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FM WASHINGTON 010105Z JANUARY 1980

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TEL NO 505 OF 31 JANUARY

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YOUR TEL 201: AUSTRALIAN PRIME MINISTER'S VISIT TO WASHINGTON.

1. PRIME MINISTER FRASER ARRIVED IN WASHINGTON LAST NIGHT AND LEAVES TOMORROW, ON 1 FEBRUARY. DURING HIS BRIEF STAY HE CALLED ON PRESIDENT CARTER AND SECRETARY VANCE (WHO ALSO GAVE HIM LUNCH). HE HAD TALKS WITH CIA DIRECTOR ADMIRAL TURNER AND DEPUTY SECRETARY OF DEFENCE CLAYTOR (HE WILL SEE SECRETARY BROWN AT A DINNER BEING GIVEN TONIGHT BY GOVERNOR HARRIMAN). A BREAKFAST MEETING WITH THE CONGRESSIONAL LEADERSHIP IS SCHEDULED FOR TOMORROW IMMEDIATELY PRIOR TO HIS DEPARTURE.

2. BENNETT (AUSTRALIA COUNTRY DIRECTOR) GAVE US A HASTY INCOMPLETE READOUT ON THE VISIT SO FAR (IE EXCLUDING FRASER'S CALL ON THE PRESIDENT THIS AFTERNOON, HIS TALK WITH BROWN TONIGHT AND THE MEETING WITH CONGRESSIONAL FIGURES TOMORROW) AND SAID THAT THE MAIN FOCUS OF THE TALKS WAS INEVITABLY ON AFGHANISTAN AND IRAN, INCLUDING THE ALLIED RESPONSE TO THE SOVIET THREAT, WITH SOME DISCUSSION ON AN INCREASED AUSTRALIAN MILITARY PRESENCE IN THE INDIAN OCEAN, AND EXPANDED U.S. USE OF AUSTRALIAN STAGING FACILITIES. THERE WERE FEW BILATERAL ISSUES TO DISCUSS.

3. AFGHANISTAN/IRAN. DURING HIS CALL ON VANCE, FRASER SAID THAT AFGHANISTAN WAS A WATER-SHED. UNLIKE CZECHOSLAVALIA IN 1968, IT WOULD NOT BE POSSIBLE TO REVERT TO BUSINESS AS USUAL WITH THE SOVIET UNION. IT WAS ESSENTIAL TO DEVELOP A CONCERTED ALLIED POLICY. MIDDLE EASTERN OIL WOULD BE A CRITICAL ELEMENT. THE ALLIES SHOULD NOT ASSUME THAT THE SOVIETS WOULD NOT AIM AT OTHER TARGETS OF OPPORTUNITY, SUCH AS IRAN. THE SOVIET INVASION OF AFGHANISTAN PRESENTED THE WEST WITH AN IDEAL OPPORTUNITY TO SEEK NON-ALIGNED AND THIRD WORLD ASSISTANCE IN RESISTING SOVIET ADVENTURISM. MR VANCE AGREED WITH FRASER'S ASSESSMENT AND ON THE NEED FOR A POSITIVE APPROACH TOWARDS IRAN BUT THE US WAS BADLY HAMPERED BY THE HOSTAGE ISSUE (WHICH HE /EXPECTED

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EXPECTED TO LAST A MONTH AT MOST.) MR VANCE TOLD FRASER THAT THE US WAS GOING TO IMPOSE SANCTIONS ON IRAN AND THAT THEY WOULD PRESS OTHERS TO DO THE SAME, BUT AFGHANISTAN WAS NOW A HIGHER PRIORITY THAN IRAN. THERE WAS SOME DISCUSSION OF BANI SADR'S NEW ROLE AND THE OPPORTUNITIES THIS COULD PRESENT FOR THE RESOLUTION OF THE HOSTAGE ISSUE.

4. MR VANCE AND FRASER AGREED THAT MR PEACOCK'S VISITS TO INDIA AND PAKISTAN HAD BEEN USEFUL. MR PEACOCK HAD FOUND MRS GHANDI UNMOVED BY THE SOVIET INVASION, AND THE PAKISTANIS HYSTERICAL. MR VANCE TOLD FRASER THAT HE WAS DETERMINED TO GET THE PAKISTAN AID PACKAGE THROUGH CONGRESS.

5. ON THE MIDDLE EAST, MR VANCE AGREED IT WAS IMPORTANT TO CONTINUE WORKING FOR A SOLUTION TO THE PALESTINIAN PROBLEM, AND SAID HE AWAITED WITH INTEREST AMABSSADOR LINOWITZ'S RETURN FROM HIS CURRENT VISIT TO THE MIDDDDLE EAST.

6. FRASER EXCHANGED VIEWS WITH ADMIRAL TURNER ON INTELLIGENCE COOPERATION.

7. DURING HIS TALK WITH CLAYTOR, FRASER PUT IN A PLEA FOR MORE US MILITARY ASSISTANCE TO ASEAN COUNTRIES (AT HIS PRESS CONFERENCE THIS AFTERNOON HE ANNOUNCED INCREASED AUSTRALIAN ECONOMIC ASSISTANCE TO THE SOUTH PACIFIC). HE ALSO ASKED FOR A MORE ACTIVE US RECONNAISSANCE ROLE IN THE INDIAN OCEAN AND DISCUSSED THE POSSIBILITY OF A HEIGHTENED AUSTRALIAN PRESENCE IN THE AREA. IT WAS ALSO AGREED TO ACCELERATE THE DATE OF THE NEXT ANZUS MEETING.

8. BENNETT COMMENTED THAT ONE OF THE PROBLEMS OF US/AUSTRALIAN RELATIONS IN THE PAST WAS THAT THERE WAS LITTLE TO TALK ABOUT. PREVIOUS AUSTRALIAN MINISTERIAL VISITS HAD BEEN DAMP SQUIBS, BUT ON THIS OCCASION THERE HAD BEEN MATTERS OF SUBSTANCE TO DISCUSS, MUCH TO THE SATISFACTION OF BOTH PARTIES. BENNETT SAID THAT THE STATE DEPARTMENT AUSTRALIAN BUREAU WERE VERY PLEASED WITH THE VISIT. HE THOUGHT THAT THE AUSTRALIANS WERE AS WELL AND THAT FRASER WOULD DERIVE CONSIDERABLE DOMESTIC BENEFIT.

/9. SPEAKING

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9. SPEAKING AT A PRESS CONFERENCE AFTER HIS CALL ON THE PRESIDENT, FRASER SAID QUOTE IT IS LIKELY THERE WILL BE A GREATER USE OF STAGING FACILITIES AND JOINT EXERCISES UNQUOTE, AND THAT AUSTRALIA WAS QUOTE CONSIDERING INCREASING ITS DEFENSE SPENDING AND STEPPING UP NAVAL AND AIR PATROLS OF THE INDIAN OCEAN UNQUOTE. HE ADDED QUOTE TWO POSSIBILITIES WERE INCREASED AMERICAN USE OF THE WESTERN AUSTRALIAN NAVAL BASE OF COBURN SOUND AS A STAGING BASE AND THE HOLDING OF JOINT MILITARY EXERCISE UNQUOTE.

10. THE FOREGOING IS TO MEET YOUR DEADLINE. WE HAVE BEEN PROMISED MORE DETAIL ON THAT PART OF THE TALKS COVERING FUTURE EFFORTS IN THE INDIAN OCEAN AND GULF AREAS AND WILL TELEGRAPH THEM AS SOON AS WE CAN.

HENDERSON

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MED	PS/PUS
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EAD	MR BULLARD
CCD	MR FERGUSSON
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