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PRIME MINISTER

cc Mr. Ingham

MEETING WITH AUSTRALIAN PRIME MINISTER

You have a full day of Mr. Hawke tomorrow. The programme is:

1015 Guard of Honour Ceremony in the FCO Courtyard
1030- Restricted talks with Mr. Hawke
1130
1130- Full session of Ministerial talks in the Cabinet
1245 Room
1300- Working lunch with Mr. Hawke and his Ministers
1445

You will want to decide whether to hold the restricted talks alone with Mr. Hawke, or have note-takers and/or High Commissioners present as well. From the point of view of follow-up, it makes sense to have someone present.

A British/Australian Summit on this scale is, I think, unprecedented. The very fact that it is being held at all is the main story. It marks a turning away from the rather sterile Pom-bashing of recent years in Australia, and the end of a period in which Britain and Australia seemed increasingly to be going their separate ways. The initiative for this came from your visit to Australia last year and your decision to invite Mr. Hawke and his Ministers to return. The fact that Mr. Hawke accepted with such alacrity shows that he shared your wish to see a fresh start.

There seems to me two messages which we want to come out of this encounter. The first concerns the nature of the occasion. It is a major production with Wednesday's talks, the Trade and Investment Seminar on Thursday, the dinner at No.10, lunch at the Palace and attendance at the Lords Test Match on Friday. It is on a bigger scale than we usually do these things, and that in itself should signal the effort we are putting into upgrading UK/Australia relations.

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Second, there is a wide-ranging agenda to be discussed. No single problem dominates and there are no negotiations. These are consultations right across the spectrum of world affairs, of the same sort that we conduct with the French and Germans. There are a number of small but quite significant agreements to be signed in the educational and research field. The message that we are trying to convey is that Australian views count with us and we are restoring substance to a relationship which will assume growing importance as the Asia-Pacific region features ever more largely in our calculations.

I attach a separate sheet setting out the various bilateral, regional and broader international issues which can be covered in the talks. Some you will want to deal with, at least initially, in the restricted talks with Mr. Hawke. Others are more appropriate for the full Ministerial session and working lunch. Extensive briefing on them is in the folder.

Restricted session

You will want to start by recalling your own visit to Australia last year and welcoming the subsequent expansion of Ministerial visits and other contacts. You might say a word about the current Britain/Australia Summit and the message you want to come out of it (see above). An impression of renewed warmth and extensive consultation is in the interests of both countries.

You might go on to ask him about the political situation in Australia, including the changes in the leadership of the Opposition parties, as well as the prospects for the economy. →

This would be the time to welcome the continued high level and closeness of our intelligence exchanges.

Since China will be very much in the forefront of his mind, you might discuss the significance of recent developments and the implications for Hong Kong. It will be a chance to thank him for Australia's very helpful role over Vietnamese Boat

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people (at the recent Conference, they offered to resettle 11,000 and help finance a regional processing centre).

I suggest that you also tackle him on Southern Africa in the restricted talks, since the Australians are the most active in pressing for financial sanctions. You will want to argue for avoiding a great clash at CHOGM, stressing the absolute priority for seeing the Namibian settlement through to a conclusion. You will want to tell him about your contacts with South African politicians.

The question of the Commonwealth Secretary-General is also very much one for the restricted talks. The Australians are aware that you have been discussing the possibility of extending Sonny Ramphal, so you will want to be quite open about this.

You might like to say a word about your concern at the drift in New Zealand's policy, with Lange's recent hint about leaving ANZUS. That would be a serious blow to the overall Western/democratic interests in the Pacific.

Mr. Hawke attaches great importance to the celebration next year of the 75th Anniversary of the Gallipoli landings and will probably go to Turkey for it. You need to consider whether you might join him there and find some other way to mark the occasion jointly.

You ought also to mention his recent letter on Antartica. Under environmentalist pressure the Australians have switched from being strong supporters of the Convention to a decision not to sign it. The point you will want to get across is that the Convention provides for greater environmental protection than any other politically feasible course of action.

Finally - and if there is time, you might like to talk to him about Gorbachev, the NATO Summit and your concern about the slippage of opinion in Western Europe towards facile acceptance of the Soviet Union's benign intentions.

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For his part, Mr. Hawke may raise the pensions issue - on which you will want to explain frankly the public expenditure constraints - UK attitudes to Australian investment. References to the MMC are only made on competition grounds and have nothing to do with the nationality of the bidder.

Plenary session

I suggest that you run the Plenary session as at an Anglo/French or Anglo/German Summit: that is, you might start by reporting on your talks with Mr. Hawke and then invite the three sets of Ministers (Foreign Affairs, Defence and Trade and Industry) to report on their own separate discussions. These reports will probably throw up most of the other items on the agenda, and you can pursue them in that context. You will want to bear in mind that Mr. Hawke and his Ministers will want the opportunity to set out at some length their views on regional issues in the Pacific. Mr. Hawke has also expressed a particular interest in hearing your views on the Middle East.

Just so that you have a check list to hand, the points which ought to be covered are:

| <u>Foreign Affairs</u> | <u>Trade and Industry</u> | <u>Defence</u> |
|------------------------|---------------------------|---------------------------------|
| China/Hong Kong | Economic Summit | ANZUS/New Zealand |
| East/West | Uruguay Round | Five Power Defence Arrangements |
| Japan | Trade and Investment | Arms control |
| South Pacific | UK Merger Control | Defence Procurement |

Foreign Affairs

Cambodia

Trade and Industry

Scientific

Collaboration

Defence

Maralinga

Middle East

Southern Africa

CHOGM

Antartica

e.d.?

C. D. POWELL

20 June 1989

PM2ASE

Agenda for UK/Australia ConsultationsBilateral

- Australia: political and economic developments
- Trade and Investment
- UK merger control policy
- Expansion of Ministerial visits
- Defence
- Education and Science
- Indexation of Pensions
- Constitution Act (probably to be raised at official level)
- Gallipoli 75th Anniversary
- Intelligence co-operation

Regional

- New Zealand
- China
- Hong Kong
- Japan
- Cambodia
- Vietnamese Boat People
- South Pacific

International

- East-West relations
(Gorbachev's prospects, arms control)
- International economic issues
(trade, debt, finance, coal subsidies)
- Middle East
- CHOGM
- Southern Africa
- Environment
(Antartica).