

PREM 19/2910

12/7

Confidential filing

Visit by Australian Foreign Minister, Mr. Street on 19 June.
Visits by subsequent Foreign Ministers.

AUSTRALIA

FEBRUARY 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date	
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Feb 81.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 December 1990

VISIT OF
THE AUSTRALIAN FOREIGN MINISTER

Thank you for your letter of 6 December about the visit of Senator Evans. I am afraid the Prime Minister will not be able to see him.

CHARLES POWELL

J S Wall Esq LVO
Foreign and Commonwealth Office

hw



Foreign and Commonwealth Office

London SW1A 2AH

6 December 1990

*Not do!
- we're old acquaintances!
7.12
Dear Charles,*

*Prime Minister
I don't think
you can possibly
have time to
see him
ADD*

Visit of the Australian Foreign Minister

The Prime Minister may wish to know that the Australian Foreign Minister, Gareth Evans, will be in London in January. He will be in London briefly on Thursday 10 January before flying to Washington later that day. He will return to London around 15 January, though it is not yet clear for how long.

Senator Evans has not asked for a call on the Prime Minister but the Prime Minister might like to know that he will be around.

*Yours,
Stephen Wall*

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

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cc MIA/SPEC



10 DOWNING STREET

From the Private Secretary

14 May 1984

Dear Sir,

Call on the Prime Minister by the Australian Minister for Foreign Affairs

Mr. Hayden called on the Prime Minister at 1600 hours today for a conversation of some thirty minutes. He was accompanied by the Australian High Commissioner and Mr. Costello. Sir William Harding was also present.

The Prime Minister welcomed Mr. Hayden and commented on the economic opportunities available to Australia. Mr. Hayden said that Australia had a strong resource base. The Prime Minister of Singapore, who had moved a lot of money to Australia, had said that he was not concerned about his investment because Australia was a country which would succeed. In Mr. Hayden's view, if Australia had a larger population, say some fifty million people, it would be forced to moralise less and work harder. The Prime Minister recalled that at CHOGM Mr. Hawke had made much the same speech as she had on economic questions. She had the impression that the States of the South East Asian area were coming together more under Australian leadership. Mr. Hayden agreed but said that the process was not without strain. The ASEAN concept had been most successful. Countries that had once confronted each other were now talking together. There was considerable superficial agreement on policy, for example, on Vietnam and Kampuchea. But beneath the surface there were still large differences, for example between Indonesia, Singapore and Thailand. There were even differences of policy within Indonesia. Australia had to be very careful because there was some suspicion that it was playing on these divisions.

/The Prime Minister

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The Prime Minister then turned the discussion to Hong Kong. We had a moral responsibility for the people of Hong Kong - and derived practically no revenue from it. Australia was aware of China's policy for the future of the Territories. Although we and China sometimes used the same words, we differed as to the meaning of those words. The recent UMELCO statement had been issued without reference to us. But she understood why it had been promulgated. We had a moral responsibility to obtain the best agreement that we could and to attempt to see that it was upheld. We understood the worries and anxieties of the people of Hong Kong.

Mr. Hayden said that Australia shared the British view. It sincerely hoped that we would succeed in our aims. A position of considerable instability could be created if large numbers of people tried to leave Hong Kong quickly. The Chinese concept of freedom was very different from ours. The Bank of China seemed to understand what the free enterprise economy meant but he was less certain that those in charge in Peking had the same comprehension. The Prime Minister commented that those who visited Peking from Hong Kong were often afraid to say what they thought. We had to go on negotiating. We wanted to stay friendly with China but we had to discharge our duty to the people of Hong Kong.

Mr. Hayden said that he would have thought that by now there would have been more evidence of the underlying anxieties. But there had as yet been no change in the number of applications from Hong Kong residents to come to Australia. These applications amounted to only a few thousand a year. If those Hong Kong residents who were skilled in the operation of the money market decided not to stay in the Territories Australia would be glad to have them. But (though he could not say this publicly), if everything went wrong Australia would be very concerned at the prospect of substantial numbers of people moving out of Hong Kong. There had just been an unpleasant debate in the Australian Parliament, the like of which he had not seen in twenty-three years. It had had distinct racist overtones.

Mr. Hayden then raised the question of the UK nuclear testing at Maralinga in the 1950s which he had discussed with Mr. Luce earlier in the day. The British Government had been very helpful in helping the Australian Government to deal with this controversy. It was recognised that the Nuclear Proliferation Treaty imposed limits on the information which we could supply. One area of controversy was a series of non-explosive tests conducted in the period up to 1963. The Australian High Commissioner had been instructed to approach the Foreign and Commonwealth office

/to see

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to see what information could be provided. The Australian internal debate on these matters had a substantial emotional content. There had been complaints by ex-service personnel that they had been exposed to high levels of radiation - though there was no evidence of this. There had also been newspaper talk of secret trials. Most of the people engaged in this debate felt genuine concern and there was a political need to alleviate it. He repeated that the Australian Government appreciated the action taken by Britain.

The Prime Minister said that we had done all we could to provide appropriate assistance and had supplied full information except such as would contravene our obligations under the Non-Proliferation Treaty. Sir William Harding referred to the statement issued by the High Commission in Canberra on 4 May dealing explicitly with some of the points raised by Mr. Hayden.

After a brief and general discussion of arms control matters, Mr. Hayden said that he hoped that the British battle in the European Community to change the CAP would be successful. The CAP turned on their head the fundamental laws of international economics. The Prime Minister said that the struggle was difficult. European surpluses, like American surpluses, produced difficulties for Australia - as did the competition in subsidised exports. But we would continue to fight for change. It now seemed unlikely that a settlement of the budget issue would be achieved before the European elections.

I am copying this letter to Richard Mottram (Ministry of Defence).

Your ever

Joh Wals.

Peter Ricketts Esq
Foreign and Commonwealth Office.

MFJAAG

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C. DEFENCE
Sales Part 4



File 13

10 DOWNING STREET

From the Private Secretary

14 May 1984

HELICOPTERS FOR AUSTRALIAN
FRIGATES

Thank you for your letter of 14 May. I am afraid that an opportunity did not arise for the Prime Minister to discuss this question with Mr. Hayden.

A. J. COLES

Miss Wendy Anderton,
Ministry of Defence.

COMMERCIAL: IN CONFIDENCE

SSJ



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~938 7022~~ 218 2111/3

MO 14/5

14th May 1984

Dear John,

HELICOPTERS FOR RAN FRIGATES: SUPPORT FOR WESTLANDS

The competition for frigates for the Royal Australian Navy (RAN) frigates has been narrowed down to one between the Sikorsky Sea Hawk and Westlands Lynx 3. The RAN, in general, prefer the larger Sea Hawk; but the Lynx 3 has considerable advantages - not least in cost. The final decision is likely to be taken in the next month or two, on political as much as military grounds.

In these circumstances the High Commissioner in Canberra has recommended that Mr Hayden's visit to London provides an excellent opportunity to give the Westlands case timely support. I attach a short brief, in case the Prime Minister has the time and/or opportunity to raise the matter in her talks with Mr Hayden.

yours ever

W Anderton
(W ANDERTON) (MISS)

A J Coles Esq



HELICOPTERS FOR RAN FFG FRIGATES

POINTS TO MAKE [REDACTED]

1. We attach great importance to Westlands securing the RAN contract for helicopters to be based on their guided missile frigates. We believe that the Lynx 3 helicopter will meet the RAN requirement at a cost substantially less than the Sikorsky Sea Hawk. The close military and industrial co-operation created by such a purchase will be of long term benefit to both our countries.

2. During his visit to Australia last year Minister(DP) proposed that there should be more collaboration between our two countries. We endorse that statement and are giving full consideration to the Westlands proposals for Australian collaboration on their helicopter projects.

3. We welcome the proposed visit by Defence Minister Mr Scholes and believe that this will provide a useful forum in which to discuss the various suggestions for defence and industrial co-operation currently under consideration.

ESSENTIAL FACTS

1. The competition for this requirement has been narrowed down to the Westlands Lynx 3 and the Sikorsky Sea Hawk. The Lynx is the cheaper option but the Sea Hawk more fully meets the Australian operational specification.

2. Both companies have recently responded to a supplementary tender requesting additional information and costings for an initial procurement of 8-12 aircraft. (The value is approximately £50 million). This is seen as just the first tranche of a much larger RAN requirement. The project is now going through the final committee stages and a decision is expected in July this year; the successful contractor will be well placed, in terms of continuity of supplies and logistical support, to compete for the later helicopter requirements of the RAAF and Australian Army.

3. At the request of Westlands, MOD has agreed to provide support in the following areas:

- a. Evaluation trials at A & AEE to substantiate the results of the Westlands development programme.
- b. Availability of MOD ranges for weapon trials.
- c. Advanced crew training, including operation off RN ships, after delivery of the aircraft but prior to their departure to Australia.
- d. Oversight of manufacture by MOD Quality Assurance Directorates.



- e. Assistance in the logistic support, under the UKLSA arrangement, of the aircraft in so far as the aircraft retains commonality with helicopters in UK service.
 - f. A & AEE assistance in certification of the aircraft.
4. There has recently been some concern expressed by the RAN on the effectiveness of the Gem 60 engine and Engine Usage Monitoring System (EUMS) and reassurance has been sought from MOD. A reply will be sent to Australia this week, stating confidence in the engine and EUMS system. Certification is expected in advance of the RAN requirement.
5. On the industrial side Westlands proposals for setting up an Australian Helicopter Industry (AHI) have fallen through and they have now put forward a new set of proposals concentrating on 3 areas:
- a. An Australian interest in one of their 3 major projects, Lynx, W30 or EH101.
 - b. Westlands to represent the Australian Aircraft Corporation (AAC) in the UK in marketing the A20 basic trainer for the RAF AST 412.
 - c. Joint UK/Australian collaboration on procurement of support helicopters for the RAF and RAAF. (The timescale and requirements of the RAAF are similar to those in AST 404).
6. This would provide long term employment opportunities in Australia and also aid the development of their indigenous



defence industries. MOD and DTI approval would need to be given to these proposals and this is currently being considered. Minister(DP) will be writing on this to Mr Scholes, Minister for Defence, shortly and will also meet Mr Scholes during his proposed visit to the UK next month. Secretary of State for Industry is also expected to write to Senator Button of the Ministry for Industry and Trade.

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cc PC



Foreign and Commonwealth Office

London SW1A 2AH

14 May, 1984

Dear John,

Mr Hayden's Call on the Prime Minister

As agreed when we spoke on the telephone this morning, I enclose a fuller brief for the Prime Minister on the subject of UK nuclear tests in Australia.

This subject was discussed when Mr Luce saw Mr Hayden here this morning. I understand that Mr Hayden made two main points. First, he pressed for the release of all documentation on the subject. Mr Luce responded along the lines of the first of the points to make below. Second, Mr Hayden suggested that there should be a Commission of Enquiry and asked for our full cooperation. Mr Luce took note of this proposal.

Yours ever,
Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street


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UK NUCLEAR TESTS AT MARALINGA, SOUTH AUSTRALIA

POINTS TO MAKE

1. There is no question of a cover up. We have nothing to hide. All relevant documentation has already been made or is in the process of being made available to the Australian authorities. We are co-operating fully with Senator Walsh, and his Department and have agreed with him to fight in the courts any claims for compensation. I do not see what further we can do.
2. There is no evidence available to the British Government of servicemen, aborigines or anyone else having been killed or injured as a result of the nuclear test programme in Australia. Indeed the Donovan Report concluded that there were "no grounds for concluding that Australian personnel who participated in the UK atomic test programmes in the 1950s and 1960s suffered significant adverse health effects".
3. There were no atomic tests in Australia after 1957 and no tests of a nuclear device either at Maralinga or anywhere else in Australia which have been kept secret.
4. Strict protective measures were in operation for all personnel involved in the tests and detailed records have been kept of the amount of radiation experienced by individuals.
5. To the best of the Government's knowledge and belief there are no buried dumps of radioactive material in Australia arising from the nuclear test programme other than those identified in the Pearce Report which Senator Walsh tabled in the Australian Parliament last week.
6. Cannot declassify all documents. Some documentation relating to weapons design must remain secret and under the NPT treaty is not available to Australia.



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CALL BY MR WILLIAM ("BILL") HAYDEN, AUSTRALIAN MINISTER FOR FOREIGN AFFAIRS, ON THE PRIME MINISTER, 14 MAY AT 4 PM

UK NUCLEAR TESTS IN AUSTRALIA

Extent of Public Interest

1. Public interest in the alleged harm done by radiation from the 1950s UK nuclear tests in Australia continues unabated both in this country and in Australia. Although there are many practical difficulties, the two Governments are co-operating very closely and HMG have pledged the Australians every assistance possible in providing information relevant to the five common law cases currently before the Australian courts.

Co-operation between UK and Australia

2. Minister ^(Geoffrey Pattinson) ~~(DI)~~ was in Australia last October and had talks on the subject with Senator Walsh, the Minister for Resources and Energy, and at the same time a UK Mission to Australia (Mr D C Fakley, ACSA(N), Mr W N Saxby, SFS/AWRE and Mr J G Ward, T Sol's Department) was engaged in detailed and very useful discussions with Australian officials and lawyers.

3. As a response to these visits an official (Mr A A Garran) and a Consultant (Dr J L Symonds) from the Australian Department of Resources and Energy visited the UK in March/April to obtain evidence from UK documents and UK witnesses relevant to the cases currently before the courts. They started work on 12 March and their visit appears to have met with some success. Invaluable assistance to MOD has been provided by the official historians of the UK Atomic Energy Authority (UKAEA). Additionally, the MOD have agreed to the declassification and release of the Pearce Report AWRE 0-16/68 which describes the purpose and outcome of Operation Brumby, essentially a clean-up operation carried out to safety standards laid down by the Australian Government prior

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to handing back the Maralinga ranges to the Australians. The report also gives full details of the radioactive material buried at Maralinga. The MOD have also agreed to the release of the 1979 Agreement in which it was accepted that the British Government had no further responsibility to repatriate waste from Maralinga after the removal in 1978 of a small quantity of recoverable plutonium buried there. Both reports have now been tabled in the Australian Parliament.

Recent Allegations of Deliberate Exposure etc.

4. Public concern about the safety of the tests has flared up lately with Press allegations that British, Australian and New Zealander officers of the "Indoctrinee Force" were deliberately exposed to radiation in 1956 in order to see what effect this had on them. They have ^{been} further fuelled by the death bed allegations by a former RAF senior technician, that he found bodies of four aborigines in a bomb crater at Maralinga after tests there in May or June 1963. He further alleged that these tests were secret and that no information about them had been revealed.

5. The guinea pig claim is largely based on a misinterpretation of a 1953 UK document released to the Public Record Office under the 30-year rule and attempts to set the record straight (for example, by Minister(DP) during the Consolidated Fund Bill Debate on 12 March) have suffered a slight setback by remarks on 13 March attributed to Mr Scholes, the Australian Minister of Defence, which appear to corroborate the Press reports. However, detailed information, including that on the actual radiation exposures experienced by those in the Indoctrinee Force, has been traced in AWRE and, has enabled the allegations to be firmly refuted by the Department of Resources and Energy. The allegations about the aborigines' deaths and secret tests are also unfounded and MOD have provided Senator Walsh with documentation enabling him to refute the allegations in Parliament and to the Press.

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Epidermiological Surveys

6. Both countries have embarked on epidermiological surveys. The results of the Australian study, (The Donovan Report) carried out by the Australian Department of Health, were published in December last year and show no increased incidence of radiation associated diseases amongst Australian participants in the tests. The UK study, announced in October last year by Minister(DP), is being carried out by the National Radiological Protection Board. Results may be expected towards the end of 1985 or early in 1986.

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Foreign and Commonwealth Office

London SW1A 2AH

11 May, 1984

Dear John,

Call by the Australian Minister for Foreign Affairs 14 May

Mr Hayden is calling on the Prime Minister at 4 pm on 14 May.

He is visiting the UK from 12-15 May prior to attending the OECD meeting in Paris after which he is to visit Budapest, Moscow, and Soviet Asia (Bukhara, Samarkand, and Tashkent). He will have had talks with Mr Luce and Mr Raison before calling on the Prime Minister and is to see the Foreign Secretary in Paris in the margins of the OECD meeting.

This will be Mr Hayden's first official visit to Britain since the Australian Labour Party took office in March 1983. He visited Britain in January 1981 as leader of the Opposition and paid a courtesy call on the Prime Minister. The visit offers an opportunity of the sort we have been seeking to underline the importance we attach to Australia. The Prime Minister might wish to raise the London Economic Summit with Mr Hayden with the object of easing Australian disappointment at their exclusion. We have included a reference to a possible visit by a senior official to Canberra after the Summit in the briefing. This passage has been placed in square brackets as the Prime Minister will wish to consider whether to make the proposal to Mr Hayden at this stage.

Mr Hayden is still somewhat bitter about the way he was forced out of the party leadership last year and would not pass over an opportunity to regain it. He has been a forceful and innovative Foreign Minister. He has travelled a lot and made a number of controversial public statements. Despite occasional public remarks which might indicate otherwise, Mr Hayden is basically well disposed to the UK. Nevertheless he sees Australia essentially in terms of being a regional power and has actively pursued a policy of involving Australia in the affairs of Asia, the Pacific and the Far East, taking special interest in the Cambodian question.

in attached folder
/ I attach a steering brief and supporting briefs, covering the London Economic Summit and Hong Kong which are the main topics which we suggest that the Prime Minister discusses with Mr Hayden. I am also enclosing a personality note on Mr Hayden, and briefs on East/West relations and SE Asian affairs in case these topics come up.
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Mr Hayden will be accompanied by his Private Secretary, Mr Michael Costello, and the Australian High Commissioner, Mr Alf Parsons. As agreed, Sir William Harding will attend from our side.

Yours,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

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Subject as:
ECONOMIC POLICY
L. E. S.
Part 15.

1 May 1984

AUSTRALIA

Thank you for your letter of 27 April.
The Prime Minister could see Mr. Hayden at
1600 hours (for 30 minutes) on 14 May.

WJC.

Roger Bone, Esq.,
Foreign and Commonwealth Office.

del
DCJ

Subject as:
ECONOMIC POLICY

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CCP



L.E.S.
Part 15

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister (13)

27 April 1984

You could see Mr Hayden for
30 minutes at 1600 on 14 May.

Agree?

John [unclear]

SUB
27/4

I will need
to see the thing
first. I am
disinclined to
see how
it

In your letter of 17 April you said that the Prime Minister would like us to consider whether we should give more attention to our relationship with Australia. A good opportunity to do so has now arisen.

