

CONFIDENTIAL

Prime Minister,



Foreign and Commonwealth Office

London SW1A 2AH

1 February 1980

Dear Michael,

Prime Minister's Lunch with Mr Fraser: 4 February

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

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

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

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

Yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O D B Alexander Esq
10 Downing Street
LONDON

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

SUPPLEMENTARY DEFENSIVE BRIEF: COCOM - HIGH TECHNOLOGY EXPORTS TO USSR

POINTS TO MAKE (DEFENSIVE)

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

Trade Relations and Exports Dept

1 February 1980



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

SUPPLEMENTARY DEFENSIVE BRIEF: COCOM - HIGH TECHNOLOGY EXPORTS TO USSR

ESSENTIAL FACTS

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

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

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

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

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

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



-2-

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

Trade Relations and Exports Dept

1 February 1980

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

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

POINTS TO MAKE (Defensive Only)

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

ESSENTIAL FACTS

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

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S. Gray
5/11/2014

The Governor-General of Australia

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

Reciprocity

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

SECRET



Foreign and Commonwealth Office

London SW1A 2AH

1 February 1980

Dear Michael,

Visit of Australian Prime Minister

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

yours ever

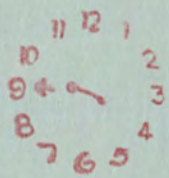
R M J Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

SECRET

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S E C R E T

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

LIST OF BRIEFS

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

S E C R E T



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

BRIEF NO. 1: STEERING BRIEF

Topics for Discussion

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

Australian Political Scene

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

Commonwealth Heads of Government Meeting 1981

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

The party conference next year is 13-16 October.

Mr Fraser's Programme

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

/Alexandra



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

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

Mr Fraser

Mr MacKellar

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

Mr P Henderson, Secretary, Department of
Foreign Affairs

Mr W Pritchett, Secretary, Department of
Defence

Mr R Fernandez, Acting Australian High Commissioner.

New Australian High Commissioner

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

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

REGIONAL ISSUES

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

EAST-WEST

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

CHINA

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



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

BRIEF NO. 2 : AFGHANISTAN

ESSENTIAL FACTS

~~Flags A~~
& ~~B~~

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

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

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

3. *Please see next page.*

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

/Pakistan



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

AMENDMENT TO BRIEF NO. 2: AFGHANISTAN

PLEASE SUBSTITUTE THE FOLLOWING AMENDED PARAGRAPH 3:

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

Foreign and Commonwealth Office
1 February 1980

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FM FCO 251407Z JAN 80
TO IMMEDIATE CANBERRA
TELEGRAM NUMBER 58 OF 2
MY TELNO 34

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

BEGINS

DEAR MALCOLM

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

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

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

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

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MILITARY

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

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

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

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

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

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

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

YOUR SINCERELY,
(SGD) MT

ENDS

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

CARRINGTON

FILES

SPD

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PS/LPS

PS/MRHURD

PS/MR BLAKER

PS/PUS

MR BULLARD

MR FERGUSSON

MR CORTAZZI

MR MURRAY

3

SECRET

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SECRET

F11 FCO 171430Z JAN
TO PRIORITY CANBER
TELEGRAM NUMBER 3

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

BEGINS

MY DEAR PRIME MINISTER,

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

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

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

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

S E C R E T

/FROM THE

S E C R E T

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

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

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

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

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

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S E C R E T

/I HAVE

S E C R E T

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

YOURS SINCERELY

(MALCOLM FRASER)

ENDS.

2. TEXT OF REPLY
FOLLOWS ASAP.

CARRINGTON

FILES

SPD

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SAD

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S E C R E T



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

BRIEF NUMBER 3 : ENERGY

ESSENTIAL FACTS

INTERNATIONAL OIL SUPPLY

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

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

AUSTRALIA'S INTEREST

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

ENERGY, SCIENCE AND SPACE DEPARTMENT

30 JANUARY 1980



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

BRIEF No. 4 : IRAN

POINTS TO MAKE

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



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

BRIEF NO 5 : VIETNAM/CAMBODIA

POINTS TO MAKE

GENERAL

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

BOAT PEOPLE

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

HONG KONG

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

VIETNAMESE AIMS

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

CAMBODIA: POLITICAL SOLUTION

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

CAMBODIA RELIEF

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

DERECOGNITION OF POL POT (Defensive)

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

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

BRIEF NO 5 : VIETNAM/CAMBODIA .

ESSENTIAL FACTS

GENERAL/ASEAN

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

A

BOAT PEOPLE

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

HONG KONG

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

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THAI-CAMBODIAN BORDER

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

CAMBODIA: RELIEF

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

Foreign and Commonwealth Office
30 January 1980

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

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

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

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

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

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

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



VISIT BY THE PRIME MINISTER OF AUSTRALIA, 4 FEBRUARY 1980

RHODESIA

Points to Make

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

/5.



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

Essential Facts

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

I February 1980

Rhodesia Department



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

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

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

Married: 2 sons, 2 daughters.

2. PRITCHETT, WILLIAM (BILL) B.

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

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

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

3. HENDERSON, PETER (GRAHAM FAITHFULL)

Secretary, Department of Foreign Affairs since
September 1979

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

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/promotion



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

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

4. FERNANDEZ, ROY ROBERT

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

Born 12 January 1928.

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

5. YEEND, SIR GEOFFREY JOHN, CBE

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

Born 1927.

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

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6. MacKELLAR, THE HON MICHAEL JOHN RANDAL, MP
Minister Health and Minister assisting the Prime Minister since December 1979.
Born 1938. Educated Church of England Grammar School, Sydney University (BSc (Agric)) and Oxford University (MA).
Served in NSW Department of Agriculture 1961-9.
Liberal Member for Warringah (NSW) since 1969.
Parliamentary Secretary to the Leader of the Opposition (Mr Snedden) 1973-4. Member of various Parliamentary Committees and (1973) of the first Australian Parliamentary Delegation to China. Opposition spokesman on immigration matters, 1974-5, he performed well - especially in debate. Visited the UK in 1976. Minister for Immigration and Ethnic Affairs since December 1975 (and also Minister assisting the Treasurer since August 1978).
Pleasant and well-disposed towards Britain, he is an intelligent and energetic young man. He may go a long way probably if he is tough enough.
Married 1969 Miss Robin Mountford Smith; 1 son, 1 daughter.
Recreations: sports, reading, photography.

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ESSENTIAL FACTS

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

British Embassy Staffing

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

Australian Meat Contracts

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