



Foreign and Commonwealth Office

London SW1A 2AH

17 May 1989

cc: BI
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 Sir Minister

Don Clarke

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Australia

In your letter of 30 November, you said that the Prime Minister would like a further report on the action being taken to give Australia a more prominent place in our foreign policy.

Action has been coordinated by the Whitehall Australia Group (WAG) which has met regularly since the Prime Minister's visit to Australia last year. Members of the Group have contributed to the enclosed report, which shows that the momentum has been maintained in the run-up to the Australian Prime Minister's visit next month.

The Foreign Secretary had a useful meeting with his Australian counterpart (Senator Evans) in March. The Minister of State (ODA) will visit Australia in October, though a proposed visit to Australia in June by the Permanent Secretary (ODA) has been cancelled.

The Secretary of State for Defence visited Australia in March which gave fresh emphasis to the more general defence relationship.

The Secretary of State for Education and Science visited Australia on 7-11 May. The visit was fruitful, opening up new possibilities for cooperation in education and science, especially on the global environment. We hope that it will be possible to make some announcements during Mr Hawke's visit next month.

Mr Hawke told Sir John Coles on 4 May that he was really looking forward to his visit to Britain. He had studied the programme (draft enclosed); it contained plenty of work and that was how he wanted it.

The DTI have arrangements for the Trade and Investment Conference, which will form an important part of the visit, well in hand.

I am copying this letter to Brian Hawtin (MOD), Tom Jeffrey (DES) and Neil Thornton (DTI).

Yours ever

R N Peirce

(R N Peirce)
 Private Secretary

C D Powell Esq
 10 Downing Street

FOREIGN AND COMMONWEALTH OFFICE

The Foreign Secretary had discussions over lunch with the Australian Foreign Minister, Senator Evans when the latter stopped over in London in March.

The Minister of State, Lord Glenarthur visited Australia from 21 February - 1 March when he concentrated on the less visited state capitals.

A joint FCO/DTI team led by the Deputy Under-Secretary (Economic) visited Australia in March for wide ranging talks on world economic and trade matters.

The FCO, with the help of sponsorship from the industrial company, BTR is about to set up an entirely new scholarship scheme to bring 10 Australian students a year to Britain for post graduate studies.

ODA

Mr Patten will visit Australia for official talks during a tour of the South Pacific from 16-28 October.

MINISTRY OF DEFENCE

The Secretary of State for Defence visited Australia in March. He visited Perth, Adelaide, Canberra and Sydney and met a wide range of contacts. Mr Younger was warmly welcomed and he regarded the visit as a significant demonstration of the importance which the UK continues to attach to the defence relationship with Australia. He formed an excellent relationship with his Australian counterpart, which will be built on further when Mr Beazley visits the UK in June as a member of Mr Hawke's party.

The Australian Chief of Defence Forces, General Gration and the Chief of the General Staff, Lieutenant General O'Donnell paid separate visits in the Spring. They discussed a range of bilateral issues, and looked at the way in which the UK is tackling problems common to both countries (eg retention and recruitment).

Australia (and New Zealand) responded very positively to the UK's suggestion on coordinating participation in FPDA exercises. Direct staff contacts have now been initiated for this purpose.

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DEFENCE SALES

DG Marketing led a senior industrial mission to Australia in March which included representatives from most of the major UK defence contractors. It visited all the principal Australian States and met up with the Secretary of State for Defence in Canberra.

DESO's main aim over the next 18 months is to ensure that UK sub-systems are well represented on board the ANZAC frigate. To aid this effort DESO will be encouraging UK participation in Australia's International Defence Equipment Exhibition in Canberra in November and Australian attendance at this year's Royal Navy Equipment Exhibition.

A Defence Sales Counsellor will take up his position at the British High Commission in Canberra in July.

The first Annual Steering Committee Meeting on MOUDEP - (Memorandum of Understanding on Defence Equipment Procurement and Production) was held in London on 3 May 1989 to discuss projects for bilateral collaboration. A full industrial visit programme was organised for the Australian representatives prior to the meeting.

