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From the Private Secretary

21 April 1986

Dear Tony,

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

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

Libya

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

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

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

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

New Zealand Ship Visits

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

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

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

South Africa

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

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

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

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

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

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

South Pacific Nuclear Free Zone

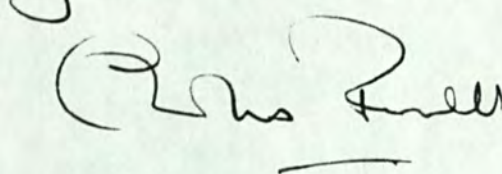
Mr. Hawke said that Australian officials had talked to their British counterparts about the draft Treaty for a South Pacific nuclear free zone. He had also mentioned the matter during his recent visit to Washington. He believed that the United States' Administration were persuaded about the appropriateness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

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

Australian Bicentennial

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

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

Yours sincerely,


C D POWELL

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Foreign and Commonwealth Office