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Foreign and Commonwealth Office

London SW1A 2AH

18 April 1986

John Charles,

*DNets with
with PM*

Visit of the Australian Prime Minister

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

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

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

Yours ever

R N Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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PRIME MINISTER

MEETING WITH MR HAWKE

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

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

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

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

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

Background

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

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

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

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

Agenda

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

Progress reports

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

on this.

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

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

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

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

E. R.

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

I attach the briefs.

e.d.?

Charles Powell

18 April 1986

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Foreign and Commonwealth Office

London SW1A 2AH

17 April 1986

Joan Channon,

Visit of the Australian Prime Minister

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

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

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

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

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

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

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

Yours ever

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

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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

LIST OF BRIEFS

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

Background Brief

South Pacific Department
Foreign and Commonwealth Office

April 1986



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

BRIEF NO 1: ECONOMIC ISSUES

Our Objectives

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

Arguments To Use

General

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



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New GATT Round

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

His Objectives

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



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

Your Response

Summit membership

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

G10 Meetings

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

GATT

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

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

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

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

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

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

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

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

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

Tactical Arguments

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

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



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Background

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

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

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

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

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

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

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



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

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

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

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

Foreign and Commonwealth Office
April 1986

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

BRIEF NO 2: EAST/WEST RELATIONS AND ARMS CONTROL

Our Objectives

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

Arguments To Use

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

Summit

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



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

Arms Control

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

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

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

CTB

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



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

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

SDI

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

UK/Soviet Relations

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

Soviet/Australian Relations

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

His Objectives

1. Greater UK flexibility on CTBT.

Your Response

2. No point in committing ourselves until solutions to outstanding



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

Background

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

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

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

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

CTB

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



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

SDI

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

Foreign and Commonwealth Office
April 1986

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2. R (Geneva) epa

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10 DOWNING STREET

THE PRIME MINISTER

27 February 1986

{ revised page 3 }
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cc *Acro*

Srv O

Alan M...

Mr Albin

Mr Dinnick

Mr G...

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

Dear Mr. Gorbachev

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

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

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

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

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

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

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

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

Kind regards.

Yours sincerely

Raymond Storer

Mr. Mikhail Sergeevich Gorbachev



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

BRIEF NO 3: SOUTH AFRICA

COMMONWEALTH GROUP OF EMINENT PERSONS (COMGEP)

Our Objectives

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

Arguments

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



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

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

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

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

His Objectives

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



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Your Response

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

Background

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

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

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



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

Southern African Department
Foreign and Commonwealth Office

April 1986

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

BRIEF NO 4: PACIFIC ISSUES

a) ANZUS AND SHIP VISITS

i) Our Objectives

1. To assure Mr Hawke that, while continuing discussions with New Zealand in hope of acceptable solution to ship visits problem, no possibility of compromising NCND policy or allowing New Zealand Government to drive wedge between ourselves and US.

2. To seek Mr Hawke's views on:

a. likely consequences for ANZUS if US fails to reach agreement with New Zealand over naval ship visits;

b. whether non-nuclear policies of New Zealand Government likely to lead to increasing pressure on Australian Government to adopt similar policies;

c. whether Mr Hawke sees any scope for Australians to influence New Zealand Government.

ii) Arguments to Use

1. Mr Hawke aware from discussions with Lady Young in Canberra on 10 April that New Zealand Ministers adopted constructive tone during Lady Young's visit to New Zealand. Proposal for further official level exchanges welcome. Encouraging that New Zealanders now appear to recognise that any settlement must include United States.

2. We recognise danger New Zealand seek to play this abng and try to divide UK and US. Intend to keep in close touch with Americans and not do anything to compromise joint policy over NCND.