The Hon William (Bill) Hayden, the Australian Minister for Foreign Affairs, will be in London between 12 - 15 May, before attending the OECD meeting in Paris. In Sir Geoffrey Howe's absence, Mr Hayden will have talks with Mr Luce on Monday 14 May, and possibly with Mr Raison too: we are still arranging the details. It would be greatly appreciated by Mr Hayden if the Prime Minister could also agree to a brief meeting. This would underline the importance we attach to our relations with Australia and would perhaps help to mollify Australian disappointment at not being invited to the Economic Summit. If the Prime Minister agrees, would you kindly let me know whether there is any time on the 14th which would be convenient?

[Handwritten signature]

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

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MFJ

Australia

10 DOWNING STREET

From the Private Secretary

25 May 1982

Dear John,

Call by Australian Foreign Minister
on the Prime Minister

Mr. Street called on the Prime Minister at 1615 hours today at the House of Commons. I enclose a record of the conversation.

I am copying this letter with enclosure to John Kerr (HM Treasury), John Rhodes (Department of Trade) and David Wright (Cabinet Office).

*Yours ever
John Wla.*

John Holmes Esq
Foreign and Commonwealth Office.

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JH

SUBJECT.

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ge. Hunter etc.

RECORD OF CONVERSATION BETWEEN THE PRIME MINISTER AND THE AUSTRALIAN FOREIGN MINISTER AT 1615 HOURS on 25 MAY 1982 AT THE HOUSE OF COMMONS

Present:

- | | |
|----------------|-----------------------------|
| Prime Minister | The Hon. Anthony Street MP |
| Sir John Mason | The Hon. Sir Victor Garland |
| Mr. A.J. Coles | Mr. Robertson |

The Prime Minister asked Mr. Street whether he was proposing to attend the United Nations Special Session on Disarmament in June. Mr. Street replied that he was going but Mr. Fraser would not. He understood that Chancellor Schmidt, President Reagan, Mr Susuki and probably M. Mitterrand would attend. The Prime Minister said that she would have to consider whether her own attendance was now appropriate, in the light of the Falklands situation.

Mr. Street said that the recent speech by Mr. Fraser to the Foreign Policy Association in New York reflected a good deal of thought in Australia. Mr. Fraser was concerned that the machinery established in the early days of NATO might no longer be appropriate to the world situation. Perception of the Soviet Union had changed, in particular because of the increasing economic involvement of Europe with Communist countries. This factor, together with the stagnating economic situation especially in OECD countries, had led to tensions within the Alliance and protectionist pressures, with consequent strain for Western economies. It was necessary to ask whether existing institutions were now appropriate.

The second main strand of Australian thinking was that anti-inflation policies might not be sufficient to deal with problems of economic stagnation. As a result of a recent visit to Australia by Mr. George Bush, the Australian Government had crystallised their thinking and decided that three steps were necessary to deal with these problems, namely. (a) a freeze on protectionist measures, (b) progressive reduction in all forms of protection and (c) the phasing out of export incentives and subsidies over a period of five years.

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The United States Administration accepted the underlying principles of this scheme but had reservations about the practical implications. Latterly, the Americans had said that they were considering the proposals very seriously. Mr. Susuki had also received them favourably. Mr. Street had discussed them with the UN Secretary General (who had impressed him considerably). Mr. Perez de Cueller would try to promote them. The Commonwealth Secretary General had said that he would do what he could to secure Commonwealth backing for the ideas.

Mr. Fraser had asked him to visit the Prime Minister in order to establish whether she would support the proposals at the Versailles Economic Summit. Australia did not believe that another round of multilateral trade negotiations would necessarily help. The GATT could not be effective without some stimulus from Versailles. The general objective was, without impeding anti-inflation policies, to try to stimulate world trade.

The Prime Minister said that her first reaction was that the principles set out by Mr. Fraser would well suit those countries which lived by trade provided they were observed by all countries. But the fact was that very few countries did implement such ideas. This was evident at the Commonwealth Conference in Melbourne and at Cancun where discussion revealed that most countries had tariff barriers or protectionist measures of another kind. The difficulty with Mr. Fraser's ideas would be that of translating the principles into practice.

Moreover, they would arise at Versailles at the same time as the problem of Japan. There was, both in Europe and the United States, increasing impatience with Japanese policies. Australia itself maintained protectionist measures against Japanese trade. In general, she believed that Mr. Fraser's package was impeccable in respect of both logic and ideas. But how could it be implemented?

/There was

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-3-

There was a further point. Was the mere removal of barriers to trade a sufficient measure to produce growth? The American economy succeeded because its people were enterprising. Once inflation had been reduced, growth depended on personal initiative and enterprise. How could they be stimulated? The world was hungry for capital. Mr. Fraser had himself played a big role in trying to improve the lot of developing countries. There were plenty of schemes waiting for development but investment was lacking and this could only come from reduction of consumption.

It would be important to avoid the impression that the superficial endorsement of Mr. Fraser's ideas was sufficient. In the end the question was rather one of how many trade barriers each country was willing to abandon. Chancellor Schmidt might well support the proposals. She intended to discuss them with President Reagan.

Mr. Street said the proposals could never be implemented by unilateral action. Multilateral agreement was necessary and even that was obtainable only if the Seven major economies gave a lead. If the Versailles Summit showed that the Seven would proceed in this direction, the Australian Cabinet was firmly committed to supporting them. The Australian Government had consulted industrial and agricultural interests who had made it clear that they were prepared to support these policies provided Australia was acting together with other major countries. Mr. Fraser was not suggesting that protectionism should be abolished forthwith but that a freeze should be followed by a progressive reduction. In the Australian view, export subsidies were the most destructive form of protection because they destroyed world markets and were essentially an unproductive form of expenditure. If Versailles did not make progress with these ideas, the next opportunity would arise at the GATT meeting in October.

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/The Prime Minister

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The Prime Minister said that it was necessary to consider the likely attitudes of those countries who would be present. Italy, France, Germany and the United Kingdom all imposed restraints of one kind or another on Japanese imports. We were all trying to create jobs. The United Kingdom was more interested in free trade than any other country in the European Community except Germany. One disadvantage in Mr. Fraser's proposals was that about half of world trade was now conducted through Governments rather than by businessmen. But Mr. Street's comments about export subsidies were apt. Cross-subsidies on large overseas contracts were legion. Such contracts were won not by the most efficient but by the richest countries for they could afford the largest subsidy which was termed "development aid". She quoted recent examples in the cases of India and Mexico. She was basically sympathetic towards Mr. Fraser's ideas but all our experience suggested that many countries would sign a document embodying them but that this would make no difference in practice. Perhaps it was right to think in terms of the first proposal, namely a standstill on increases in protectionism. Mr. Street said that he realised that Australia had not given Versailles' participants much notice of these proposals. But the Australian Government had been thinking about them for a long while and he had the impression that other countries were now distinctly interested. Mr. Fraser had written to Chancellor Schmidt and M. Mitterrand. There were indications that Mr. Trudeau could raise difficulties.

Finally, Mr. Street said that he hoped that HMS Invincible was in good shape. The Prime Minister said that he need not worry; it would come back with battle honours. She recalled Mr. Fraser's telephone conversation with her after the sinking of HMS Sheffield and asked Mr. Street to thank him for initiating the call.

The conversation ended at 1710 hours.

A.S.C.

25 May 1982

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Foreign and Commonwealth Office

London SW1A 2AH

21 May 1982

Dear John,

Call by Australian Foreign Minister on the Prime Minister, 25 May

I enclose briefing for the Prime Minister's meeting with Mr Street at 4.15 pm on 25 May at the House of Commons.

Mr Street has been with Mr Fraser in the United States, where Mr Fraser launched new proposals on international economic issues and East/West relations, with the Versailles and Bonn Summits in mind. The initiative was in the form of a speech to the Foreign Policy Association in New York on 18 May. I enclose a copy of the speech. Relevant points are also covered in the briefing. The Australian High Commission have passed us a copy (enclosed) of a message on this from Mr Fraser to the Prime Minister; I understand they have sent this directly to you.

Mr Street is likely to draw attention to Mr Fraser's views on international economic matters (Brief No 1), and may also refer to those on East/West issues (Brief No 2). Australian support for us over the Falklands has, as you know, been magnificent (Brief No 3). A general brief (Brief No 4) gives background on Australian internal policies, bilateral and other issues.

Mr Street may also mention Australia's proposed Sterling borrowing, though he is unlikely to wish to discuss it in detail, as he will have seen the Chancellor of the Exchequer earlier that afternoon. I nevertheless enclose a short note.

A copy of Mr Street's programme is also enclosed, together with a personality note.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

THE WESTERN ALLIANCE: PERCEPTIONS AND REALITY

*The following is the text of an address
by the Prime Minister of Australia, the Rt Hon.
Malcolm Fraser, to the Foreign Policy
Association in New York, U.S.A., on Tuesday, 18 May 1982*

I have come to the United States to talk with President Reagan, and we meet here tonight, just three weeks before the holding of the Western summit conferences in Versailles and Bonn.

Australia will not be attending these conferences, but as a democracy, as an open society of free men and women, and as a member of the wider Western Alliance—we are intensely interested in them and what will flow from them.

Preparations for the July meetings are now underway within the NATO community. In my talks with President Reagan yesterday I was heartened by the efforts which the President and his Administration are putting into establishing a constructive climate for the coming meetings. For I would like to make it clear at the outset that I regard these meetings as potentially the most important to be held by Western leaders since the great formative period of the Alliance in the immediate postwar years.

The Western Alliance facing the most severe challenge of its existence

I believe this because, as I see it, this Alliance—which has served the West well for over thirty years, which has preserved peace through a period of unprecedented tension—is now facing the most severe and dangerous challenge of its existence. Serious, responsible men—men who have always been deeply committed to the Alliance—are using words like 'disarray' and 'crisis' to describe its present state. In my view, they have cause to do so. What are the dimensions of this challenge?

First, and most obviously, the military balance between the Alliance and the adversary it was created to guard against is now less favourable than it has ever been since the Alliance was created. Let us not enter into the complex arithmetic of the nuclear equation, the debate as to whether the Soviet Union enjoys superiority or merely parity. For even on the most optimistic interpretation the Soviet Union now enjoys a stand-off capacity at the nuclear level combined with a clear and growing superiority in conventional forces. And that state of affairs challenges the very basis of the strategic doctrine of the Alliance and undermines the conditions for peace and stability in the world.

Second, at the perceptual level—and we should never forget that politics is largely based on perceptions, that perceptions and resolve are intimately linked—there is very disturbing evidence of an unprecedented divergence in the way members of the Alliance view the world, and particularly in the way they perceive the Soviet Union—its policies, its internal dynamics, its capacity and the most appropriate ways of dealing with it. This divergence was demonstrated only too clearly in the Western response to the imposition of martial law in Poland on 13 December of last year. I will have more to say about it a little later, because I believe it is close to the heart of the matter as far as the future of the Alliance is concerned.

Third, there are disturbing signs of an erosion of trust, understanding and mutual respect across the Atlantic. One can point to various explanations of this: the passing of the founding generation of NATO; the difficulty of adjusting to changing economic and political balances within the Alliance; disappointment at shortcomings and discontinuities in the past performances of Alliance partners. In any case, it is there.

On the European side it is evident in characterisations of the United States as reckless and immature, and in the tendency of some to define the European role not as one of firm commitment to solidarity with the major Alliance partner but as one of mediation between the two superpowers. On the American side, there are doubts about European resolution, and in some quarters, the advocacy of a more unilateral approach to international affairs and the withdrawal of some of America's forces from Europe. At its worst this process is represented by a crude and destructive process of mutual caricature. But it is not confined to that level. And, while it does not embrace governments, I am afraid that it is evident in quarters that must be taken seriously.

The weakening Western commitment to resisting aggression

I will simply make two observations regarding it. First, and obviously, it represents an extremely dangerous trend. Secondly, I do not take the view that the distribution of blame for this state of affairs is symmetrical and that the truth of the matter is mid-way between the American and the European positions. While neither side is blameless, I believe that the most dangerous and destructive element in the situation is the weakening Western commitment to resisting aggression, and that process is more apparent in parts of Europe than in America.

This brings me to the fourth element of the multiple crisis facing the Alliance. Internally many of the countries of the West are facing a tide of protest against what, until now, have been fundamental assumptions and policies of the Alliance. A wave of anti-nuclear, pacifist, neutralist sentiment is evident in nearly every Western country, one which challenges the political, moral and intellectual basis of the Alliance. While this sentiment is resisted by governments, it puts pressure, in some cases severe pressure on them. It embraces a number of religious movements, significant sections of the young, women's groups, as well as sections of powerful political parties. In Western Europe, it is to a significant degree transnational, a movement of continental dimensions with people moving across borders to participate in its activities.

Quite clearly there is in all this an element of manipulation and exploitation by those with an interest in weakening and destroying the Alliance. But equally clearly, there is more than that. For many, particularly young people, the Alliance and its basic policies no longer carry conviction. Its legitimacy is under challenge. Those who feel like this are clearly in a minority, but the intensity of their feelings and their commitment to action are strong. Recent history suggests that it would be a serious error to treat this phenomenon lightly.

Fifth and last, everything I have described is happening against the background of economic conditions which are extremely grim: little or no growth, stagnating trade, high unemployment, high interest rates, persisting inflation in many countries and a dangerous drift towards protectionism. This is not the occasion to discuss this economic situation in its own right. But I do want to emphasise strongly its political consequences in terms of the Alliance. It creates a political atmosphere of pessimism and uncertainty. It limits political choice and inhibits governments from adopting policies which are politically and strategically desirable but economically costly. It encourages a process of political rationalisation to justify this refusal to take hard decisions. And it contributes towards an atmosphere of mutual recrimination among allies.

Each of these five elements is of major importance in its own right; but the truth is that there is not one of them that can be considered on its own. They have to be confronted simultaneously and their cumulative weight is great. This is why I cannot accept the view that what we are facing is just another period of tension within the Alliance, something which is more or less normal. That seems to me altogether too complacent.

The crucial importance of the meetings at Versailles and Bonn

That is why, too, I consider the coming meetings at Versailles and Bonn to be of crucial importance, as an opportunity to prevent further drift, to seize the initiative and to set in train a process which will restore the sense of purpose and unity of the Alliance. If this is not done, if the opportunity is missed, then a bad situation is bound to get worse—and may become disastrous.

As I see it, the process must begin where the Alliance itself began: with a consideration of its fundamental purpose. The Alliance came into existence because of a shared belief that the Soviet Union represented a clear and present danger to the free societies of the West. Is that belief still shared? Is it valid? What kind of state is the Soviet Union in 1982? Has it become, as some believe, a conservative, satisfied power, or is it an expansionist state purposefully engaged in seeking paramount international power? Is there real evidence of internal change in the Soviet Union?

These questions are crucial in terms of Alliance policies. For what may be a sensible and justifiable policy of compromise and adjustment when dealing with a state which fundamentally accepts the status quo becomes a policy of appeasement when applied to an expansionist state. What may satisfy one will only feed the appetite of the other. That is why it is important that we have a clear, agreed, soundly based idea of what kind of regime the Soviet Union is.

4
There are those who maintain that, whatever it was in the past, the Soviet Union is now essentially a defensive-minded, status quo power. Its leaders, it is said, are cautious, pragmatic men, little influenced by ideology. While the regime is still an unpleasant one in many respects, it is essentially conservative in its foreign policy.

These views have sufficient currency—either as explicitly expressed opinion or as the unstated assumptions of assessments and policies—to merit consideration. Let me say at once that while I in no way impugn the integrity of those who hold these views, I find them utterly unconvincing. They just do not square with key facts, facts which in themselves can not be disputed:

- the Soviet Union has been and is engaged in a massive, sustained, relentless build-up of its armed forces. While its economy is in an extremely bad state, it persists in committing in the order of 13 per cent of its gross national product to military expenditure. From the mid 1960s, until the end of the 1970s—a period over which American military expenditure actually fell—that of the Soviet Union rose by about 60 per cent in real terms. Although it is now, in combined nuclear and conventional terms, the most powerful military state in the world, and while no country in the world shows the slightest inclination to attack it, there is no slackening in this commitment
- while this build-up has been proceeding, the Soviet Union has pursued very active policies, involving large-scale military support commitments, in areas which are far removed from itself and which have little or no relevance to the defence of the Soviet Union—Angola, Ethiopia, the Yemen, Vietnam, Central America. I will not add the brutal invasion of Afghanistan in this list, not because I do not deplore it, but in deference to the argument—used exclusively to excuse the Soviet Union in the contemporary world—that as Afghanistan is unfortunate enough to be a neighbour of the Soviet Union, this attack can be subjected to a 'defensive' interpretation. I utterly reject that interpretation; but in the interest of not obscuring the point, let us set Afghanistan aside
- thirdly, the policies of the Soviet Union in relation to these distant and widely dispersed places have been justified by its leaders in terms not of defence or threat, but of a doctrine of global struggle between what they describe as 'progressive' forces and the forces of 'reaction'—that is, in terms of an ideological doctrine of international class war.

These facts are not explicable in terms of a conservative, basically satisfied state. They are not explicable in terms of fear—unless it be paranoid fear which can not be set at rest short of the achieving of total domination, and which in practice is therefore indistinguishable from aggression. Neither is this behaviour consistent with the view that ideology is no longer an active component in Soviet foreign policy.

The fact that the Soviet Union is cautious when confronted with matching power, that its leaders are rational calculators of risks and opportunities, does not establish that it is conservative or that it has abandoned its ideological goals. Anyone who knows the first thing about Marxism-Leninism knows that it denounces 'adventurism' and insists on a realistic caution and patience—until the 'correlation of forces' is favourable. But when those forces are favourable it demands that opportunities be seized.

5

As I have said, I have no wish to impugn the integrity of those who advance the other case. But I do believe that, increasingly, their interpretation reflects an unconscious desire to escape from the heavy burden involved in meeting the challenge posed by the Soviet Union, a fatalistic adjustment of the spirit to the formidable military power that it now deploys. The distinguished French social philosopher, Raymond Aron, has observed that 'Finlandisation begins in the mind'. He is right; and I am afraid that the process is well advanced. But it is not, I believe, irreversible.

If the perception of the Soviet Union is one side of the coin, self perception—the image of the West itself by Western men and women—is the other. Here too there is a cause for deep concern.

