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From the Private Secretary

21 June 1989

PRIME MINISTER'S MEETING WITH THE AUSTRALIAN PRIME MINISTER

The Prime Minister had a talk with the Australian Prime Minister before the plenary session of the British/Australian consultations this morning. It ranged widely and was very friendly throughout. Mr Hawke was accompanied by Mr Bowan (Senior Adviser for International Relations).

Some of the material in this letter is sensitive and it should receive a restricted distribution.

Introduction

The Prime Minister stressed the significance of the British/Australian consultations. She recalled that she and Mr Hawke had agreed during her visit to Australia last year, to foster closer relations between Britain and Australia across the board. The present meeting was on the same lines as the regular summits which we held with the French and Germans. Together with the Conference on Trade and Investment the following day, she believed it would give a clear signal of the desire of both Governments to give fresh impetus to our relations. She was most grateful to Mr Hawke for giving up so much of his time to come to London. Mr Hawke endorsed the Prime Minister's remarks. It was very much appreciated in Australia that she had taken the initiative to revive relations. The results had already been evident in the greatly increased number of Ministerial visits.

China

The Prime Minister spoke of our dismay at recent events in China. Mr Hawke said Australia felt a special sense of tragedy because of its close involvement with China. His information was that a meeting of the Central Committee of the Chinese Communist Party was now in progress and that Zhao Ziyang had appeared before it and repudiated the charges against him. But it seemed inevitable he would be stripped of office. We must hope that he would not be executed, so that he could still become a rallying point for more liberal opinion in the future. Meanwhile, it was noteworthy that Deng

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had made clear that he wished to keep up the momentum of economic reform.

Mr Hawke continued that he hoped that the Madrid European Council and the Paris Economic Summit would both issue statements about events in China. He would like to see a common position emerge which would combine condemnation of these events while keeping open channels of communication so that China did not turn in on itself. This led on to the question of how we should handle the COCOM Meeting in September. He would have been ready to support liberalisation for China but no longer thought this was appropriate. The Prime Minister asked about Japan's attitude to developments in China. Mr Hawke said that they seemed to be hurrying to get back on terms and snap up business while other countries were holding back. Mr Hawke concluded that he hoped Britain and Australia could keep in close touch as they had very similar perceptions of China.

Hong Kong

Mr Hawke said that he realised events in China caused serious problems for Hong Kong. Australia was ready to do anything it could to help. The Prime Minister described the particular problems we faced over the wish of people in Hong Kong to have the insurance policy of right of abode in the United Kingdom. The fact was that in an Armageddon situation the whole world community would have to rally round.

Vietnamese Boat People

Mr Hawke said that Australia had tried to help over the problem of Vietnamese Boat People. The Prime Minister said that most of those arriving in Hong Kong were economic migrants rather than refugees. We were ready to help genuine refugees, but others would have to be returned to Vietnam. Mr Hawke said that Britain and Australia were at one on this problem.

Japan

Mr Hawke commented that the new Prime Minister, Mr Uno, had no real political base and would not be a substantial leader like Nakasone and Takeshita.

Soviet Union

Mr Hawke enquired about our recent decision to expel a number of Soviet spies. Had it affected wider relations? The Prime Minister said that Mr Gorbachev's first reaction had been anger, but we had subsequently had a number of signals to the effect that the matter was closed and that normal relations should continue.

Mr Hawke asked whether the Prime Minister still took the view that it was right to support Mr Gorbachev. The Prime Minister confirmed that. We supported his efforts at internal reform. But we still had to be very watchful of the Soviet

Union's international activities. The Soviet Union would continue to maintain massive military strength. Its aim remained to get American forces and nuclear weapons out of Europe. Soviet propaganda was targetting Germany and particularly young people there. The response of the German people to Mr Gorbachev's recent visit was worrying. There was a risk that Germany would become the weak link in NATO. She recounted to Mr Hawke the problems with the Germans on the issue of SNF modernisation. She drew the conclusion that it was all the more important to anchor Germany firmly in NATO and the European Community.

Commonwealth Secretary General

Mr Hawke said that Malcolm Fraser was continuing to campaign vigorously for the Commonwealth Secretary General post. He had the support of the Pacific countries, Zambia and Uganda at least in Africa, and about half the Caribbean countries. Despite Nigerian lobbying, he still had a good chance of securing the nomination. The Prime Minister said that we received differing reports of the degree of support which each candidate enjoyed. Her main concern was to avoid a black/white clash at the Commonwealth Heads of Government Meeting. That view was shared by others to whom she had talked, including Mr Mulroney and Mr Manley. A number of Heads of Government seemed willing to consider extending Ramphal's term of office for a further three years.

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The Prime Minister continued that it would be better to get a solution before Heads of Government went to Kuala Lumpur. Mr Hawke said the main obstacle to that was the fact that Britain, Canada and India had not shown their hands. Mr Fraser had recently seen Gandhi who had given the impression of being well disposed but had not made any commitment. He thought the Prime Minister's fears of a black/white confrontation were unjustified. In practice, there would be much crossing of lines.