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iii) His Objectives

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

iv) Your Response

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

Background

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

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

b) SOUTH PACIFIC NUCLEAR FREE ZONE TREATY

i) Our Objectives

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

ii) Arguments

1. No UK decision before drafts finalised.

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

iii) His Objectives

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

iv) Your Response

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

Background

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

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

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

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

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

c) AUSTRALIAN BICENTENARY 1988

i) Our Objectives

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

ii) Argument

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

iii) His Objectives

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

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

iv) Your Response

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

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

Background

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

Funding

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

EXPO 88

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

Official Gift

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

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Parliamentary Gift

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

Bicentenary Events

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

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

Australian Bicentennial Authority

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

Commonwealth of Australia Constitution Act

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

First Fleet Re-enactment Project

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

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

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

i) Our Objective

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

ii) Our Arguments

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

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

iii) His Objective

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

iv) Your Response

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

Background

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

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

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

South Pacific Department
Foreign and Commonwealth Office

April 1986

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

BRIEF NO 5: LIBYA

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

Foreign and Commonwealth Office

April 1986

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US ATTACK ON LIBYA: AUSTRALIAN REACTIONS

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

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

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

LEAHY

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LIBYA CRISIS
LIMITED
NENAD
NAD
MED
SED
SOVIET D
WED
NEWS D
INFO D
MAED
DEF D
SCD
CONS D
SEC D
PLANNING STAFF
UND
PUSD SPD
ECD(E)

PS
PS/LADY YOUNG
PS/MR RENTON
PS/MR EGGAR
PS/PUS
CHIEF CLERK
MR FERGUSSON
MR DEREK THOMAS
MR GOODALL
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MR RATFORD
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MR BARRINGTON
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SIR J FREELAND LEGAL ADVSRS
MR ANDERSON LEGAL ADVISERS

[REPEATED AS REQUESTED]



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

BRIEF NO 6 : ANGLO-IRISH AGREEMENT: INTERNATIONAL FUND

Our Objective

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

Argument to Use

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

Tactical Argument

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

His Objective

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

Our Response

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

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

Background

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

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

Republic of Ireland Department
Foreign and Commonwealth Office

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

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

Our Objectives

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

Arguments to Use

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

His Objective

1. To press for UK support for Australian participation.

Your Response

1. Welcome in principle.

Background

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

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

Foreign and Commonwealth Office

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BACKGROUND BRIEF

AUSTRALIA

INTRODUCTION

- / 1. Basic statistics are attached.

POLITICAL

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

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

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



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

ECONOMIC

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

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

FEDERAL GOVERNMENT

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

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



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

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

- (i) the continuance of the Accord achieved by Mr Hawke whereby Government, business and unions work together for the country's economic recovery. After signs of strain during the summer months when the Australian Council of Trade Unions (ACTU) indicated it would fight the Government's plan to discount wage rises, an agreement to cover the next two years was reached between the two sides on 4 September. Wages will now be discounted to take into account the effects of the Australian dollar's depreciation on the Consumer Price Index, in return for a tax cut. A separate claim of 4% will also be redressed by a 3% increase in occupational pensions from July 1986.
- (ii) the issue of taxation reform. Despite the Government's failure to achieve majority support at a tax summit held in early July for its preferred options for a 12.5% comprehensive retail sales tax - a substantial broadening of the income tax base and reductions in rates failed to achieve majority support - the taxation reform package, announced on 19 September, indicates that this Government has achieved far more than any previous administration. The key features are moderate cuts in income tax, the introduction of a capital gains tax, full imputation of tax on dividends and a new tax on fringe benefits.



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

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

BILATERAL RELATIONS

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

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



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

South Pacific Department
April 1986

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C.A.P. ANNEX A: AUSTRALIA

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


(iii) Foreign Trade

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

(iv) Development Aid

NOT APPLICABLE

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



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

Prime Minister since March 1983.

Born Bordertown, South Australia, 9 December 1929.

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

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

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

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

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

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

Married 1956 Hazel Masterson. 1 son, 2 daughters.



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

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

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

[If pressed]

Economic Issues

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

East-West Relations

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

South Africa

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



ANZUS/New Zealand Ship Visits

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

Australian Bicentenary 1988

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

Libya

8. An exchange of views took place.

South Pacific Department
Foreign and Commonwealth Office

April 1986



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

LIST OF AUSTRALIAN OFFICIALS PRESENT

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