An Alliance which embodied the determination of a majority of the free societies in the world to protect their freedom—and to do no more than that—is now under increasing attack, or, at best, given lukewarm, grudging support. The determination to defend oneself is increasingly characterised as aggressiveness. Many in Europe see the Alliance as something imposed on them from above—or from over the Atlantic—rather than as an expression of their own vital interests. Its critical relevance to their liberty, their values, their civilisation is contested or denied.

The Western Alliance should be seen in terms of human values

That this situation exists is, I am afraid, in large part due to a failure on the part of Western leaders, a failure to articulate the meaning and purpose of the Alliance in terms which will impress themselves on the imagination of ordinary men and women, and particularly, on the imagination of a new generation reared in the turmoil of the 1960s and the period of illusions about the nature of detente in the 1970s. The language in which the Alliance is discussed and explained has become the language of military acronyms and technicalities, rather than of values and purpose. The important but essentially second-order questions of force structures and strategic doctrines have been discussed at length, but the fundamental political and moral questions have not. Thus the Alliance is increasingly seen as being about military arrangements, rather than about the preservation of a way of life—an open, liberal, democratic way of life governed by respect for law.

Inevitably, the resulting vacuum has been filled by other ideas, some of which are inimical to the survival, let alone the effective performance, of the Alliance. These are not new ideas. They represent the resurfacing of perennial yearnings for a world without conflict, danger and war. They cannot be brushed aside, but must be respected and answered with patience and reason. Some of you will be familiar with the response once made by a veteran of the ideological struggles of the 1930s and 1940s—a New Yorker as it happens—to someone who had only recently discovered the existence of most of the issues: 'Your questions are so old that I have forgotten the answers'. Well, we simply cannot afford to forget the answers; each new generation has the right to hear them.

6
It is necessary, for example, that those who proclaim a 'peace movement' be reminded that the argument is not between those who want peace and those who want war. No sane person wants war. The argument is between differing views of how peace can best be preserved, and preserved with a respect for human freedom and dignity. It is about means, not about ends—and to persist in denying this is to poison the wells of discussion. Those who believe that peace can better be maintained by unilateral disarmament cannot merely rest on the expropriation of the word 'peace'; they need to make their case, and to make it on the basis of how the world is, not how we would like it to be.

In doing so, they should recall that this debate is not a new one. It happened before in the lifetime of most of the people in this room. In 1943, Walter Lippman wrote of what he called 'the vicious circle of pacifism'. His words bear repeating:

In the name of peace, the nation is made weak and unwilling to defend its vital interests. Confronted with the menace of superior force, it then surrenders its vital interests. The pacifist statesmen justify their surrender on the ground, first, that peace is always preferable to war, and second, that because the nation wants peace so much, it is not prepared to wage war. Finally, with its back to the wall, the pacifist nation has to fight nevertheless. But then it fights against a strategically superior enemy; it fights with its own armaments insufficient and with its alliances shattered.

The generation which most sincerely and elaborately declared that peace is the supreme end of foreign policy, got not peace, but a most devastating war.

While the present situation is not similar to that which existed in the 1930s, there are forces at work which, if unchecked, will make it increasingly so. Already we are faced by a strategically superior enemy. The sombre argument contained in these sentences has not, therefore, lost its force. It has not been rendered irrelevant by the advent of nuclear weapons. For if the advocacy of pacifism or unilateral disarmament increases rather than diminishes the risk of war, it is even more important to be aware of it now.

Pacifism genuinely based on conscience is, of course, a valid moral option for an individual; but in a world of nation states, of power politics, it can never provide the basis for a country's foreign policy, certainly not in a world in which the most powerful military force is a totalitarian, expansionist state. Similarly, neutralism is a valid moral option for a country as long as it is sure that its interests are in no way involved in a conflict; but it is not for a country whose interests are involved and which implicitly depends on the exertions and sacrifices of others to see that those interests are protected.

7
Western nations should be promoting self respect and freedom

I believe it is time all those who believe in the collective security of the West begin to put these arguments as forcefully as they can, and at every opportunity. I believe it is time that Western governments—including my own, for Australia too faces these problems—commit ourselves to a major effort to marshal their intellectual resources to recreate a convincing and enduring constituency for the Alliance. Whatever else such a constituency requires, it requires a knowledge and understanding by ordinary people of what is at stake for them: not an abstract concept but the liberty which alone gives meaning to their lives. We need a renewed conviction that the opportunities and choices provided by freedom, the self respect and self esteem promoted by democracy, matter not only to ourselves, but as basic responsibilities to our children. It is absurd that we should ever be on the defensive when our intellectual and moral case is so strong.

The need to clarify our minds about what kind of political animal the Soviet Union is and to ensure a firm basis of public support for the Alliance are essential preconditions for any sound long term defence of freedom.

Beyond that, if it is to function effectively, the Alliance must agree on a coherent, sustainable and credible approach to its future dealings with the Soviet Union. At present this is palpably lacking.

'Detente' promised to provide such an approach but did not. It has become a word which means all things to all men, and in practice it has, I am afraid, often been used as a rationalisation for the pursuit of easy options without serious regard for long term consequences.

In working towards a coherent strategy, it is, of course, legitimate that individual countries should expect some consideration for their particular interests and circumstances. But it is also essential that they weigh these against the ultimate value of the Alliance to themselves; that they consider what their position would be without it. For the time when its existence could simply be taken for granted, when its advantages could be pocketed and other concerns given preference, is now over.

I will emphasise three components of such a strategy. First, the logic of the existing strategic balance demands that the West should make a sustained effort in the area of conventional arms, to reduce the advantage the Soviet Union now enjoys in this respect—and the temptation it consequently faces to exploit that advantage. Such an effort is necessary if the West is not to go to the negotiating table disadvantaged. At the same time there should be serious arms control negotiations aimed at creating a more stable strategic balance and reducing the strategic arsenals of both sides in a significant, equitable and verifiable way. I welcome very strongly the initiative taken by President Reagan last week, an initiative which demonstrates a determination to work for realistic arms control.

It seems to me that it is not unilateral disarmament but such a combination of increased effort in the conventional arms field and serious engagement in nuclear arms control negotiations which offers the best means of reducing the risk of nuclear war.

Second, it is particularly important that there be an agreed policy on economic relations with the Soviet Union. For, despite the present problems of the West, economic strength is potentially its most effective instrument in dealing with that country.

The use of that instrument should not be dictated by vindictiveness. But neither should economic relations be conducted without consideration for their political and strategic consequences.

At present the Soviet Union's economic priorities are indicated by its role as the relentless pace-setter in the arms race. Its persistence in that role both undermines the prospects for peace in the world and its own economy. If the arms race is to stop, or to slow down significantly, the Russian leaders must be given powerful economic, as well as political, reasons to change their current arms policies.

While the Soviet Union is efficient in the production of arms, the performance of its economy in other respects—in providing its people with food and the manufactured goods they need, in contributing to the development of higher technology—is disastrously poor. This is not because of intrinsic and unavoidable weaknesses. The country which now imports vast quantities of grain and rationed bread, used to be a great exporter of food. The wounds are self-inflicted, the result of policies dictated by ideology, of a particularly destructive form of bureaucratic interference. It is the result of warped priorities, whereby the demands of war take precedence over the needs of peace.

If we are concerned to change that picture—if we believe that is desirable, for the cause of international peace, in order to free the West from having to match Soviet military spending and in order to facilitate change within Russia itself, that the Soviet leaders should reallocate resources away from arms and towards providing the conditions for a decent and peaceful life for its people—then we must ensure that the West does not, in the name of detente, make it easier for them to persist with their present policies. On the contrary, we must conduct our economic relationships with the Eastern bloc in such a way as to provide strong incentives for such a basic reallocation of resources.

This, I believe, should be the underlying principle determining Western economic policy towards the Soviet Union. Detente, yes; but a detente based on an appreciation of the long term interests both of the West and of the people of the Eastern bloc, not on a short-sighted competitive scramble to provide one's adversary with the means to continue investing in war.

Urgent need for co-ordinated policies beyond Europe

The third task facing the Western Alliance which I would like to stress—both because of its intrinsic importance and because of its particular relevance to Australia as a member of the Alliance far away from the NATO area—is the urgent need for concerted, or at least co-ordinated, policies beyond Europe.

For while the greatest political danger at present lies in Europe, the most immediate military dangers exist outside it, in the chronically unstable regions of the Third World. It is there that the temptation for the Soviet Union to exploit its vast military power is strongest. And we have the evidence of Afghanistan, Angola, Ethiopia, the Yemen, Vietnam, and Central America that that temptation is not being resisted.

9

In these circumstances, unless there is a Western response in good time, the traditional pattern in which wars have begun in Europe and have then engulfed the rest of the world, could well be reversed. For vital European interests are not confined to Europe, and in the last resort NATO countries will have to prevent the erosion of those interests.

It is not simply a matter of co-ordinating defence policy. I believe profoundly—and here I am more in agreement with current thinking in Europe than in Washington—that a forthcoming, constructive and generous approach to North-South issues will serve the West's interests—is in fact a necessary part of an effective Western policy to counter the Soviet exploitation of breakdown and conflict in the Third World.

The role of Australia

I should add that in this matter Australia is practising what it preaches. Both our defence spending and our aid have increased significantly in the last year. We have been very active in attempting to find ways of breaking the impasse in North-South negotiations. And at the same time we are co-operating closely with the United States on security matters, within our region, and beyond. Our current participation in the Sinai MFO is only the most recent manifestation of this.

We believe that it is important that members of the North Atlantic Alliance realise that other members of the Western community play a significant supportive role, that we have a vital interest in the development of policies whose implementation may well involve our participation.

There is one final and critical point I wish to make. So far, what I have said has focused on political and strategic questions. But the best laid political and strategic policies, even if fully agreed on, will be undermined and frustrated if there is no economic recovery. For nearly a decade we have rightly preached a policy of restraint, of reining in the growth of government spending, of moderating the growth of real wages and of encouraging private initiative and investment. Some of us, but not all, have even followed these policies. We have also spoken of the importance of trying to reduce the general levels of protection, but it is clear that there are particular difficulties facing an individual country acting alone in reducing protection. Much more could be achieved if the reduction in protection were carried out in concert with other industrial countries.

10

The need to reduce protection to promote economic recovery

In some parts of the world, particularly in the Asia-Pacific region, there are striking examples of newly industrialising countries organising their economies on a market basis and achieving high growth records. In the United States and parts of Europe, progress has been made in containing and now reducing inflation. Of course, the economic problems we have been confronting have been especially severe; the oil shocks were quite unexpected and inflation has proved a far more virulent and tenacious disease than many expected. But the fact is that there are 30 million unemployed in the West today. They constitute a human problem—and a political one—of great gravity. For them the present outlook is grim. World trade did not grow in 1981, for the first time in over twenty years. Moreover, the latest three month figures for six of the seven major industrial countries show a fall in industrial production. The message is clear: we have no alternative but to try harder if we are to stop the acid of disillusionment biting deeper into the spirit of Western peoples.

When at the end of World War II, the West last faced economic problems of similar magnitude—when fears of a return to the Depression of the 1930s were strong, when the formidable task of converting back from a war economy and coping with the demobilisation of millions of soldiers faced us, and when there was massive support for communist parties in Western Europe—Western leaders displayed an imagination and creative energy to found what was virtually a new liberal economic order. Out of that came the greatest surge of economic prosperity in the history of the West, a prosperity which was significantly shared by the rest of the world.

No less a response is needed now. While we must maintain our essential policies of fighting inflation and raising productivity there is a desperate need for effective circuit breakers which will speed up the growth of international trade and end the processes by which negative forces constantly reinforce each other.

Merely papering over the cracks, agreeing on anodyne communiqués, will not do. I would like to advance a set of important proposals as a contribution to this end, and I do so with the full support of my Government.

I propose that at the coming summit at Versailles, the major Western nations make four interrelated commitments:

- first that there be a standstill on increases in protection and on the introduction of new protectionist measures, particularly in non-tariff forms
- that there be no new or increased export incentives and subsidies, and that there be an international commitment to the abolition of existing export incentives and subsidies over a period of five years;
- that there be a commitment to significant and progressively implemented reductions in all forms of protection, in accordance with a set formula to be determined through the mechanisms of the General Agreement on Tariffs and Trade
- that these foregoing proposals be priority items for consideration at the November 1982 GATT ministerial meeting.

Australia will support a summit initiative

These proposals are not put forward as exclusive steps, but as measures of the dramatic and imaginative kind that the situation demands. In a world which desperately needs leadership is it too much to hope that the seven summit countries would endorse these or similar proposals? Is it too much to hope that they would, in concert, commit themselves to these steps, which are possible, and which would help so much? No nation could implement these proposals unilaterally. But if the summit participants endorse them, that would give a lead. In these circumstances, the support of Australia would be immediately forthcoming.

I commend these proposals to those who will be at the meetings. They would provide grounds for hope in a world where the outlook is otherwise bleak and uncertain. They would improve the prospects for the economic recovery which is so necessary to reduce the massive unemployment in Western states so necessary for the hopes of individual people and their families. They could help in reviving the spirit of the free world.

Mr Chairman, if I have to sum up what I have been saying, I will do it in these terms; dangerous as the military power of the Soviet Union is, the major threat to the liberty and security of the West today is in the minds of Western men and women. In terms of wealth, of population, of knowledge, of technology, the combined resources of the West far exceed those of the Soviet Union and its clients. If, therefore, the West finds itself vulnerable, it is because of a failure of perception and resolve.

We must clear our minds of cant and illusion in our dealings with the Soviet Union, look at it dispassionately, decide what elements of agreement exist among us concerning its nature, and formulate an effective, sustainable way of conducting our relations with it.

I have referred before to Solzhenitsyn's compelling description of the self-deluding interpretation of the contemporary world in the West which 'works as a sort of petrified armour around peoples' minds . . . it will be broken only by the pitiless crowbar of events'.

The time available to prove that prediction wrong—to restore a sense of reality and purpose before events force us to do so—is very short. Let us do all we can to ensure that it is put to good use.



£100 - limit

*This is poor
reason for a
fund who has stood
by us in the
Falklands
crisis*

PLANNED AUSTRALIAN STERLING BORROWING

Australia may announce later in the month its first sterling gilt-edged issue in London for a number of years. There have been about a dozen such "bulldog" issues by various foreign borrowers since the ending of exchange controls; an issue by Australia would be notable for bringing a prime name back to the London capital market.

With the market unsettled by the Falklands crisis, the Australians are understandably nervous about the timing of the issue. We are sympathetic to their predicament and are doing what we can to be helpful: the issue was to have been announced on 24 May, but exceptionally the Bank have allowed it to be postponed for a week. The issue, if it proceeds, will be for £100 million. The Australians have asked to be allowed to increase it to £150 million but for reasons of market management the Treasury and the Bank have been limiting bulldog issues to a maximum of £100 million. An exception could not be made for the Australians without doing the same for others (eg New Zealand, who plan an issue in June and have also asked for £150 million). [Our reasons for caution are that if very large individual bulldog issues are permitted now, the aggregate volume of such bulldog issues could in future be seen to crowd out domestic corporate borrowers from the market; or could have unwanted exchange rate effects at an awkward time.]



AUSTRALIAN FOREIGN MINISTER'S VISIT

THE HON ANTHONY STREET MP

22-25 MAY 1982

OUTLINE PROGRAMME

Saturday 22 May

2000

Mr and Mrs Street arrive London Heathrow Airport on Concorde flight from New York. Accompanied by Principal Private Secretary, Mr Bob Gordon, and Private Secretary Miss Sciberras. Met by Australian High Commissioner, and by Brig. Louthwaite on behalf of Foreign and Commonwealth Office.

2100

Arrive Berkeley Hotel, London.

Sunday 23 May

Afternoon (5 pm?) meeting with Secretary of State (at Berkeley Hotel?).

Monday 24 May

Private engagements

Tuesday 25 May

1130

Call on Mr Onslow, Minister of State, Foreign and Commonwealth Office

1215

Call on Lord Belstead, Minister of State, Foreign and Commonwealth Office.

1245 for 1300

Lunch at Lancaster House, hosted by Lord Belstead, for Mr and Mrs Street

1430

Call on Chancellor of the Exchequer



1615

Call on Prime Minister (House of Commons)

2130

Depart London Heathrow Airport on flight
QF2 for Singapore and Australia.

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STREET, THE HON ANTHONY AUSTIN, MP

Minister for Foreign Affairs since November 1980. Member of the Cabinet.

Born Melbourne 1926. Educated at Melbourne Church of England Grammar School. Served in the RAN, 1945-46. Farmer.

Liberal member for Corangamite (Victoria) since 1966. Member, Federal Executive Council, 1971-72; Assistant Minister for Labour and National Service; Member, Opposition Parliamentary Executive 1973-75. Spokesman on science and technology, and the Australian Capital Territory, 1973-74, and on labour affairs, 1974-75. Minister for Labour and Immigration in Mr Fraser's Caretaker Government, November 1975. Was also Minister for Employment from December 1975 to December 1978 when it was hived off to become a new department. Minister for Industrial Relations 1975-80.

Close to Mr Fraser, with moderate views on labour relations. A short man. Sensible and likeable. He managed to keep Government-Trade Union relations remarkably smooth despite adverse circumstances, through his willingness to talk to the ACTU and ability to compromise without damaging government economic policy. Well disposed towards Britain which he visited in 1981.

Married 1951 V E (Ricki) Rickard; 3 sons. Mrs Street is a charming lady with a strong sense of fun.

A keen sportsman, Mr Street has twice represented Victoria Country XIs against international touring cricket teams. He toured Britain as a captain of the Australian Old Collegians Cricket Team.

He also plays golf and tennis and has held a private pilot's licence for many years.

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VISIT BY AUSTRALIAN FOREIGN MINISTER: MAY 1982

Brief No 1

AUSTRALIAN INITIATIVE AND THE ECONOMIC SUMMIT

POINTS TO MAKE

The Australian Initiative

1. We share Mr Fraser's perception that moves towards greater levels of protection would be most unhelpful from the point of view of re-stimulating growth in the world economy, and that resisting protectionism helps fight inflation.
2. These issues certainly need to be looked at by the Versailles Summit, though that Summit must be careful to avoid appearing to prejudge the agenda or the outcome of the GATT Ministerial Meeting. Best idea might be for Summit to suggest that the ideas be studied in the run up to, and at, the GATT Ministerial Meeting.
3. (If pressed for UK to take initiative in advocating these ideas at the Summit): understand Australians are drawing them to the notice of other Summit partners, and we will certainly draw their attention to them at Versailles.