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mining was essential, and the best guarantee of protection for the Antarctic environment. Mr Hawke said that Antarctica's particular scientific value stemmed from the total absence of human activity. If that were lost, its scientific usefulness would be greatly reduced. The world had changed since we had all started to negotiate the Antarctic Minerals Convention; there was now a much greater awareness of environmental issues. The Australian Government's aim was to negotiate a comprehensive Antarctic Environmental Protection Convention. The Prime Minister suggest that this was bound to take a great deal of time and, in the absence of a Minerals Convention, we might see a mining free-for-all get under way. Mr Hawke said that the Minerals Convention provided for no mining operations to take place until its entry into force. This gave a grace period of two years during which an Environmental Protection Convention could be negotiated. He had already secured support from India and France for his proposal. The Prime Minister said that she could see there might be a case for additional environmental protection measures, but these should not be at the expense of the Minerals Convention. We would proceed into ratification of this.

I should record for the sake of completeness that Mr Hawke did not raise either the pensions issue or the Constitution Act.

It would be helpful to have advice in due course about the dates of the Gallipoli Commemoration next year.

I am copying this letter to Alex Allan (HM Treasury), Brian Hawtin (Ministry of Defence) and Trevor Woolley (Cabinet Office).

C. D. POWELL

Stephen Wall, Esq.
Foreign and Commonwealth Office

FROM JAMES LEE FOR COI RADIO TECHNICAL SERVICES

TRANSCRIPT OF DOORSTEP INTERVIEW

GIVEN BY THE PRIME MINISTER, MRS. THATCHER,

AND THE AUSTRALIAN PRIME MINISTER, MR. BOB HAWKE,

IN DOWNING STREET, LONDON,

ON WEDNESDAY, 21 JUNE 1989

MR. HAWKE:

Thank you, Margaret. Mrs. Thatcher has invited me to make the initial comments.

The first thing I say is to express to Mrs. Thatcher the appreciation of the Australian Government for the catalytic role which she has taken to put a new vigour into the Australian-United Kingdom relationship. I think it commenced with a visit to Australia last year and upon her return, she has ensured that the preparations for our visit have left nothing at all to be desired.

We are now participating in an historic meeting, by which I mean that never before has there been a delegation at the level of Prime Minister and so many Ministers reciprocated on your side and that, of course, will be followed up tomorrow by the meeting of more than 300 high-level businessmen from my country and from the United Kingdom. So we are engaged at this time, as I say, in an historic enterprise to increase the level of economic and trading relationship between our two countries, but it would be a misapprehension if it were to be taken that it is merely bilateral matters with which are concerned, as important as they are.

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MR. HAWKE (CONTD):

The United Kingdom and Australia share common perceptions on matters of international and regional importance and I think it is fair to say, Margaret, that tragically at this time, an issue which has taken up a fair bit of the discussion between yourself and myself and between our Ministers is what has been happening in China.

We are at one in expressing a sense of almost immeasurable tragedy as to what has happened there and what has been further compounded by the most recent evidence now of the execution of the Chinese who were involved in the train incident in Shanghai. We both deplore the decision of the Chinese authorities in taking that sort of action, which is out of all sort of relevance to what those people were involved in.

So we have talked about the issue of China; we have talked about regional issues; we have talked together about the challenges that confront us in a world now where Europe is moving closer together after 1992, where in our part of the world the region is developing at an enormously rapid rate offering for us and for British companies who come to operate out of Australia enormous opportunities. We are also living in a time where the changes within the Soviet Union, led by President Gorbachev, are also presenting their own opportunities and challenges and I think that Mrs. Thatcher and I share a fundamental perception about those developments, that is that we welcome them; we believe that it is appropriate that the West should, with caution, assist in those changes that are happening but as I say, that that should be done with an appropriate caution.

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MR. HAWKE (CONTD):

So you can see, I think, that we have covered a very wide range of subjects and our discussions will continue now over what I think will be a useful working lunch, Margaret, so I conclude as I began, by expressing my appreciation to you and your Government for the thought and the preparation that has gone into this meeting which I believe can properly be described as "historic".

PRIME MINISTER:

Just a few words because Mr. Hawke has said almost everything that there is to say about this.

We give him a very warm welcome to the United Kingdom. The invitation was extended when I was over there for the Bicentennial last year when I think we all realised that we were entering on a new era of contacts; that we must have much more consultation about global matters and much more consultation between Ministers, so that we may work the better on things like defence matters, on things like trading matters, on things which affect the whole world. Australia's position is very prominent. The great thing about talking to her and her Ministers is that our approach is the same.

It starts on human rights, the desire to extend those the world over and as we now have great problems to face in the Pacific and things happening which we never thought to see, it is very good that we and Australia should have the time to talk about those and others matters which Australia is very keen on such as the environment.

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PRIME MINISTER (CONTD):

I may say it is very easy to talk with Australia, with all her Ministers, because of the similarity of approach. This is not just a one-off meeting - it is the beginning of a course of meetings which we will pursue regularly.

There is a special one tomorrow between Trading Ministers where we have a conference at the Queen Elizabeth Conference Centre to enhance the trading contacts and to enhance investment both ways. We have long been high investors in Australia. Australia is also a very high investor in Britain, which we welcome.