DEPARTMENT OF TRADE AND INDUSTRY

Arrangements are proceeding for the Australia-UK Trade and Investment Conference which the Secretary of State for Trade and Industry and Senator Button, his Australian counterpart, will be co-chairing at the Queen Elizabeth II Conference Centre on 22 June. The Australian Prime Minister, Mr Hawke, and the Minister for Foreign Affairs and Trade, Senator Evans, will be present for part of the proceedings. Sir Ralph Robins of Rolls-Royce and Mr Richard Branson of Virgin Group have agreed to speak at the Conference, and over 80 senior businessmen from each country have so far accepted invitations by the two Governments to attend the Conference.

BANK OF ENGLAND

The Bank of England continues to maintain contact with its counterpart in Australia: an Executive Director and a senior official have recently made visits to Australia for consultations and an exchange of views. The Governor of the Reserve Bank of Australia will be visiting the Bank of England in June.

DEPARTMENT OF EDUCATION AND SCIENCE

The Secretary of State for Education and Science visited Australia from 7-11 May, accompanied by the President of the Royal Society. Mr Baker had talks with Mr Hawke and 4

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other ministers. The impact of the visit on the Australian educational and scientific community was strong. Agreement was reached to consider new cooperation in respect of:

- a) exchange of science teachers
- b) a visiting programme for Australian Science students
- c) the delivery of distance education, particularly language teaching, through links between distance education centres in Australia and the Open University
- d) post-doctoral science exchanges
- e) science collaboration, especially on the global environment (cooperation between British, Australian and perhaps New Zealand scientists with Antarctic experience is envisaged)

It was agreed that all of the above should be considered in detail with a view to announcements during the visit of Mr Hawke to Britain next month.

BRITISH COUNCIL

The British Council has redeployed £50,000 from its own resources for 1989/90. £40,000 is being used to strengthen the Academic Links and Interchange Scheme (ALIS) which brings together centres of excellence in science and technology in the two countries for research and curriculum development to include the creation of Bursaries for Australian post-graduate students.

The Council has submitted a bid for an additional £160,000 recurrently from April 1990 to fund the continuation of the ALIS bursaries, and to help maintain the high level of arts activity generated by the Bicentenary. It is envisaged that the augmented Council input will generate matching funds and sponsorship to build an arts programme worth £250K by 1991/2.

DEPARTMENT OF SOCIAL SECURITY

Mr Hawke raised the question of uprating of pensions during the Prime Minister's visit to Australia last year. They subsequently exchanged letters on the subject in February/March. No additional funds were made available in last year's PES round and the Prime Minister's letter made it plain that there are no plans to change the situation.

Relations on other social security matters are good. The social security agreement with Australia is now in the process of being thoroughly revised, at the request of the Australians, to bring it completely up to date.

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SCOTTISH OFFICE

There has been an increasing flow of Australian companies visiting Scotland to explore the prospects for direct investment. To respond to this interest, Locate in Scotland (LIS) has since late 1988 mounted a modest promotional programme in Australia, covering those industrial sectors which match best with our own strengths. This has met with a good response, and the Scottish Office is now establishing links with a number of Australian companies which could lead to direct investment. They see Australia providing a modest flow of investment to Scotland, but do not expect it to achieve the scale of the US or Japan markets.

The Secretary of State for Scotland plans to visit Australia in September 1989.

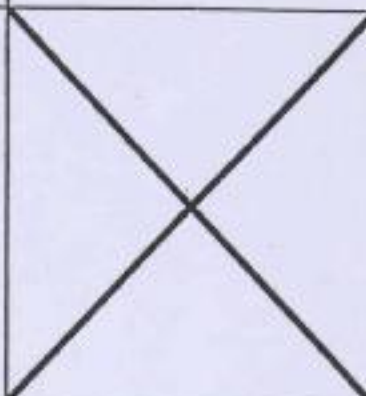
Parliamentary

The Australian Parliament will send a delegation to the IPU conference in London in September. The two co-leaders of the delegation have been offered official programmes in Britain by the FCO.

The Lord Chancellor will visit Australia in August 1989.

WHITEHALL AUSTRALIA GROUP
May 1989

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