Other Summit Topics

4. International Economic Situation: Major economies (US, Japan, Germany) have had significant success in reducing inflation. Prospect now is for recovery of output in industrial countries. Must stick to non-inflationary policies and improve efficiency of our economies if output recovery is to be sustained and not thrown away in new surge of inflation. Hope that Summit will give impetus in this direction.
5. Within broad strategy, important for countries to tackle domestic problems vigorously and co-operate internationally. Convincing reduction of US budget deficit essential if interest rates to be eased.
6. Japan: Need to put maximum pressure on Japanese to modify both trading and economic policies.
7. International Monetary Matters: Hope for progress on improved coordination between the five countries with currencies in SDR; they have special responsibility to maintain value of their currencies.

8. Impact of Technology: A new subject for Summits and a useful one. Development of technologies should be primarily a response to the operation of markets. Prime need to encourage adaptability and get people to welcome change. Advanced countries have to move up-market and shed fears that new developments in technology will mean increased unemployment.
9. Energy: Need not be first priority at Versailles. But despite falling oil prices, we must continue efforts to conserve energy, develop new resources and reduce dependence on imported oil.
10. North/South: Summit will need to recognise continuing seriousness of problems of developing countries. Hope that progress can be made on Global Negotiations: latest (Bedjaoui) text is useful basis for negotiation, but as it stands does not adequately protect competence of specialised fora.

South Pacific Department
Foreign and Commonwealth Office
20 May 1982

VISIT BY AUSTRALIAN FOREIGN MINISTER: MAY 1982

Brief No 1

AUSTRALIAN INITIATIVE AND THE ECONOMIC SUMMIT

ESSENTIAL FACTS

1. The Australians have a particular interest in Economic Summits, where they would like to have been represented (though the Summit remains confined to the seven largest Western economies and we would not want to alter this). They want to be kept informed and consulted, and in view of their stalwart support over the Falkland Islands we should be as forthcoming as possible on this. We might therefore bring Mr Street into the picture on the Summit subjects, as well as discussing their initiative on protectionism.

The Australian Initiative

2. The Australian initiative was launched in a speech delivered by Mr Fraser in New York on 18 May. A summary of the main points in the economic section is given in the Annex.

3. Mr Fraser attributes lack of economic growth to lack of non-growth in trade, and blames protection. He argues that protection and subsidisation, broadly defined, inhibit growth, and that maintaining protection creates a negative cycle. The reasoning seems over-simplistic and to over-emphasise the contribution growth in trade can make to getting economic growth going again and the extent to which existing levels of protection inhibit growth in trade.

4. He asks the Versailles Summit to recognise that policies of protection and competitive subsidisation are "beggar thy neighbour" policies, which debilitate the world economy. He therefore proposes:

- (a) a standstill on increases in protection, particularly through new non-tariff barriers;
- (b) a commitment to significant and progressive reductions in all forms of protection, through formulae to be established in GATT;
- (c) no new increases in export incentives and subsidies, and existing ones to be abolished over five years.

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5. The Australians will naturally have agricultural protectionism in the forefront of their minds, and (4b) links to proposals they recently failed to get accepted by OECD Ministers, which would have involved a commitment to GATT negotiations on agriculture. Taken at face value, (4c) might amount to a phasing out of EC export restitutions on agricultural products.

6. For these reasons, other Summit partners, notably the French and Japanese, will have greater difficulty with these ideas than we do. However, we could not accept them as they stand: they amount to the immediate launching of another major round of GATT negotiations. But there is no need to say so now: the Australians will surely put something similar forward for the GATT Ministerial Meeting, and that is where the ideas should be examined to see if they can form the basis of a generally acceptable approach.

International Economic Situation

7. The United States, Japan and Germany now all have inflation rates in single figures. The UK is following close behind, but progress in other major countries has been disappointing. Australia has been following anti-inflationary policies, but has higher than OECD average growth, mainly through mineral resource development. Australian industry is highly protected. The OECD, in common with most forecasters, expects output in industrial countries to recover later this year and approach 3% p.a. during next year. The UK, along with the US and Germany attaches particular importance to the maintenance of the broad thrust of counter-inflationary policies and efforts to improve the structure of our economies followed in recent years. We shall be seeking a renewed firm commitment to this strategy at Versailles. Ministers at OECD and IMF Interim Committee meetings have just done this.

8. Within the broad strategy, however, some important policy imbalances have arisen with both domestic and international implications. Reduction of the US budget deficit for next year and beyond is essential if pressure on both domestic and world interest rates is to be eased. Recent efforts at a compromise between the Administration and Congress are welcome, but we remain sceptical about whether the end-result will be adequate, so pressure on the

/Americans

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Americans should be maintained. At the same time, other countries with high deficits need to curb them. This includes France, Italy and many of the smaller OECD countries. The case of Japan is special. Lax monetary policy and unduly stringent fiscal policy, together with the closed nature of the economy, have led to a low yen rate and depressed domestic demand which threatens to lead to large current surpluses (\$20 billion in 1983), and worsening trade tensions.

International Monetary Matters

9. We hope that the Summit will result in a renewed commitment to work for greater stability in the international monetary system. This will have to rest primarily on convergence of policies designed to achieve lower inflation and thus to maintain the value of currencies. It may involve a recognition that the five countries whose currencies go to make up the SDR basket have a special and continuing responsibility in this respect, within the IMF framework.

Impact of Technology

10. This subject has been introduced in response to French desire to have a subject for medium term reflection at the Summit. President Mitterrand will be writing a paper himself, to be introduced on the Saturday morning. He appears to have in mind to:-

- (a) stress that the world is facing a new industrial revolution;
- (b) say that as a result there are choices to be made by society eg more centralisation or more decentralisation, increasing or decreasing the North/South gap;
- (c) identify action points, eg international cooperation in technology developments, training the young.

11. The French stress Government action in this field and under-play the role of the private sector. Their ideas foreshadow additional funds and new institutions. There is already a good deal of technical cooperation through international bodies,

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technical associations and the like. New thinking rather than new institutions is needed.

North/South

12. Eight Community partners are prepared to accept, as it stands, the text for launching Global Negotiations produced on 31 March by the G-77 spokesman, Ambassador Bedjaoui. We see the text as the best so far on offer, but need some improvement in the protection it gives to the specialised fora. The Germans have given us hesitant backing, but Herr Genscher is now known to support the text. The Americans are hostile to the Bedjaoui text and are working on an alternative (which is likely to be rejected by the G-77).

13. Strong Community pressure to endorse Bedjaoui text is led by the French. Some members of the Community suspect the Americans of deliberately playing for time, and feel that despite protestations to the contrary, they may have decided to write off Global Negotiations. Community partners are anxious not to be associated with American temporising or wrecking tactics.

South Pacific Department
Foreign and Commonwealth Office

20 May 1982

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VISIT OF AUSTRALIAN FOREIGN MINISTER: MAY 1982

AUSTRALIAN INITIATIVE AND ECONOMIC SUMMIT: Summary of main points in economic section of Mr Fraser's speech at New York on 18 May.

1. Australian Prime Minister is concerned at state of world economy. Inflation/non growth plaguing most Western countries in varying degrees. More and more obvious that return to non-inflationary growth is keyed into trade. And International Trade is stagnant - experienced negative growth last year for the first time since 1950s. Protectionism is the cause.
2. Mr Fraser believes Versailles Summit must produce the leadership to draw us all out of the present malaise. At every summit so far participants have undertaken to continue to resist protectionist pressures. But the facts are (according to GATT) that protection over the period since 1974 has steadily increased.
3. Appropriate domestic macro-economic policies to deal with domestically generated inflation must be continued but these cannot deal with globally generated inflation which is significantly contributed to by protection (broadly defined). Thus protection must be dealt with at source by globally concerted action.
4. Protection broadly defined includes tariff and non-tariff measures, and all forms of financial assistance for production, export finance or distribution of goods in various industry sectors. Such actions increase government spending, feed global inflation both directly and indirectly and contract trade possibilities. In so doing they inhibit significantly non-inflationary growth.
5. All governments condemn protectionism yet maintain they need to "protect" industries in a climate of unemployment and no growth, thereby perpetuating the evils they seek to avoid. We must break out of the present negative cycle whereby

/individual

individual countries seek to protect their incomes by stifling trade since it does not and cannot work.

MR FRASER'S PROPOSAL

6. That the Versailles Summit recognise that there can be no prospect for durable economic recovery while these "beggar-thy-neighbour" policies continue, recognise the debilitating effect they are having on the world economy and call for international agreement among nations
- (i) On a standstill on increases in protectionism and on the introduction of new protectionist measures, particularly in non-tariff forms:
 - (ii) On a commitment to significant and progressively implemented reductions in all forms of protectionism, in accordance with a set formula to be determined through the mechanisms of the GATT:
 - (iii) That there be no new or increased export incentives and subsidies, and that there be an international commitment to the abolition of existing export incentives and subsidies over a period of five years.
7. That if the Summit can so agree Australia will support such an approach and believes it should be a priority approach at the GATT Ministerial Meeting later this year.
8. Finally, all major countries, including developing countries, must participate to make it work and the cutbacks in protection must be significant to be effective. Not to adopt this approach means a continuation and possibly proliferation of protective and restrictive policies and postpones the possibility of a return to non-inflationary growth which we all need and want.

AUSTRALIAN FOREIGN MINISTER'S VISIT: MAY 1982

Brief No 2

MR FRASER'S SPEECH ON THE WESTERN ALLIANCE

POINTS TO MAKE

1. Have studied Mr Fraser's speech with interest and appreciation.
2. Agree on need to make every effort to improve Alliance cohesion and to explain our policies fully to Western opinion.
3. As consequence of US initiative last year, Alliance Governments have placed greater emphasis on contrasting Western values with moral bankruptcy of Warsaw Pact. Expect Bonn Summit declaration to do the same.
4. Also agree with what Mr Fraser said on need to explain what deterrence means. UK Government has been active in this, (Ministerial speeches, Government pamphlets etc). In fact solid support in UK for NATO and need for sound defences. 'Peace movement' wrongly named; for most part anti-nuclear rather than pacifist or neutralist.
5. Mr Fraser right to emphasise need to improve conventional defences and to pursue arms control seriously. UK regards these as major objectives at Bonn Summit. With INF and START under way, West well placed to demonstrate commitment to arms control.

AUSTRALIAN FOREIGN MINISTER'S VISIT: MAY 1982

Brief No 2

MR FRASER'S SPEECH ON THE WESTERN ALLIANCE

ESSENTIAL FACTS

1. In speech to the Foreign Policy Association in New York on 18 May, Australian Prime Minister drew attention to dangers of transatlantic disunity and scale of Soviet threat to the Alliance. Emphasis was on Nato and Bonn Summit, but Mr Fraser spoke in context of "wider Western Alliance", including Australia.
2. Mr Fraser stressed importance of portraying Alliance as group of countries concerned to preserve a certain way of life, not simply as defence grouping. He believed that growth in peace movement partly due to failure to explain purposes of Alliance, and that there was urgent need for this.
3. Mr Fraser also called for greater efforts by the Alliance to improve its conventional defences, for serious arms control negotiations and for an agreed policy on economic relations with the Soviet Union.

VISIT OF AUSTRALIAN FOREIGN MINISTER: MAY 1982

Brief No 3

AUSTRALIAN REACTION TO FALKLAND CRISIS

POINTS TO MAKE

1. Very grateful for your prompt, full and consistent support. Encouragement and Understanding extended by Australia to UK is most heartwarming and deeply appreciated.

VISIT BY AUSTRALIAN FOREIGN MINISTER: MAY 1982

Brief No 3

ESSENTIAL FACTS

AUSTRALIAN REACTIONS TO FALKLAND CRISIS

1. Very full Australian support for UK. Details are:
 - (a) Statement to UN Security Council, 2 April, condemned Argentine invasion, and supported action proposed by UK.
 - (b) Similar public statement by Mr Fraser, and strong message of support to Prime Minister, 3 April.
 - (c) Recall, 6 April, of Australian Ambassador to Argentina. Returned to Buenos Aires, 28 April, with message from Mr Street to Argentine Government (delivered to Mr Costa Mendez) conveying Australians' serious concern at Argentina's failure to comply with SCR 502 and urging peaceful settlement of the dispute.
 - (d) Imports embargo and withholding of export credits (despite Australian aluminium exports to Argentina worth some £260 million over last 10 years), 8 April.
 - (e) Message to President Reagan on 17 April from Mr Fraser encouraging unequivocal US support for the UK.
 - (f) Press statement by Mr Fraser on 26 April in support of South Georgia landing.
 - (g) Mr Fraser's telephone call on 5 May to Prime Minister expressing sympathy over loss of HMS Sheffield, and reiterating Australian support.
 - (h) Mr Fraser's discussion in Washington on 17 May with President Reagan, stressing importance of support for UK's resistance to Argentine invasion; and reiteration of same points at meeting of Foreign Policy Association in New York, 18 May.

Sale of HMS Invincible

2. Sale agreement would have been signed about now, had Falklands crisis not intervened. Mr Nott has asked RAN Project Team for deferment until outcome of events is known. Mr Blaker told Parliament on 27 April that sale could not be cancelled; it had already been agreed. It has been confirmed in Parliament (19 May)

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that the terms of sale have been agreed but the formal documents have yet to be signed.

Use of RAN seconded personnel

3. Despite press speculation in both London and Canberra to the contrary, there are no plans to ask the Australian Government for the use of RAN personnel in connection with the Task Force in the South Atlantic. There are no RAN personnel currently in the Task Force.

AUSTRALIAN FOREIGN MINISTER'S VISIT: MAY 1982

Brief No 4

POINTS TO MAKE

Commonwealth Games (if raised)

1. Glad that question of attendance at the Brisbane Games resolved. But revision of Constitution could cause future problems.

EC Common Agricultural Policy (CAP) (if raised)

2. UK working in EC for CAP reform. In our interest as much as Australia's to limit production of high cost surpluses which can only be disposed of with aid of subsidies. Indeed, on basis of mandate given it by the Council, Commission has been exploring ways to rationalise European agricultural production with our full support. But reform process will take time. Other member states face genuine difficulties.

General

3. (If necessary) should be possible to solve problems amicably. Counter-productive for Australians to threaten trade retaliation: this merely puts EC backs up, and can hurt most those who support Australia's case like UK.

EAST/WEST RELATIONS (INCLUDING POLAND AND AFGHANISTAN)

US/Soviet Relations

4. Welcome President Reagan's 9 May speech. Should give West initiative and help with public opinion. Also welcome possibility of Haig/Gromyko and Reagan/Brezhnev meetings. Important to keep channels open to Russians to reduce their insularity and put across Western views.

Next few months important

5. Prospect of high-level US/Soviet bilateral meetings and possible START talks will determine East/West climate. Must give maximum support to enable US to build on 9 May speech and retain political and public initiative. No prospect Russians will accept need for restraint and compromise unless West is seen to

/be

be united and determined.

Poland

Internal Situation

6. Prospects very uncertain. If Government relax their grip, popular opposition will spread but martial law can provide no lasting solution to Poland's political and economic problems.

Western Policy

7. Important to maintain firm and united Western line. Welcome recent relaxation of martial law but not far reaching enough to warrant any change of policy. (If raised). No question of providing new credits; rescheduling of 1982 official debt remains under review.

Refugees (If raised)

8. Believe Western statements have helped deter Polish Government's attempts to force detainees to choose between imprisonment and exile. Will keep up pressure.

Afghanistan

9. Must not allow issue to drop from sight. Must continually remind Russians that Afghanistan remains a central issue in East/West relations.

Middle East

10. Glad that we are both participating in MFO. Important for such peace-keeping efforts to have broad international support.

11. Sinai withdrawal was important step forward, but Palestinian problem remains central. Autonomy talks likely to continue for the moment, but prospects for success are poor; some fresh thinking may be needed soon.

12. Ten committed to Venice principles as framework for comprehensive settlement. Equally, important that Arabs should unite around positive proposals. These must include acceptance of Israel's rights. Then easier for United States to move towards acceptance of Palestinian rights.

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AUSTRALIAN FOREIGN MINISTER'S VISIT: MAY 1982

BRIEF NO 4

ANGLO-AUSTRALIAN RELATIONS AND OTHER ISSUES

ESSENTIAL FACTS

Internal Political

1. Federal (Commonwealth) Government has been a Liberal/National Country Party coalition led by Mr Malcolm Fraser since 1975. The Government has a majority of 21 in the House of Representatives over the Australian Labor Party opposition led by Mr Bill Hayden. But since July 1981 the Government have not had an overall majority in the Senate and thus face some obstruction there, especially on the most contentious issues (eg unions).
2. Recent setbacks for the Liberals - defeat in a Federal by-election in March and in the Victoria State elections in April - may largely be attributable to mid-term anti-Government swing, but Mr Fraser and his Government have seemed a little beleaguered. Resignation of two junior Ministers over undeclared importation of a television set by one of them, and a direct challenge to Mr Fraser's leadership from Mr Peacock, former Foreign Minister, in April, have not helped the Liberal Party image. However, Peacock challenge resulted in a firm endorsement of Mr Fraser as leader. In the Ministerial reshuffle in May Defence was the only major Cabinet portfolio to change hands, though there were some other Cabinet changes and several changes in junior ministers.

Economy

3. Australia's economic growth continues to be well above OECD average, but effects of the world recession are showing. Levels of inward investment (especially in mineral development) seem to be slowing, and lower world commodity prices and volumes are leading to lower mining company profits. Following abandonment of the wage indexation system inflation (11.3%) is rising, as is unemployment (7%).

/Anglo-Australian Relations

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Anglo-Australian Relations

4. Links remain strong although they have naturally changed and developed over the years. UK and Australia remain like-minded politically although Mr Fraser is personally sensitive to any signs that UK is attempting to 'nanny' Australia along. More recently, the Australian Government have demonstrated total support of the UK position, and actions, over the Falkland Islands issue (Brief No 3). Our visits to Australia are welcomed (the most recent being Mr Buchanan-Smith in February and Mr Atkins in March). Britain continues to be Australia's largest single source of immigrants providing 30,000 out of a total of 110,000 in 1980/81 and an anticipated 40,000 out of 120,000 in 1981/82. There are also frequent Australian visitors to UK. Mr Fraser last came for the Royal Wedding; Mr Street last visited UK in June 1981.