It has been a very very successful start and I am sure that that atmosphere will continue through the rest of the visit.

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QUESTIONS AND ANSWERS

QUESTION:

Prime Minister, can I ask you what your reaction is to the first reported execution of people involved in the unrest in China?

PRIME MINISTER:

Utterly appalled! Just exactly as Bob Hawke pointed out. The punishment is totally out of proportion to the crime and we are calling on them not to persecute those who are merely trying to have better arrangements for democracy.

It just shows you the depth of what has happened in China - something which we hoped would never happen and which we still cannot quite believe has, to the extent that they are repressing anyone who merely wants to enlarge human relations.

QUESTION:

Did you make any progress on reassurances you might offer the Hong Kong people?

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PRIME MINISTER:

We obviously talked about the Hong Kong people because we both feel the same way and understand how they must be thinking. We cannot go any further than that at the moment.

We also have another difficulty in Hong Kong which we are working together on - the Vietnamese boat people - and Australia is being very helpful about that.

Australia has also had a considerable number of people from Hong Kong - particularly those involved in industry - taking up residence in Australia, which has been a great comfort to the Hong Kong people and I think also a great benefit to Australia.

QUESTION:

Mr. Hawke, what about Hong Kong? Can you give them any reassurances, the people of Hong Kong? What do you think should be done about their desire to have the right to come out of the country if things get worse?

MR. HAWKE:

As to the request by those people to exercise what they may perceive as their right to come here, that is a matter for decision and judgement by Mrs. Thatcher and her Government.

All that we are concerned to say are these things first: that we express our understanding of the pressures and the problems that confront the United Kingdom in a situation where they had properly thought that through detailed unremitting negotiation with

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MR. HAWKE (CONTD):

the Chinese authorities, the position had been reached in which you could have confidence for the future of the people of Hong Kong.

Now that basis of confidence has gone after 4 June and what has transpired since and I said to Margaret that we will do whatever we can in the approach together that we will adopt towards China to try and create the basic improvement that is necessary - that is to try and create a situation where by the time you get up towards 1997 there can be much sounder grounds for saying to the people of Hong Kong: "Have confidence in the future!" That is what, constructively, must be the basic approach.

In the meantime, we have indicated that in this financial year, which is just concluding, we have doubled our intake of people from Hong Kong. We will look sympathetically at any approach on this matter and in terms of that other aspect of the question that Margaret has referred to - the Vietnamese refugees - our assessment is identical. There should not be any doubt about this, because there is amongst our friends a reluctance to understand the realities. The realities are these:

That the people who are flooding into Hong Kong now from Vietnam are not political refugees. They are economic refugees and as that is the case, then a different approach is required and we are at one on that and I believe that as a result of the approach that we are adopting in consultation with others, including what has happened in Geneva recently, we can have a more appropriate response to what is an unacceptable influx of these people into Hong Kong.

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PRIME MINISTER:

One moment! I think some of you might have to get back to transmit and I did see Mr. Brunson give an indication that he wanted a question. If it is a short one, we can get two in!

MICHAEL BRUNSON:

I just wanted to ask, Prime Minister, whether you have both thought about how you ought to be reacting to China now, given that the United States are taking some measures.

PRIME MINISTER:

We have in fact spent, I think, about an hour talking about that subject alone because it is so important and, of course, we keep very closely in touch with the United States. Last question!

MR. HAVKE:

May I just add to that? It is not as though it is just the United States that has taken decisions. The Government of Mrs. Thatcher has already taken decisions in the area of the supply of arms and so on - they have taken decisions. So have we. It is not a question of the United States being in front - if anything, they are catching up with us!

QUESTION (NOT COMPLETELY AUDIBLE)

..Antarctica and what is your attitude now in light of the agreement between the French Government and the Australian Government to oppose mining there?

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PRIME MINISTER:

We both have the same objective in Antarctica. It is a very important environmental area. The methods are different.

France did, of course, build a very considerable airstrip there comparatively recently, which was not necessarily the best thing to do.

MR. BRUNSON:

One more on the European elections!

PRIME MINISTER:

That is very unfair! Go on, quickly!

MICHAEL BRUNSON:

Can I ask you now to take this opportunity about why you did so badly in the European elections?

PRIME MINISTER:

Because insufficient of our supporters came out.

The time when we did best in the European elections was in 1979 when a far bigger proportion of supporters came out. That is exactly what I said to you the day before it happened. It is an organisational election. It depends upon which side can get most of their supporters out. This was an absolutely correct judgement.

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MICHAEL BRUNSON:

Did you get it wrong over Europe?

PRIME MINISTER:

The message we had was that a bigger proportion of our people were intending to come out. It did not turn out to be the truth on a very hot, nice warm day.

MICHAEL BRUNSON:

Did you yourself get it wrong over Europe, do you think?

PRIME MINISTER:

No, not at all!

Thank you, Michael!

MR. HAWKE:

Perhaps you ought to try the Australian system, Margaret.
We make them vote - it is compulsory!

(END OF TRANSCRIPT) BHH

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