● PART 1 ends:-

MR HAWICKS to PM. 22.4.86

PART 2 begins:-

CDP to PM. 31.8.88

Grey Scale #13



A

1

2

3

4

5

6

M

8

9

10

11

12

13

14

15

B

17

18

19