Constitutional Issues

5. Australia's constitutional arrangements have changed little since 1900/1901 when the States ceded certain powers (external affairs, defence, finance) to the Federal Government. The States, which are self-governing dependencies of the British Crown, retained full powers in certain other matters. The residual links between the Australian States and the British Government are recognised to be anachronistic, and proposals to change Australian constitutional arrangements, cutting these links, are expected to be discussed by the State Premiers and the Federal Prime Minister in June at one of the regular Premiers' Conferences. Generally the matter is progressing on lines acceptable to ourselves and the Palace, though some Australians concerned, particularly New South Wales but also possibly Mr Fraser, want to cut the links by exercise of Australian legislation alone, as a demonstration of Australia's existing independence. There is no real parallel between the Australian issues and the Canadian ones: not only are the problems themselves quite different, but the Australian proposals are expected to be uncontroversial in Australia.

Foreign Policy

6. Generally reflects Australia's position as part of the "wider Western Alliance" (a term used by Mr Fraser in his 18 May speech)

/especially

especially as an ally of the US, with deep distrust of the Soviet Union, and calling for Western solidarity against the Soviet threat worldwide. Reverted over recent years to "forward defence" philosophy, after more isolationist "continental defence" interlude. However, general foreign policies increasingly influenced by geographical considerations and reflecting to some extent Australia's enigmatic position as a developed country whose exports are mainly of primary products. In particular, Mr Fraser has shown a wish to play a role in advancing North/South discussions, for example, at CHGM last year. Some earlier domestic criticism that Mr Fraser was overly concerned to make an international name for himself became much more muted when CHGM was perceived in Australia as a success for him and a boost for Australia.

Commonwealth

7. CHGM Melbourne (Sept-Oct 1981), helped recovery of Commonwealth morale after controversy over Springbok's tour of New Zealand. Current morale high; good Commonwealth response (especially from Old Commonwealth) to Falklands crisis.

Commonwealth Games: Brisbane 30 September to 9 October 1982

8. Commonwealth Games Federation met in London, 5 May, African boycott was headed off, and New Zealand attendance, assured unless African attitudes change before the Games start. But a drafting group to meet at Brisbane will consider Constitutional revision to allow for exclusion of member countries which maintain sporting contacts with South Africa. If implemented, this could cause problems for the next Games in Edinburgh, 1986.

AUSTRALIA - EC

General

9. Recent EC/Australia relations have been difficult because of problems in trade field, especially over trade aspects of Common Agricultural Policy, but also a recent row in GATT over Australian safeguard action (now settled). Visits to Australia in recent months by Mr Alec Buchanan-Smith, M Gaston Thorn and Mr Humphrey Atkins (then Lord Privy Seal) did something to clear the air.

/EC

EC Common Agricultural Policy (CAP)

10. Main Australian complaint is about EC agricultural surpluses being exported at subsidised rates in competition with Australian produce. Australia also complains about protectionist aspects of CAP which have caused reduction in Australian export to Community countries (especially UK whose agricultural imports from Australia fell from £151 million in 1972 to £53 million in 1980).

EC Manufacturing Beef Balance Sheet

11. This permits some imports from third countries (not only Australia) to enter the Community at nil or reduced levy rates to make up any deficiency (balance) of Community production. Precise quantity is set by EC every year, and EC beef producers (France and Ireland) always argue for minimum. Australians maintain they secured an EC commitment in 1979 as part of GATT Tokyo Round that quantity would be at least 60,000 tonnes of beef per year. We accept there is moral but not legal commitment, and normally support Australian case in annual EC discussions. This year 60,000 tonnes was agreed, but half is subject to 45 per cent levy.

Australian Trade Retaliation

12. Australia has in past threatened trade retaliation against EC if she did not receive satisfaction (eg over beef balance sheet). We should impress on Australians that such retaliation is counter-productive. Unselective action against EC member states tends to hit UK hardest, given our greater trade with Australia, despite fact we are Australia's main friend in EC.

EAST/WEST RELATIONS

US/Soviet Relations

13. Eureka College speech (9 May), President Reagan called for the beginning of START negotiations and put forward a 5-point programme for East/West relations. This consisted of: military balance, economic security, regional stability, arms reductions and dialogue. Although the Russians have been dismissive of this programme, they will be conscious that it was a well-judged

/initiative

initiative coming on the eve of the President's European visit and his attendance at the NATO Summit and they will work hard to discredit it. Their attitude to START talks is likely to be more positive.

Summitry

14. President Reagan has made it clear that he is prepared to hold a Summit meeting with President Brezhnev later this year, as long as it is carefully prepared, has the prospect of a successful outcome and fits into the overall context of US/Soviet relations. The likely venue for such a meeting is a European neutral country (Austria, Finland, Ireland and Switzerland have all been mooted), possibly in October. Haig and Gromyko have already met, most recently in January this year, and there is a possibility that they will meet again in June, in New York, in the margins of the UN Special Session on Disarmament.

Poland

15. Mass unofficial demonstrations took place in Warsaw and other Polish cities on 1,3 and 4 May in support of Solidarity and in protest against martial law. These were followed by protest action on 13 May in response to a Solidarity strike call. The Government reacted by arresting some 3,000 people. Western Policy towards Poland was re-affirmed most recently in the NATO Foreign Ministers Luxembourg Declaration.

16. Although the Poles recently signed a rescheduling agreement with the Banks for 1981. Western Creditor Governments have agreed that there should be no change in present policy to suspend credits and 1982 rescheduling negotiations for the time being.

Middle East with MFO

17. After the successful completion of the Israeli withdrawal from Sinai on 25 April the MFO took up its patrol duties along the Israel-Egypt border. Australia and New Zealand have made a joint contribution to the MFO of 12 helicopters and 200 support personnel; the UK is providing a 37-man headquarters unit.

18. The key to further progress on the Palestinian question lies with the Americans. They are clearly determined to continue

/the

the autonomy talks during 1982, but are also seriously considering ways of broadening the Camp David process thereafter. We are encouraging them in this. The Israelis seem determined to offer the Palestinians no more than limited autonomy even in the longer term: this is incompatible with self-determination, which is a vital element in Egyptian and, of course, European positions.

19. We have entered a new period with the return of Sinai and a statement on the Middle East may be required at the June European Council. We believe that the Venice principles are still a valid basis for European diplomacy and that the Europeans cannot remain inactive. The Fahd principles remain on the table for Arab consideration, but there is no immediate prospect of a reconvened Arab Summit. Australians generally keen to support US on Middle East issues; they also have significant Jewish lobby, and many Arab and Lebanese immigrants.

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AUSTRALIAN HIGH COMMISSION • LONDON

THE HIGH COMMISSIONER

The Hon. Sir Victor Garland, KBE

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ops.

21 May 1982

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T 109/82.

A telegram from my Prime Minister asks me to convey to you the following message:

Begins -

"My dear Margaret,

You will know from your High Commission in Canberra that during my visit to Washington earlier this week I intended to put to President Reagan a set of proposals designed to reduce impediments to free international trade through a standstill on and progressive reduction of all forms of protection.

.... I attach a copy of the Aide Memoire which I left with President Reagan on 17 May setting out in detail the proposals I have in mind and my thinking on them. I also described the proposals in a speech which I gave to the Foreign Policy Association in New York on 18 May.

In commending the proposals to President Reagan, I said that I thought they represented the kind of direction which the Summit participants could give when they met in Versailles next month.

The Versailles and Bonn Summits come at a time of massive economic problems in Western economies, problems for which there is at this time not even an agreed approach to a solution. There are very real risks of social disruption stemming from the degree of industrial dislocation and consequent unemployment that many countries are now experiencing. Against this sombre background the NATO alliance is facing the challenge of restoring stability to the East/West relationship. In my view, these issues are interlinked, and the two Summits present an important opportunity to restore a genuine Western alliance consensus on basic questions of economic policy and policies towards the Soviet Union.

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Lack of growth and unemployment are common to most Western economies at this time, and most governments are implementing appropriately responsible and restrained fiscal and monetary policies in an endeavour to contain inflation. There is also a nexus between protectionism and inflation, in the sense that protectionist measures - whether they be restrictions against imports or other financial measures supporting the production of export goods - inhibit the fight against inflation, increase public spending, hinder trade flows and worsen prospects for overall economic recovery. I believe a new approach is needed to free trade flows and to discourage beggar-thy-neighbour policies which - if present trends are permitted to develop - could pose a real threat to Western economic strength and Western political unity.

The reason for our emphasis on export incentives and subsidies is that competitive export incentives, to our way of thinking, represent the greatest waste of economic resources. A diminution and eventual abolition of them would mean the release of those resources for productive purposes - replacing obsolescent technology, lowering taxes to stimulate economic activity. And it is the countries which at present spend the most on these export supports which would benefit the most from their abolition.

The Versailles Summit, I believe, is an opportunity for Western political leaders to set a new and constructive direction, both generally and with particular relevance to the GATT Ministerial Meeting later in the year.

Australia's proposal is that the participants in the Versailles Summit should call for international agreement:

- (1) on a standstill on increases in protection and on the introduction of new protectionist measures, particularly in non-tariff forms;
- (2) on a commitment to significant and progressively implemented reductions in all forms of protection, in accordance with a set formula to be determined through the mechanisms of the GATT;
- (3) that there be no new or increased export incentives and subsidies, and that there be an international commitment to the abolition of existing export incentives and subsidies over a period of five years.

No one country can secure international agreement to implement such a program, but if the Summit participants could agree on these three ideas in principle, and give a lead, other countries would follow. Australia would be the first among them. For a country not to feel able to agree to at least the first of the three propositions would simply mean that it was reserving for itself the right to increase its levels of protection in the future.

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- 3 -

I do not underestimate the difficulty of agreeing on and later implementing such proposals. But if they or something like them are not given a chance, prospects for the international economy are bleak indeed. As things stand even the most optimistic estimates for economic recovery in the United States do not indicate a return to sustained strong growth.

I should emphasise that I am not proposing a long drawn-out process like another round of multilateral trade negotiations, but rather something that is broad-brush but capable of having significant effects in the short-term. Essentially, I envisage the Summit setting the direction, and the GATT Ministerial Meeting in November negotiating details and determining appropriate formulas.

At the end of World War II the Marshall Plan and the creation of the Bretton Woods Institutions transformed a world full of doubt and fear of the future and of what peace would bring. Looking at the present malaise of the world's economies, I think something of comparable sweep and boldness is needed now. I firmly believe that our proposals represent one possible way - indeed perhaps the only possible way - in which a much-needed stimulus might be given without at the same time fuelling inflationary pressures and abandoning responsible policies of restraint.

Indeed, in many ways what I have put forward would be the international complement to the sort of policy which you - and President Reagan - have been so courageously applying domestically.

I hope our proposals will strike you in that light, and that should they be considered at the Summit, as I understand from my discussions with President Reagan they may be, you will feel able to view them sympathetically.

I have asked Tony Street, who will be in London in a few days time, to see if you are available to talk to him about these and other matters. I hope you will be able to see him. I can tell you that both he and I in our talks in Washington stressed the importance of support for Britain in the present crisis, and that the response we got was quick and warm.

With all good wishes,
Malcolm Fraser."

Ends.

R.V. GARLAND

The Rt Hon. Margaret Thatcher, MP,
Prime Minister,
No. 10 Downing Street,
LONDON SW1.

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AIDE MEMOIREAUSTRALIAN INITIATIVES ON STIMULATING
WORLD TRADE AND ECONOMIC RECOVERYBACKGROUND

There has been global recession for the best part of two years and general unsatisfactory economic performance over the past decade. There may be some hope for recovery as 1982 progresses but any recovery, however, is likely to be fragile unless we address factors inhibiting trade growth.

In particular, protectionist measures, particularly non-tariff measures (NTMs) are now more prevalent than ever. International restraint on trade - protectionism in its broadest sense, that is protection against imports and government financial assistance to industry to support prices of goods and services or in support of the production, export, finance or distribution of goods and services - make it more difficult to restrain inflation and are a strong impediment to efficient and sustainable growth. Undoubtedly these developments have contributed stagnation in world trade.

In considering economic prospects and policy, attention has tended to focus on the interaction of, and effect of, policies designed to reduce inflation and the related questions of interest rates, exchange rates, wages and unemployment.

The control of inflation is of fundamental significance to the restoration of sustained growth through reducing uncertainty and restoring business and consumer confidence.

Not all the available weapons, however, are being used to accelerate the defeat of inflation and the resumption of growth. Indeed some policies are being pursued that have the opposite effect.

THE CASE FOR THE INITIATIVES

The Australian Government believes that, both globally and in individual domestic economies, there is no alternative to the continued battle against inflation. The armoury in this struggle would be most usefully supplemented, we believe, by the initiatives outlined below. Their implementation would assist in the expansion of world trade and output, put additional downward pressure on inflation, and, among other things, help contain public expenditure. Without some such new impetus economic recovery may be disappointing. We must make the most of the progress which is being achieved in bringing down rates of inflation.

The proposals focus on the reduction of impediments to freer international trade. Their implementation would ease tensions in the global economy that flow from each country attempting to achieve economic gain at the expense of others. Above all, the proposals are pragmatic, calling for a standstill on total protection levels and then a programme of significant though staged reductions. Under existing arrangements, efficient exporters are precluded from access and face unfair subsidised competition in third markets. They are forced to bear the cost of others unwillingness to adjust. Even more importantly the maintenance of various support arrangements imposes a cost in terms of inflationary pressures which must be borne by the entire international community.

For the proposals to be fully effective, they need to receive also the support of developing countries (who provide the major outlets for export growth in industrial products and who were treated inequitably in the Multilateral Trade Negotiations (MTN)).

THE PROPOSALS

Australia proposes that, in the interests of stimulating world economic activity while contributing to diminishing inflationary pressures, the participants in the Versailles Economic Summit in June should call for international agreement:

- (I) on a standstill on increases in protection and on the introduction of new protectionist measures, particularly in non-tariff forms;
- (II) on a commitment to significant and progressively implemented reductions in all forms of protection, in accordance with a set formula to be determined through the mechanisms of the GATT;
- (III) that there be no new or increased export incentives and subsidies, and that there be an international commitment to the abolition of existing export incentives and subsidies over a period of five years.

WASHINGTON
17 May 1982

Australia
HL

B/E Dept
21 May 1982

Visit of Australian Foreign Minister

Thank you for your letter of 18 May. The Prime Minister could see Mr. Street at 1615 on Tuesday 25 May. The meeting would be in the Prime Minister's room at the House of Commons.

JOHN COLES

John Holmes, Esq.,
Foreign and Commonwealth Office.

A



Prime Minister.

Foreign and Commonwealth Office

London SW1A 2AH

26 May is the day of
the Women's Conference speech.
Agree nevertheless to see Mr.
Street for 30 minutes at 10.30?

Yes
mf

18 May, 1982

A. J. C. $\frac{19}{5}$

4.15 Home of Common.

mf

Dear John,

Visit of Australian Foreign Minister

The Hon Anthony Street MP will be coming to London on Saturday 22 May after visiting Washington and New York with Mr Fraser. The Australians have asked if he could call, however briefly, on the Prime Minister, and on the Secretary of State. The Secretary of State has agreed to see Mr Street at 11 am on Wednesday 26 May, and would be very grateful if the Prime Minister could also see him for a brief discussion. Mr Street will, we understand, be available any time on 24 and 25 May. I understand that you may be able to find a suitable slot for a call then.

A call on the Prime Minister would provide an opportunity to thank the Australians for their stalwart support over the Falkland Islands, and for Mr Fraser's personal efforts in this connection.

However, Mr Street's main objective will be to explain an initiative that Mr Fraser will launch on 18 May, in a speech at New York, on international political and economic issues, and which Mr Fraser hopes will be pursued with our support at the Versailles Economic Summit. I enclose a summary of the main points expected in Mr Fraser's speech.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street



307

Australia.

MINISTER FOR FOREIGN AFFAIRS

CF

24-6-81

mf

Dear Prime Minister,

Thank you so much for your kindness & hospitality during my recent visit to the United Kingdom.

Your comments & suggestions on the coming CHOGM were most helpful, & have been passed to our P.M.

It was a great privilege for Ricky & me to be your guests at Trooping the Colour, & we look forward to welcoming you to Melbourne later in the year.

Yours sincerely,
Tony Street



Australia
flet

SECRET

10 DOWNING STREET

From the Private Secretary

12 June 1981

f. Maitland set.

AUSTRALIAN FOREIGN MINISTER

The Minister for Foreign Affairs for Australia, Mr. A. A. Street, called on the Prime Minister this morning. He was accompanied by the Australian High Commissioner. At the outset of the meeting he handed to the Prime Minister Mr. Fraser's formal invitation to her to attend the Commonwealth Heads of Government Meeting in Melbourne. I enclose a copy. As you will see, the letter requires a reply. I should be grateful if you could let me have a draft in due course. It will not, of course, be possible for the Prime Minister to stay on in Australia after the Heads of Government Meeting has finished.

bf + reply
on -
Commonwealth:
CHGM in Australia
p 3.

In response to a comment from the Prime Minister that she did not want CHGM to devote itself to develop an anti South African exercise, Mr. Street said that Mr. Fraser was anxious to ensure that the Conference was not dominated by African questions. He was keen to keep world economic issues in the forefront of the discussions. The Prime Minister agreed that the problems of the world economy would have to feature prominently. She attached importance to securing a wider understanding of the way in which world patterns of trade had changed in recent years. She had in mind particularly the redistribution of income in favour of the OPEC countries. We now lived in a capital-hungry world which had seen the end of a long period of growth. Only OPEC was now in a position to provide the capital that others were seeking. It was for this reason that she objected to the description of the present situation in terms of a North/South relationship. We had to get away from this phrase which gave the impression that the industrialised nations were responsible for present difficulties and for finding a solution to them. Mr. Street commented that it might not be easy to persuade some of those attending CHGM to accept the Prime Minister's analysis. He feared there might be a tendency, e.g. on the part of those developing countries who did not have oil, to "narrow the discussion in an undesirable way". The Prime Minister responded that the record of the UK in the aid field was very good. She had told Mr. Ramphal that it was up to other countries whether they recognised this or not, but if they continued to criticise the UK, they could not expect the UK to continue to pay out.

/A number of specific

CONFIDENTIAL

A number of specific points came up in the ensuing discussion:-

- (a) The Prime Minister said that whereas the last CHGM had been devoted to Africa, she hoped that the Melbourne meeting could devote a good deal of attention to the Pacific. Mr. Street agreed. The Australian Government was worried about the situation in the Pacific. The Soviet Union had been "probing" in Vanuatu and in the Solomon Islands;
- (b) the Prime Minister said she thought there would be no point in raising the question of Pakistan's membership of the Commonwealth. The Indian Government would not be prepared to agree to Pakistan membership. Mr. Street said that both Mr. Ramphal and Mr. Fraser were determined to avoid a discussion of the issue of Pakistan's membership in plenary session. It should be mentioned, if at all, in informal discussions;
- (c) Mr. Street hoped that Uganda's difficulties would not be raised. But there was an obvious risk that the situation in Uganda would make discussion unavoidable. Mr. Obote was still planning to attend.
- (d) Mr. Street said that Mr. Fraser was hoping that the Springbok tour of New Zealand would not loom too large. However, it seemed inevitable that it would take up a good deal of time. There was a consequent risk that the question of the Gleneagles Agreement would be opened up. Both Mr. Ramphal and Mr. Fraser would try to stop this. According to Mr. Street, Mr. Ramphal is hopeful that the argument over the venue of the Commonwealth Finance Ministers may allow the Africans to let off steam (I understand that Nigeria has asked for the meeting to be moved away from New Zealand). The Prime Minister observed that it was wishful thinking to suppose that anything would divert the attention of the African Ministers from this issue.
- (e) Mr. Street said that Mr. Fraser was hoping that the meeting could point the way ahead in some limited areas, e.g. the search for alternative forms of energy and the means of improving food production and distribution. The Prime Minister did not comment on this point but suggested that, more generally, she hoped considerable progress could be made with the drafting of the Communiqué before the meeting assembled.

Mr. Street invited the Prime Minister to arrange for any British proposals for the agenda of the meeting to be submitted by mid-July. Mr. Fraser hoped that the agenda for the meeting would be available for circulation at the end of July or early in August.

R. M. J. Lyne, Esq.,
Foreign and Commonwealth Office.

M. O'D. B. ALEXANDER



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 95A/81

PRIME MINISTER

CANBERRA

- 4 JUN 1981

My Dear Margaret

I am looking forward very much to welcoming you to the Commonwealth Heads of Government Meeting which Australia will have the honour of hosting between 30 September and 7 October this year. In this new decade the Commonwealth enjoys high international esteem, and the forthcoming meeting provides us with a significant opportunity to discuss a range of issues affecting the peace, security and well-being of all people.

The co-operation and consultation between us which has been a feature of Commonwealth meetings will, I am sure, continue at Melbourne. I am looking forward to seeing you in London at the time of Prince Charles' wedding when I hope we shall have a useful opportunity to discuss matters which may arise at the Melbourne meeting.

There are, of course, many parts of Australia which you will not have the opportunity to see during the conference. It occurs to me, therefore, that while you are here you may wish to see something more of this country. Perhaps you could let me know whether you are able to stay on for a few days after the meeting has concluded, as a guest of the Australian Government. It would certainly give me great pleasure to enable you to see something more of Australia, and I hope that you will be able to do this.

*Yours sincerely
Margaret*

The Rt Hon. Margaret Thatcher, M.P.,
Prime Minister of
Great Britain,
LONDON
GREAT BRITAIN



Foreign and Commonwealth Office

London SW1A 2AH

9 June 1981

Dear Michael,

Call by Minister of Foreign Affairs of Australia
11.00 am on 12 June

Mr Street is visiting the UK at Lord Carrington's suggestion. They will have detailed discussions on a wide range of issues, immediately after Mr Street's call on the Prime Minister.

Bilateral relations are of course excellent. Mr Street is likely to be pre-occupied with the Melbourne CHGM; he will be keen to discuss arrangements, including the agenda: it will be useful to learn his views. (Brief attached.) On sporting issues, we hope that any discussions in Melbourne on the Gleneagles agreement can be informal; and we will support Australia's attempts to minimise possible danger to the 1982 Brisbane Games. (Brief attached.)

I also attach copies of briefs on 'North-South' matters, East-West relations, South-East Asia (and refugee problems in that area), EC issues, and Defence questions, in case Mr Street raises these subjects.

Lastly, I attach a copy of our Personality Report on Mr Street, a copy of his programme, a copy of a telegram from Sir J Mason in Canberra setting the scene for the visit.

yours na
Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street



VISIT OF MINISTER OF FOREIGN AFFAIRS OF AUSTRALIA 10-14 JUNE
COMMONWEALTH HEADS OF GOVERNMENT MEETING (CHGM)

POINTS TO MAKE

GENERAL

1. Prime Minister/Secretary of State both look forward keenly to being present. Share Australia's concern that it should be a success. It will be a relief to have a CHGM no longer dominated by the Rhodesia problem; and we hope this year's will see a better balance.

UK VIEWS ON CHGM AGENDA

2. Commonwealth Secretary General's suggestions only just received (in recent circular letter); but on expected lines. North/South issues and Southern African matters (see separate briefs) will obviously receive particular attention. Have not at this stage decided whether we shall be putting forward any new suggestions for agenda; but important to take account of (especially) Pacific view that, with Rhodesian problem solved, CHGM series should give more time to subjects of greater interest to non-African countries. In any case, worth encouraging Pacific voices.

POSSIBLE UK INITIATIVES (IF RAISED)

3. Early days yet and nothing concrete in mind, but looking at one or two ideas. Major problem is lack of funds for any new projects at a period when we are having to make substantial cuts in all government budgets.

AUSTRALIAN INITIATIVES?

4. Know you are considering eg initiative on NWICO. Anything else? (Within framework of our financial constraints) can we help?

PAKISTAN'S POSSIBLE READMISSION TO COMMONWEALTH

5. Understand Mr Street once considered possibility of an initiative at CHGM to promote Pakistan's readmission. Is this finally dropped? Given strength of Indian views, anything more than discussion in CHGM corridors at present seems impractical.

● ESSENTIAL FACTS

GENERAL

1. Australian Government is sending delegations (led by Ministers or backbenchers) to all Commonwealth countries attending this year's Commonwealth Heads of Government Meeting (CHGM: 30 September - 7 October: in Melbourne, with weekend retreat in Canberra). Commonwealth Secretary-General has said their aim, which he supports, is to solicit views rather than promote specific positions. However press reports (confirmed by Australian High Commission) indicate that emissaries may convey letter inviting heads of Government to CHGM and including suggestions on latter's agenda.
2. Though his visit originated at Secretary of State's invitation Mr Street has taken on this CHGM role in respect of UK.
3. PCD reconnaissance mission in late April/May and visit to London 4 - 9 June by head of the Australian CHGM Task Force, confirm that Australians have arrangements for CHGM well in hand.

UK VIEWS ON CHGM AGENDA

4. Mr Ramphal's (circular) letter (of 27 May: copy annexed) not yet considered fully. Proposals seem unexceptionable, drawing particular attention to: current political tensions, including Southern Africa; North/South issues; and Commonwealth functional co-operation. On latter, major UK problem is lack of funds; difficult to endorse any proposal, of which there are a number foreshadowed in Mr Ramphal's letter, which would result in increased UK expenditure (we contribute to Commonwealth organisations, including Commonwealth Fund for Technical Co-operation)(CFTC) at flat rate of 30%). Examples : increased subscriptions to CFTC, Commonwealth Foundation, Commonwealth Youth Programme; additional Secretariat responsibilities for Human Rights, "student mobility", Commonwealth Arts, media.

POSSIBLE UK INITIATIVES

5. Toying with several ideas, on eg NWICO and Namibia (see separate briefs).

AUSTRALIAN INITIATIVES

6. (See separate briefs on NWICO and North/South). Mr Fraser keen to make CHGM a success and known to be considering several major initiatives, of varying substance.

PAKISTAN'S POSSIBLE READMISSION TO COMMONWEALTH

7. Australians earlier this year took soundings in all Commonwealth capitals, discerning general, albeit lukewarm, support for Pakistan's readmission. Mr Street subsequently reported to have recommended to Mr Fraser (who had been personally keen to see movement before or at CHGM) that pitfalls outweighed possible advantages and matter should not be taken further. Mrs Gandhi's face set firmly against Pakistani readmission. UK commercial interests in India demand caution and it would be unwise for us at present to take (or obviously support) any initiative.

OTHER CHGM ISSUES

8. See the separate briefing on sporting contacts, North/South matters, NWICO and African issues (for Namibia).

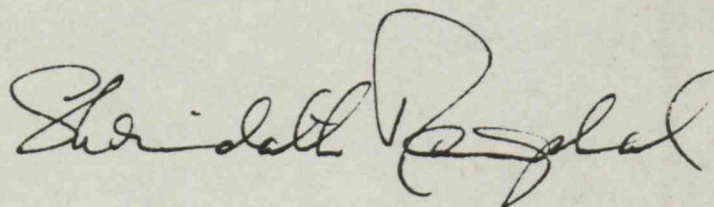
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~~TREAT AS
CONFIDENTIAL~~
~~Covering SECRET~~

C.152/11/4

27 May 1981

I attach a message to your Head of Government on the subject of the agenda for the next Commonwealth Heads of Government Meeting in Melbourne from 30 September to 7 October 1981 together with an extra copy. I should be grateful if you would ensure that this is transmitted to your Head of Government as quickly as possible.



Shridath S Ramphal

043

Treat as
CONFIDENTIAL
~~SECRET~~

C.152/11/4

27 May 1981

As preparations enter their final phase for the Commonwealth Heads of Government Meeting in Melbourne from 30 September to 7 October 1981, I write to seek your views on the subjects which you would like to see discussed and to offer some preliminary ideas for your consideration.

I do so against a background in which the Commonwealth's established capacity for consensus building is perhaps more widely recognised and valued than ever before - and not just by member Governments but by the international community as a whole. Significantly, Melbourne will be the first major consultation at the highest level of 'North' and 'South' anywhere in the world since Lusaka. The challenge to the Commonwealth to improve the prospects for global harmony through its unique facility for direct and informal discussion between Heads of Government could hardly be more pointed than at this moment of acute difficulty for many countries and with the larger crises of the '80s looming ahead. In responding to that challenge, Heads of Government will, I am sure, be reinforced by recollections of the achievements of Lusaka and of Commonwealth roles since then.

On the political front it clearly is a time of unusual danger. The decline of detente, the acceleration of the arms race, the hardening of the policies of the superpowers across the board, the persistence of such areas of tension as Afghanistan and Kampuchea and the emergence of new flashpoints cannot but be matters of grave concern.

...2/.

And, as the set-back to the SALT process and the UN Conference on the Law of the Sea illustrate, there is the danger of an unravelling process which could further aggravate political tensions and difficulties. Some Commonwealth countries feel directly affected by particular situations, but a worsening of the political climate and threats to peace affect all nations. Heads of Government will no doubt wish to consider these developments in their review of the world political situation while recognising that, in a world in which issues become ever more closely inter-linked, they are not without relevance for development and international economic co-operation generally.

Zimbabwe's independence after long years of travail was a source of particular pride and satisfaction to the Commonwealth. Its presence at Melbourne will be a reminder of the unfinished business of Southern Africa. After years of patient negotiation, Namibia's progress to independence and Commonwealth membership has now suffered a major set-back; while much will obviously depend on events over the next few months, the situation inevitably occasions grave concern. Within South Africa, apartheid continues to constitute an affront to the world community, undermining the prospects for peace and stability of the entire region. Recalling the Lusaka Declaration on Racism and Racial Prejudice, and the earlier and more particular Gleneagles Agreement, Heads of Government will, I am sure, wish to consider urgent ways and means of shaping events towards internationally agreed objectives. And a similar wish will certainly obtain in relation to the situation in Cyprus which has continued to defy resolution.

On the economic side, I am keenly aware of the opportunity which the Melbourne Meeting presents to focus upon the crisis which affects the world economy in general and the developing countries in particular and to consider what measures Commonwealth countries, individually and collectively, might take in the context of broader international action to help improve the situation. The timing of the Melbourne discussions - after the Ottawa Summit of the major industrialised nations (in July) and prior to the summit of world leaders of both industrialised and developing countries in Mexico (later in October) - invests Melbourne with added significance.

Since Heads of Government last met in Lusaka two years ago, the international economic situation has unquestionably deteriorated, manifesting itself in massive economic problems and enlarging poverty and instability in the developing 'South' and rising unemployment and falling output in the industrialised 'North'. At such a time when the need for sustained action at the global level has never been greater, individual Governments are tending to turn

inwards, and negotiations on the form and substance of that action remain painfully deadlocked.

At Lusaka, Heads of Government agreed on a study by an independent group of experts with a view to identifying specific measures to reduce or eliminate as a matter of urgency constraints on structural change and economic growth in both developed and developing countries. The Report of the Expert Group led by Professor Arndt of Australia ('The World Economic Crisis'), was circulated to the 11th Special Session of the United Nations last year and has received much attention. With appropriate updating, which the Secretariat will provide, the Report provides an eminently suitable starting point for the discussions at Melbourne. In the context of prevailing conditions in the world economy, food, energy, trade and financial flows would seem to emerge as critical issues for attention.

As in the past, the Commonwealth, by virtue of its special capacity to view the world situation from both North and South can lend a much needed impetus to the processes of global negotiation. By helping to point the way forward, Commonwealth leaders can contribute to progress at the Mexico Summit and in the 'Global Round'. I would welcome your thoughts on how Melbourne might best serve these purposes.

Finally, there is the important area of functional co-operation. The Commonwealth's capacity to contribute to wider global issues is of course rooted in and sustained by practical co-operation between Commonwealth countries themselves. Past Heads of Government meetings have successively enlarged the scope of such endeavours particularly in the field of development. It was in this spirit that Lusaka initiated a programme of industrial co-operation and already gratifying progress has been made in initiating new industrial projects in a number of countries. In this vein and responsive to current needs, I venture to suggest a few areas of special emphasis at Melbourne. These involve, in the main, not the initiation of new programmes but the strengthening of existing ones:

- I have mentioned 'food' as one of the global issues to which Heads of Government might pay particular attention. I know it is high among the concerns of many leaders. There may well be important practical ways in which the Commonwealth can respond to these concerns and the needs they reflect. Enhanced co-operation in food production in particular can be of immense value to many Commonwealth countries facing serious food deficits and the prospect of major global food shortages. At their recent meeting in Dacca, Commonwealth Agricultural Ministers urged an enlarged Commonwealth role in

this area including measures to harness Commonwealth experience and skills in a manner that could yield practical results. I propose, therefore, to submit for consideration some specific proposals in this respect.

- Heads of Government of the Asia-Pacific region held their second meeting in September 1980 in New Delhi and the evolution of this important regional initiative will be of interest to the Commonwealth as a whole, as will other efforts at regional co-operation involving Commonwealth countries - one of which, the Southern Africa Development Co-ordination Conference (SADCC) emerged since Lusaka.
- Lusaka gave emphasis to special programmes of assistance to our island developing and specially disadvantaged member countries, a theme which was pursued further at the regional meeting in New Delhi. Commonwealth work in this area has been essentially pioneering and it requires reinforcement. It would be particularly helpful to consider how bilateral and multilateral programmes may be strengthened and given greater momentum, responsive to the wishes of the countries concerned.

There will be need, too, to review or carry forward a number of specific decisions that were taken at Lusaka or at subsequent Ministerial Meetings:

- Heads of Government will have before them the Report of the Working Party on Human Rights which seeks to respond to its mandate in this important but sensitive area.
- Heads of Government will also have before them a Report of the Commonwealth Committee on Communication and the Media as well as a Report on the proposal for a Commonwealth Film and Television Institute.
- The ongoing work and resource problems of the Commonwealth Youth Programme and the Commonwealth Foundation will require close attention if they are to continue to fulfil the purposes for which they were established.

SECRET

At their meeting in Sri Lanka in August 1980, Commonwealth Education Ministers requested me to convene a Consultative Group to examine ways in which student mobility between Commonwealth countries could be maintained and fostered. The Group's recommendations are now before Education Ministers but in view of the urgency and importance of the matter, Heads of Government may wish to give some attention to it at Melbourne.

Underpinning all these activities, and indeed the Secretariat's entire operational capability in the field of development, is the Commonwealth Fund for Technical Co-operation. Despite impressive achievements, it is a matter of major concern that the last two years have seen a decline in real terms in the Fund's resources and a corresponding diminution in its capacity to meet the needs of member countries. That this should have happened during a period of sustained Commonwealth achievement on the world stage is all the more disquieting. I very much hope that at Melbourne Heads of Government will attach importance to reversing this trend and will consider favourably the Report of the Working Party on CFTC Resources set up by Finance Ministers last September. I cannot emphasise too strongly the intimate link between the fortunes of the Fund and the elan of the Commonwealth connection, which will be weakened if the Fund declines. The amounts involved are relatively small but the returns are of disproportionate value and significance. For the major contributors to the Fund it is much less a question of additional resources than of priorities within existing development assistance programmes. Melbourne will offer an opportunity to respond in priority terms to what the Commonwealth relationship both needs and deserves.

Separately, a more general question has been raised about the possibility of greater co-operation in the cultural sphere. The Commonwealth Institute hopes Heads of Government will take note of its work and consider ways in which it could be of greater service to Governments; and the recently formed Commonwealth Arts Organisation seeks official support. I would welcome your guidance.

As I indicated earlier, these are preliminary thoughts on the broad contents of the agenda, based on my assessment of the current concerns of Commonwealth Governments. I assume Heads of Government will wish the agenda's actual format to follow the successful pattern of recent Meetings, with broad and flexible headings under which specific topics can be inscribed.

SECRET

I shall be grateful to have your views, if possible by mid-July, along with an indication whether it will be your intention to present any papers to the Meeting. In the light of the responses I receive, I hope to be able to circulate an annotated draft agenda in the first week of August.

Meanwhile, having just returned from Canberra, I am glad to be able to report to you on the excellence of the arrangements for the Meeting, and how much effort and care the Australian Government has devoted to them. You are assured of a warm welcome and of facilities designed to make your consultations as productive as possible.

With deep respect,

Shridath S Ramphal

VISIT OF MINISTER OF FOREIGN AFFAIRS OF AUSTRALIA: 10-14 JUNE 1981
BRIEF NO : GLENEAGLES AGREEMENT: SPORTING CONTACTS WITH SOUTH AFRICA
POINTS TO MAKE

Renegotiation of Gleneagles Agreement: Commonwealth Heads of
Government Meeting

1. Gleneagles Agreement certain to be discussed at Melbourne. Sonny Ramphal seems relaxed, but understand Nigerians and Abraham Ordia may be seeking to tighten it. Want to avoid modification. Hope it can be discussed informally and acrimonious debate avoided.

2. We already discourage sporting contacts. But our sportsmen and sports bodies are independent. We cannot stop them visiting South Africa or any other country, as witness the Moscow Olympics.

United Nations Blacklist

3. Every country has a right to refuse entry to non-nationals. But our own traditions of individual freedom lead us to deplore a blacklist of this nature. It is not binding. We shall not apply it though others will. Too early to know how it will work out.

Commonwealth Games, Brisbane, 1982

4. Illogical and unjust to boycott Commonwealth Games in response to ill-considered actions by one group of sportsmen whose sport, rugby, will not even be represented at Brisbane. We will do what we can to minimise damage to Games.

Irish Rugby Football Union (IRFU) Tour of South Africa

5. Did all we could. Supported Irish Government's efforts. Our Minister for Sport wrote to President of IRFU advising Union to reconsider and to advise potential participants from Northern Ireland of our concern.

Springbok Tour of New Zealand

6. If the tour goes ahead the Brisbane Games may be adversely affected. But we are in no position to urge the New Zealand Government to keep the Springboks out: our own Immigration Rules do not allow refusal of entry solely because of participation in sporting events.

/Initiative

Initiative by South African Government to relax Apartheid in Sport

7. We welcome any move by South Africa to normalise sport. But it will not soften African attitudes: they want the abolition of Apartheid in general, not just in sport.

Cultural Relations Department
Foreign and Commonwealth Office
8 June 1981

VISIT OF MINISTER FOR FOREIGN AFFAIRS OF AUSTRALIA: 10-14 JUNE 1981

GLENEAGLES AGREEMENT: SPORTING CONTACTS WITH SOUTH AFRICA

ESSENTIAL FACTS

Renegotiation of Gleneagles Agreement: Commonwealth Heads of Government Meeting (CHOGM)

1. Recent actions by the Nigerian and Guyanese authorities have focussed attention on the Gleneagles Agreement and raised questions about its interpretation. Four Caribbean Governments have already indicated their intention of raising Agreement at CHOGM with a view to securing its more effective implementation. It would be unrealistic to expect support for a move to relax it. It may be difficult to prevent it being discussed in open session rather than at the informal weekend, which is what we would prefer.

United Nations Blacklist

2. On 15 May 1981 the UN Special Committee Against Apartheid published a Report which includes a "register" covering the period 1 September 1980 to 31 March 1981. The Register contains three lists:-

- (i) A list of sports exchanges with South Africa;
- (ii) A list of sportsmen and women who participated in sports events in South Africa;
- (iii) A list of promoters and administrators who have been active in collaboration with 'apartheid sport'.

3. Britons feature prominently throughout and the Sports Council Chairman (Mr Richard Jeeps) together with one other member (Mr Bill Hick) are included in the third section of the register.

Commonwealth Games, Brisbane, 30 September to 10 October 1982

4. If the Springbok tour of New Zealand takes place there could be an African boycott of the Brisbane Games, unless the New Zealanders stay away. But a recent visit to Australia by Mr Abraham Ordia, the President of the Supreme Council for Sport in Africa went very well. The Australians handled the visit skilfully and Mr Ordia did not close the door completely on a compromise. During his visit he praised Mr Fraser and Australia for their support in the battle against apartheid in sport. The Australians, as hosts, are particularly anxious that there should be no disruptions.

/Irish

Irish Rugby Football Union (IRFU) Tour of South Africa

5. The IRFU decided on 2 January to undertake a short tour of South Africa in May. The Union is responsible for rugby for the whole of Ireland and it was inevitable that some Northern Ireland players would be selected. Both we and the Irish Government made every effort to persuade IRFU to call off the tour but it went ahead as planned. Most critical comment has been directed towards the Republic, but they have also been praised for the strength of their attempts at discouragement.

Springbok Tour of New Zealand

6. The New Zealand Rugby Football Union (NZRFU) have invited a South African rugby team (Springboks) to tour New Zealand during July/September 1981. Despite intense pressure within New Zealand from church leaders, trade unionists and both major political parties the NZRFU have remained adamant that the tour will take place. The New Zealand Government are now most sensitive on this issue but have refused to withhold visas from the Springboks. The issue has become an irritant in bilateral relations between Australia and New Zealand.

7. A planned visit by Mr Street to New Zealand was cancelled after reports had appeared in the press claiming that the purpose of the visit was to persuade the New Zealand Government to prevent the tour. Given our own policy towards sporting contacts with South Africa we are not in a position to urge the New Zealand Government to do more.

Initiative by South African Government to relax Apartheid in Sport

8. Dr Viljoen, Minister of National Education, stated on 22 May 1981, that the South African Government had decided in principle to amend certain apartheid legislation so as to exclude sport. This would take time. But it was hoped the decisions would confirm both in South Africa and abroad that the Government regarded multiracial sport and the removal of obstructive measures as a matter of concern.

9. We welcome the proposed changes as a step in the right direction. But our policy will remain unaltered resting as it does on 'Gleneagles'. A majority of Commonwealth governments will continue to take the view that "normal sport is impossible in an abnormal society".

/Trawl

Trawl by our High Commissions on likely attitude to CHGM Melbourne

10. We have asked our posts to ascertain discreetly the views of Commonwealth governments on discussion of the Gleneagles Agreement at Melbourne. We are sharing the results with New Zealand and have offered, through the High Commission in Canberra, to share them also with Australia. [Summary of replies received so far is attached at A.] Mr Street's visit is part of a series of consultations the Australians are conducting to take the views of Commonwealth colleagues about the CHGM.

Future British Sporting Contacts with South Africa

11. There is only one definite rugby contact expected in the foreseeable future: the Welsh Academicals are intending to tour South Africa for three weeks in late July/August 1981. Mr Monro has written discouragingly to the President of the Welsh Rugby Union but it seems that the tour will go ahead.

Cultural Relations Department

8 June 1981

TRAWL OF LIKELY ATTITUDE TO DISCUSSION OF GLENEAGLES AGREEMENT AT CHGMANTIGUA

Will push for agreement on third party principle, ie to act against a non-national for his having had sporting contacts with South Africa.

BARBADOS

Will push for agreement on third party principle.

BANGLADESH

Expected to support any move to strengthen Agreement.

BOTSWANA

No strong views. Unlikely to oppose wishes of fellow Africans.

CANADA

Unenthusiastic, but believes discussion inevitable. A moderating influence.

DOMINICA

Prime Minister in favour of multiracial teams visiting South Africa. Will not favour strengthening of Agreement, but unlikely to be vocal or influential.

FIJI

Prime Minister favours informal discussion and weakening of Agreement.

GUYANA

Bound to press for strengthening of Agreement.

INDIA

Expects pressure to strengthen Agreement and would feel bound to support it.

JAMAICA

Feels committed to press for agreement on third party principle.

KENYA

Attitude will be affected by any resolutions adapted by OAU summit, Nairobi in June.

LESOTHO

Unlikely to oppose wishes of fellow Africans.

MALAYSIA

Unlikely to take particularly strong line but forthcoming elections could affect policy.

MAURITIUS

Unenthusiastic. Will not want text of Agreement altered.

MONTSERRAT

Will push for agreement on third party principle.

NIGERIA

Will press for strengthening of Agreement. Expected to produce new draft agreement for consideration.

PAPUA NEW GUINEA

Prime Minister sees no reason to discuss Agreement. But if inevitable hopes it will be informal.

SEYCHELLES

Likely to be influenced by countries like Tanzania.

SINGAPORE

Does not believe Agreement should be strengthened but would not support UK stance.

SOLOMON ISLANDS

Unenthusiastic but would feel obliged to make ritual gesture if Agreement discussed.

SWAZILAND

Expected to support any move to strengthen Agreement.

TANZANIA

Would follow any agreed African line to strengthen Agreement.

TONGA

Would only support strengthening of Agreement if freedom of movement not jeopardised. Moderating influence.

TRINIDAD

Expected to support moves to strengthen Agreement.

VANUATU

Unenthusiastic. Would not approve of discrimination against individuals (Blacklisting).

ZAMBIA

Would support fellow Africans seeking to strengthen Agreement.



VISIT OF MINISTER OF FOREIGN AFFAIRS OF AUSTRALIA, 10-14 JUNE 1981
NORTH/SOUTH ISSUES

POINTS TO MAKE

1. Content that North/South issues should be an important theme at CHOGM.
2. Hope for informal discussion leading to a meeting of minds.
3. Do the Australians have any particular initiatives in mind?
4. How do they see the outcome at Melbourne on North/South matters?
5. (If necessary) We do not think it would be right to nag the Americans about a commitment to the Global Negotiations in advance of Cancún.
6. (Defensive) Spoken recently to Mexican and Austrian representatives. They indicated that attendance at Cancún was now settled. But if question should be re-opened, we would regard Australia as a strong candidate.



BACKGROUND

1. Mr Fraser has agreed with the Commonwealth Secretary-General that North/South should figure prominently in Melbourne (other major areas of concern will include 'escalation of the arms race, decline of detente and developments in Africa'). He is sending emissaries to all the CHOGM countries to 'solicit views'; Mr Street's visit is, in part, for this purpose. (In addition, two of Mr Fraser's personal advisers will visit London for discussion with officials in July).
2. Mr Fraser has a well-publicised commitment to the North/South Dialogue, based partly on personal conviction and partly on the special interests of Australia as a major commodity producer with a relatively undeveloped industrial base. He wrote to the Prime Minister in February describing the CHOGM as 'an invaluable opportunity to foster a pragmatic and co-operative approach to the Dialogue'.
3. Mr Fraser is subject to domestic criticism that his progressive protestations are not matched by actions. He is accordingly seeking 'bold initiatives' to be launched at Melbourne. The sidelined passages in paras 4-7 below are based upon information given to us in strict confidence, and are not for use.
4. In international fora Australia tends to distance herself from the majority of OECD countries on the issue of agricultural protectionism, where she is very critical of the CAP. She is herself vulnerable to criticism, especially from ASEAN countries, of her relatively high tariffs on industrial goods. But we understand that Mr Fraser has commissioned officials to begin work on ways of reducing Australian protectionism, despite the



political storm that any such move would cause within the Government coalition. In the commodities field also, Australian interests as a major producer often diverge from our own.

5. The Australians - like HMG - have accepted the UN official development assistance target of 0.7% of GNP, without commitment to any timeframe. The Fraser Administration is committed to reductions in public expenditure, and the volume of Australian ODA has recently been declining. At the end of May, however, the Australian Cabinet endorsed a call for a 'substantial real increase' in ODA. Departments apparently believe that a real increase of 6-8% will be announced at CHOGM.

6. As a major food producer, Australia is likely to welcome any North/South initiative in the field of agricultural development and food aid.

7. Mr Fraser is working on a 'Melbourne Declaration' (draft at Annex A). It is an example of the sort of forward rhetoric that we find unhelpful. But Mr Fraser is apparently not concerned about the Prime Minister's possible hostility, and may calculate that he can secure sufficient Commonwealth support for his text to more or less oblige the Prime Minister to go along with it.

8. In recent speeches Mr Fraser has re-affirmed his support for the Brandt Report. He will also be aware of the Arndt Report, commissioned in 1979 by the last Commonwealth Heads of Government meetings, and edited by Professor Arndt of Canberra University. This report was considerably more realistic (and much shorter) than the Brandt Report. It showed a far greater understanding of the workings of the world economy and of the

/current



current state of international negotiations. It is a pity that it has had relatively little attention.

9. Mr Fraser has lobbied hard, but so far without success, for an invitation to the Mexico Summit. He may seek British support for his candidature. If so, it might be best to avoid a firm commitment lest it should cause difficulties with, for example, the Italians. Defensive point 6 is intended to be as forthcoming as possible. It is in fact, unclear whether the issue of participation has been finally settled or not.

Economic Relations Department

8 June 1981

COMMONWEALTH DECLARATION : DRAFT 3

We, the Heads of Government of 44 countries attending the Commonwealth Meeting in Melbourne, affirm unanimously and in the strongest possible terms our conviction that what has become known as the North-South dialogue must be revitalised as a matter of urgency. Ways of ensuring progress in these discussions and negotiations must be found if developed and developing countries are to live together in peace and harmony.

We believe that achieving these goals will require a fusion of political commitment, vision and intellectual realism which has hitherto been lacking on all sides.

If it is to be conducted with the seriousness and responsibility it demands the North-South dialogue must be understood in its historical context. The last 35 years have witnessed a profound transition in the international community, perhaps the most far reaching in the last two centuries. The population of the world has doubled. The number of sovereign states has more than trebled. Huge empires have disappeared. Power and status have been redistributed drastically. The level of interdependence and communication among different states and societies has risen very rapidly. There have been far reaching changes in the conscience of peoples, affecting the prevailing notions of justice, entitlement and responsibility.

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Fundamentally, the North-South dialogue arises from the need - both objective and subjective - to reflect and accommodate these revolutionary changes in the structures and processes of the international community.

While there are legitimate and necessary questions concerning their extent and nature, there can be no serious question that adaptations are necessary. Given the scope and significance of the transition, a "realism" which attempts to base itself on the status quo must fail and in doing so may produce disastrous consequences. Flexibility and adaptability are essential.

The choice therefore is not between change and no change. It is between timely, adequate, negotiated change and disruptive change imposed by breakdown and conflict.

In making this affirmation we do not ignore or minimise the complexity of the issues or the formidable obstacles to progress which exist.

But we assert two things:

First, and overridingly, that what is at stake - in terms of how hundreds of millions of people will live or die; in terms of the prospects for cooperation or conflict; in terms of the prospects for economic surge or stagnation; in terms of the moral and material quality of the world

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order which will prevail - is of such a magnitude that it would be a terrible indictment of this generation if advances were not made due to an absence of will or of a failure of statecraft.

Second, that intrinsically formidable as the problems are, they are not of a kind that will necessarily defeat any effort at substantial progress. Many of the obstacles which at present frustrate negotiations and dialogue can be removed or reduced. Even a modest willingness to look beyond short-term considerations, to interpret self-interest in a reasonably enlightened way and to speak the language of compromise and accommodation rather than of confrontation would result in substantial progress.

We believe that the wider dimensions of the problems involved - including the political dimensions of power and status - should be recognised and faced. They cannot be approached as technical and discrete issues which will yield solutions if only enough expertise and resources are applied. In saying this we are not belittling the need for expertise and high professional competence in the negotiations. We are rather calling for a recognition that these can only operate meaningfully within a framework provided by firm and enlightened political leadership, motivated by an understanding of the historical forces which are at work and by some vision of the future towards which we are moving.

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We recognise that there are important differences of attitudes, values, perspectives and style separating most of the countries of the South from most of the countries of the North. These affect not only the substance of negotiations but the negotiating process itself. They require empathy and a willingness to compromise on both sides if progress is to be made. On the basis of our own experience in the Commonwealth, we know that these are not impossible requirements.

As the Heads of Governments representing more than a quarter of the earth's population, we call on the leaders of all countries to join us in a personal commitment, one that goes beyond rhetoric and beyond narrow realism, to infuse into North-South dialogue a new sense of urgency and purpose.

Only such a commitment can end the present stalemate; and only the ending of that stalemate can provide hope for the future.

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VISIT OF MINISTER OF FOREIGN AFFAIRS OF AUSTRALIA

10 - 14 JUNE 1981

EAST/WEST RELATIONS INCLUDING POLAND

POINTS TO MAKE

East/West Communication

1. Endorse firm US line on East/West issues: Afghanistan, TNF deployment, Poland. But important to keep open channels of communication. Essential to successful management of East/West relations; 'detente' a possible constraint on Soviet behaviour.

Poland Internal

2. Situation fragile. Risk of damaging government/Solidarity confrontation increased with threat of warning strike on 11 June. Party leadership seems increasingly ineffectual; preoccupied with preparations for Extraordinary Party Congress (14-18 July).

Law and Order

3. Situation worrying. Alleged anti-Soviet manifestations provocative. Could provide Russians pretext for intervention.

Economy

4. Very serious but substantial Western help has probably reduced risk of collapse. Grave concern over Poles' inability to activate economic reform programme or demonstrate any competence in redressing situation. Is Australia helping in any way? West must share burden.

Katowice Forum

5. Propaganda stepped up with endorsement in Soviet media of Katowice Party Forum document which attacks Odnowa and charges Polish leadership with revisionism.

Soviet Attitude

6. Russians gravely concerned by prospect of reformist Polish Congress which promises sweeping changes in party organisation, policy and personnel. May be tempted to pre-empt it, or negate its consequences. Have begun pressure tactics (letter from Soviet Central Committee): others possible, eg manoeuvres, Warsaw Pact summit. Critical period for fate of Polish renewal.

Military Situation

7. No sign of increased military preparedness but Russians could intervene quickly (probably within a few days of taking decision).

Western Contingency Planning

8. Fully agree on importance of Australia being closely associated with NATO contingency planning. Aware of points you have made in contacts with NATO. Will see what we can do in Alliance discussions to stimulate NATO reactions to your points. On our part, need to avoid doing anything which would risk unravelling conclusions reached earlier this year in the Alliance. Danger of leaks.



ESSENTIAL FACTS

POLAND

Internal Situation

1. No firm leadership. Law and order increasingly disturbed. Government statement of 25 May expressed concern at deteriorating situation and of 'improper attitudes' which had resulted in insults to Soviet troops stationed in Poland and desecration of a Soviet war memorial in Poland.

Solidarity

2. Solidarity National Commission in absence of Walesa in Geneva voted on 3 June to hold limited 2 hour strike on 11 June in protest against failure to prosecute officials involved in police action against Solidarity members in Bydgoszcz in March. Strike threat has induced marked rise in tension. Government/Solidarity talks to prevent strike began on 8 June and Walesa is confident a strike can be averted. Solidarity has welcomed Government decision (5 June) to release leader and three members of the anti-Communist KPN (Confederation of Independent Poland). Only 2 political prisoners now left in jail.

Party

3. Election of delegates to Extraordinary Party Congress (14-18 July) has begun. Likely to lead to markedly reformist Congress (some delegates already elected are members of Solidarity as well as Communist party and a high proportion are 'new men'). Party Commission investigating conduct of former party officials has questioned former First Secretary Gierek. Its deliberations seem to have induced suicides of two former ministers.

Katowice Party Forum

4. Sharp controversy in Polish Party following publication of declaration on 15 May by a group of hardliners calling themselves Katowice Party Forum. Declaration attacked disruptive and revisionist tendencies within PZPR and called for counter-offensive in preparations for Congress. First open condemnation from within Poland of reformist trends in Party. Forum has subsequently criticised Kania by name.

/Soviet



Soviet press has replayed Forum's declaration and renewed charges of revisionism in Polish party. Katowice's documents attacked by Solidarity on 1 June on grounds that these amounted to a justification for Soviet intervention. Union hinted that declaration was Soviet inspired. Polish party leadership condemned declaration on 2 June as 'harmful and unacceptable'.

Economy

5. Remains in a critical state. Industrial production down by 12% in first quarter of 1981. On present performance coal production in Poland may fall to 160-165 million tonnes compared with 193 million tonnes in 1980. Exports declined in first quarter of 1981 by 15% to CMEA and 28% to the West. Polish press on 20 May reported serious shortfalls in supplies of raw materials and fuel to Poland's CMEA partners and said some East European countries were threatening to withhold raw materials if Poland failed to deliver its coal. Government proposals for economic reform thrown out by Parliament at end of May for further work and clarification. There is a prevailing sense of drift as Poland's economic performance declines still further.

Western Economic Assistance

6. The Australians are not a party to Agreed Minute on Debt Settlement of 27 April. Meeting of Western creditors in Paris on 1/2 June examined Polish requests for a further \$1 1/4 billion commercial credits, but merely agreed to refer the problem to governments without commitment.

Soviet Attitude

7. Soviet displeasure at developments in Polish Communist party has been revealed in increasingly hostile criticisms in Soviet and some East European media, of Polish Communist Party and Solidarity. TASS of 3 June accused Solidarity of anti-Sovietism, a charge levelled at reformers in Czechoslovakia in 1968. Soviet Central Committee sent on 5 June a letter to Polish Party leadership apparently calling for firm action against counter-revolutionary tendencies in Polish party and offering Soviet assistance. Central Committee Plenum called for 9 June to discuss Soviet message.

/Contingency planning



Contingency planning : Non-NATO countries

8. The Australian Ambassador in Brussels has been kept informed of NATO's contingency planning on Poland by a contact group composed of the British, Canadian and Netherlands Permanent Representatives. (Similar consultative arrangements, known at the 'Trio' system, have also been instituted to keep New Zealand, Spain and Japan informed of NATO's thinking.) The Australians welcomed this arrangement, which is designed to meet their request that there should be a continuing dialogue on the measures the Western allies would take if there were a Soviet invasion of Poland, to which the Australian Government would be able to contribute substantively.

9. However, the Australians are unhappy at NATO's slowness in responding to their comments. These are now being considered by Deputy Permanent Representatives, but it is likely to be two weeks before the results are reported to the Council. It is not yet clear how much the 'Trio' will be authorised to say to the Australians: but some NATO members, notably the Americans, are reluctant to go very far towards the Australians' desire for close participation in the consultation process, since they fear that to re-open discussion of contingency plans agreed two months ago might lead to unravelling. They also feel that there must be no risk of any public leak of renewed activity in this area at the present time. Inevitably there is a danger that the Australians will get the impression that we are only paying lip-service to the idea of contacts.

10. The Australians know that in the event of an invasion, there would be an emergency session of NATO Foreign Ministers in Brussels. They asked that this should be accompanied by a separate discussion, in parallel, with the Australian Foreign Minister, who would go to Brussels for this purpose. It has now been generally agreed in NATO that the best way to meet this request would be for the Belgian Foreign Minister, accompanied by Ministers of all countries in 'Trio' groups, to consult the non-NATO allied Foreign Ministers at the time when the emergency session is being held.

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VISIT OF MINISTER OF FOREIGN AFFAIRS OF AUSTRALIA:

10-14 JUNE 1981

BRIEF NO

AFGHANISTAN

Points to Make

1. Want you to know in advance about new initiative. But please restrict knowledge tightly until announcement.
2. Resistance doing well but danger of international pressure falling away. Therefore want Ten to call on 22 June for International Conference in October/November.

Stage One - to deal with external factors

Permanent members of Security Council plus Pakistan, Iran, India, Secretary-General of Islamic Conference and perhaps a UN representative.

Stage Two - to reach agreement on proposals from Stage One and all other matters relevant to a settlement. Afghan opinion to be represented.

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Essential Facts

Consultations

1. We are consulting few countries at this stage in order to prevent leaks. We intend to brief the Australians in detail two or three days before the proposal is publically announced.

Situation within Afghanistan

2. Resistance seem to be doing better now than for many months past. Recently they have been active in the cities, particularly Kandahar, Herat and Jalalabad. They have maintained notably high levels of activity in the south-east (particularly Pakhtia) and the north-west provinces. Much of central Afghanistan is in the hands of the Resistance. No sign that Russians are making military progress.

Afghan Refugees in Pakistan

3. Now more than 2 million Afghan refugees in Pakistan, with number increasing by over 100,000 a month. The UK has given over £2.4 million to the UNHCR (bilaterally and through the EC) to support these refugees. Are now investigating aid level for the refugees in this financial year.



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VISIT OF MINISTER OF FOREIGN AFFAIRS OF AUSTRALIA: 10-14 JUNE

S E ASIA (INCLUDING S E ASIAN REFUGEES)

POINTS TO MAKE

CAMBODIA: CONFERENCE

1. Telling Mr Waldheim we shall attend. No decision yet on level of representation, ie whether a Minister or our Permanent Representative in New York. Not much point in a Minister going just to deliver one short speech.
2. In absence of Vietnam and friends, conference will be unable to 'negotiate'. But important that it should be constructive: perhaps commission work by UN Secretariat on role UN could play in ensuring acceptable regime etc in Cambodia after Vietnamese withdrawal.


CAMBODIA: CREDENTIALS OF UNGA

3. Recognise dilemma posed by question of Cambodian credentials at UN. Difficult for public to understand.
4. Our chief concern since our withdrawal of recognition of Democratic Kampuchea (Pol Pot) has been to support ASEAN resistance to creeping acceptance of regime imposed on Cambodia by Vietnamese. It was this that led 74 (including ourselves) to accept DK credentials at 1980 UNGA.

REFUGEES

5. Flow of boat people continues to cause particular concern in Hong Kong. Australian contribution to resettlement good and much appreciated, but could they not do a bit more for Hong Kong, whose problem is unique?

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SOUTH EAST ASIA: ESSENTIAL FACTS

CAMBODIA: UN CONFERENCE

1. UN Cambodia Conference now scheduled provisionally for 13-17 July in New York. Sir A Parsons on present form doubts need for UK Minister to go, but protocol requirements of EC Presidency and pressure from ASEAN may mean a Minister attending for part at least. Present expectations are for a general debate (speeches around 10 minutes) with negotiations in margin on a report/decision/resolution(s). Also that this will be first session, with resumption probably next year.

2. Anticipated Vietnamese and Soviet/East European boycott will show up Vietnam's isolation. But Conference should leave door open for change of tack by Vietnam later, which might be forced as economic pressures mount at home and if Soviet patience begins to run out.

3. Scope for Conference to start non-controversial work on defining a possible UN monitoring and supervisory role after a Vietnamese withdrawal, to provide safeguard against a possible return to power by the Khmer Rouge. Conference might ask UN Secretariat to prepare studies on this in advance of a second session next year.

4. Mr Street will be going on to Manila for the annual 'dialogue' meetings on 19/20 June between ASEAN Foreign Ministers and their opposite numbers from the US, Australia, Japan, Canada and EC Presidency. Mr van der Klaauw will represent the Ten.

Cambodian Credentials at UN General Assembly

5. At the 1980 General Assembly Vietnamese attempts to unseat the Democratic Kampuchean Delegation (ie. the Pol Pot led Khmer Rouge government) were rejected by 74 (UK, Australia)-35-32. In

/March 1981

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- 2 -

March 1981 Australia withdrew recognition from the DK (as we had done in December 1979), and they have since made it known that they are likely to abstain at the next UNGA.

6. The question of continued apparent Australian support for Democratic Kampuchea has been a major domestic issue on which the previous Foreign Minister Mr Peacock chose to focus in his row with Mr Fraser. No UK decision has yet been taken for 1981. The arguments that led us to vote for DK Credentials in 1980 are still broadly valid, but we hope that efforts to create a DK 'coalition' led by Son Sann or Sihanouk with Khmer Rouge relegated to the sidelines will produce a more acceptable delegation this year.

S E Asian Refugees

7. Although Australia is the fifth largest receiver of S E Asian refugees (nearly 50,000, of whom 40,000 are Vietnamese boat people, after USA, China, Canada and France), her policy has not been very helpful from the UK point of view. She has taken only just over 2,100 from Hong Kong out of 87,000 so far resettled from there. She has also demanded 'guarantees' from us in respect of boat people picked up at sea and landed at N Australian ports by British registered ships.

8. There are still some 15,700 refugees in Hong Kong awaiting resettlement or about a third of the total of boat people in camps throughout the region. Bearing in mind Hong Kong's very high population density and very limited land area, this presents problems not faced by other places of first asylum in the area.

South East Asian Department

9 June 1981

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VISIT OF MINISTER OF FOREIGN AFFAIRS OF AUSTRALIA

10 - 14 JUNE 1981

EC MATTERS

POINTS TO MAKE

EC/Australia and CAP reform

1. Pressure for CAP reform increasing with approach of one per cent VAT ceiling and enlargement. Will form important element in restructuring negotiations during UK Presidency.
2. UK objective is to eliminate high cost surpluses. Export subsidies a drain on EC budget and cause conflict with more efficient exporters of agricultural produce like Australia. But not realistic to expect them to be eliminated overnight.
3. Appreciate pressure on Australian Government to take a robust line. But in dealing with EC threats of indiscriminate retaliation tend to unite moderates with extremists on the latter's ground.
4. Unfortunate effect on bilateral relations if UK interests were to be damaged by Australian retaliation.
5. (If raised) 1981 increase in guaranteed prices (9.5%) still below EC average inflation rate.

/ESSENTIAL FACTS

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ESSENTIAL FACTS

1. The Australians are long-standing and vociferous critics of the CAP. They dislike EC trade barriers (their agricultural exports to the UK have dropped 80 per cent since 1973 but they have found other markets). And, perhaps even more, they dislike the subsidised disposal by the EC of high cost surpluses on world markets in competition with Australian produce.

2. During the last twelve months the Australians' specific grievances have been:

(a) sheepmeat where an agreement was eventually reached in September 1980. The UK opted for deficiency payments instead of intervention. The Australians obtained a reduction in the tariff on their exports to the Community from 20 per cent to 10 per cent. They were also given an undertaking that the EC would only use export refunds in respect of traditional EC export trade (which is small) and thus not displace Australian exports from third markets. The Australians agreed in exchange to voluntary restraint on quantities exported to the EC. These quantities were generous in comparison with traditional sendings;

(b) manufacturing beef where the Australians interpret an ambiguously worded agreement reached in 1979 as part of the Tokyo Round of Multilateral Trade Negotiations as a firm commitment by the Community to set the EC quota at not less than 60,000 tonnes per year. This figure was finally agreed for 1981 by the March Agriculture Council along with a number of

/other

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other issues settled as part of the price fixing package. The Australians had previously made a major issue out of it (see para. 3 below) despite its very limited economic importance for them;

(c) sugar where the Australians have secured a GATT ruling that the EC used export subsidies in 1978/79 to obtain a 'more than equitable' share of world trade. We hope the new EC sugar regime (starts 30 June) will prevent this recurring. It involves some reduction in production quotas (particularly for UK) and should help to discourage surplus production by shifting the financial burden of disposal onto producers themselves.

3. Mr Anthony (Deputy Prime Minister and Leader of the National (Country) Party) laid great stress in the Australian election campaign last autumn on the fact that he had finally secured the Commission's agreement to resolve the manufacturing beef issue on terms satisfactory to Australia. The fact that his personal credibility was to some extent at stake may have accounted for the Australian Government's action in subsequently threatening indiscriminate retaliation against all EC member states (and specifically against defence procurement contracts of interest to the UK). The Lord Privy Seal made it clear to the then Australian High Commissioner, Mr Plimsoll, how unhelpful this line was. But the impression seems to have gained ground in Canberra that threats of retaliation are an effective tactic for dealing with problems with the EC. There may be more trouble

/ahead

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ahead since we have had indications that the Australians intend to return to the charge in the GATT over sugar and may also submit a complaint over renewed payment by the EC of export subsidies for beef.

4. The Australians are not immune from charges of protectionism themselves. The EC is pursuing complaints in the GATT over Australian restrictions on imports of cars, footwear and fork-lift trucks. Footwear is particularly sensitive for the UK.

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VISIT OF MINISTER OF FOREIGN AFFAIRS OF AUSTRALIA: 10-14 JUNE 1981

BRIEF NO DEFENCE QUESTIONS

Points to Make

Defence of Western interests outside Europe

1. Welcome Australian willingness to share burden of defence of Western interests. Australians in turn no doubt welcome NATO's recent acknowledgement of need for consultation with Alliance's friends, to encourage stability and reduce risks of crisis in the third world. Our own capability to deploy forces overseas, though modest, will be retained. And we do a great deal to assist friendly third-world countries with military training and advice.

Five Power Defence Arrangements (FPDA)

2. Continue to welcome moves to revitalise the arrangements. But onus for renewed activity must, given our other commitments, rest with regional members (Malaysia, Singapore, Australia and New Zealand).
3. UK participation must be on 'opportunity basis'. However MOD hope to contribute:
- a. 2 RN patrol craft from Hong Kong for June maritime exercise off East Malaysia;
 - b. company group of Gurkhas for July/August land exercise in Australia;
 - c. occasional Canberra for air exercises.
4. No objection to US participating with 'observer' status.

UK Defence Programme [if raised]

5. Basic problem is to bring defence programme into line with likely available resources. Even given target of 3% real growth per year in defence budget, soaring equipment costs make readjustments necessary.
6. Changing nature of threat anyway necessitates review of balance between different aspects of UK defence efforts in NATO context.
7. Many options being considered. No decisions yet made.

VISIT OF MINISTER OF FOREIGN AFFAIRS OF AUSTRALIA: 10-14 JUNE 1981

BRIEF NO DEFENCE QUESTIONS

Essential Facts

Australian Defence Policy

1. The Soviet invasion of Afghanistan, and instability in South East Asia, have led to shift in Australian defence policy. Consequences have included higher level of planned defence expenditure and greater willingness to cooperate with Western allies, as instanced by acceptance of US proposals for upgrading bases on its territories, to enable them to be used for B-52 operations, and by a contribution to Western naval presence (not, of course, in multi-national framework) in the Gulf of Oman.

Five Power Defence Arrangements (FPDA)

2. The 1971 FPDA (UK/Australia/New Zealand/Malaysia/Singapore) commits us to consult with our partners in event, or threat, of external attack on Malaysia and Singapore. No actual commitment to intervene militarily.

3. Mr Fraser's call last year for revitalising the FPDA has spawned several ideas including multilateral training and more naval visits. UK took part in an exercise planning conference in Canberra in November 1980 and a meeting of the Joint Consultative Council in Kuala Lumpur in January which endorsed proposals for series of multinational maritime, land and air exercises for 1981-83. All partners understand the obstacles to regular UK participation.

26 May 1981
Defence Department
Foreign & Commonwealth Office

CONFIDENTIAL

STREET, THE HON ANTHONY AUSTIN, MP

Minister for Foreign Affairs since November 1980. Member of the Cabinet.

Born Melbourne 1926. Educated at Melbourne Church of England Grammar School. Served in the RAN, 1945-46. Farmer.

Liberal member for Corangamite (Victoria) since 1966. Member, Federal Executive Council, 1971-72; Assistant Minister for Labour and National Service; Member, Opposition Parliamentary Executive 1973-75. Spokesman on science and technology, and the Australian Capital Territory, 1973-74, and on labour affairs, 1974-75. Minister for Labour and Immigration in Mr Fraser's Caretaker Government, November 1975. Was also Minister for Employment from December 1975 to December 1978 when it was hived off to become a new department. Minister for Industrial Relations 1975-80.

Close to Mr Fraser, with moderate views on labour relations. A short man. Sensible and likeable. He managed to keep Government-Trade Union relations remarkably smooth despite adverse circumstances, through his willingness to talk to the ACTU and ability to compromise without damaging government economic policy. Well disposed towards Britain.

Married 1951 V E Rickard; 3 sons. Mrs Street is a charming lady with a strong sense of fun.

A keen sportsman, Mr Street has twice represented Victoria Country XIs against international touring cricket teams. He toured Britain as a captain of the Australian Old Collegians Cricket Team.

He also plays golf and tennis and has held a private pilot's licence for many years.

Red Crest

HER MAJESTY'S GOVERNMENT IN THE
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND

Visit of
The Minister for Foreign Affairs
of Australia
and Mrs. Street

10 to 14 JUNE 1981

The Minister for Foreign Affairs of Australia and Mrs. Street will be accompanied by:

Mr. A.R. Parsons,
Deputy Secretary, Department of Foreign Affairs

Mr. T. O'Loughlin,
Senior Private Secretary,

Miss L. Sciberra
Private Secretary

In attendance:

Mr. Neville Coppel }
Miss Sheana Strachan } - Government Hospitality

The visitors will be staying at:

The Dorchester Hotel
Park Lane, London, W.1

WEDNESDAY, 10 JUNE

0655 hrs Arrive London Heathrow Airport by Flight QF 1
Alcock and Brown Suite, Terminal 3

Met by the Special Representative of the Secretary
of State for Foreign and Commonwealth Affairs,
Sir David Muirhead

0715
(approx) Leave the Airport by car

0800 Arrive at the Dorchester Hotel
Park Lane
London, W.1.

No official engagements until the evening

1740 Leave the hotel

1800 Arrive Royal Commonwealth Society
Northumberland Avenue, W.C.2

Met by the Secretary General,
Mr. Stephen Kemp

1930
(approx) Leave the Royal Commonwealth Society

1945
(approx) Arrive at the hotel

No official engagements

THURSDAY, 11 JUNE

0840 hrs Leave the hotel

0845 Call on the Commonwealth Secretary-General,
His Excellency Mr. Shridath Surendranath Ramphal
The Garden House
40B Hill Street, W.1

0945 Leave The Garden House
(approx) and return to the hotel

No official engagements

FRIDAY, 12 JUNE

(See page for programme for Mrs. Street)

0925 hrs Leave the hotel

0945 Arrive at the Australian High Commission
Australia House
Strand, W.C.2

1050 Leave the Australian High Commission

1100 Call on the Prime Minister,
The Rt. Hon. Margaret Thatcher, M.P.
10 Downing Street.

1130 Talks with the Secretary of State for Foreign and
Commonwealth Affairs,
The Rt. Hon. Lord Carrington
Foreign and Commonwealth Office
Ambassadors' Entrance

Leave the Foreign and Commonwealth Office

1300 Luncheon given by Her Majesty's Government
for
1315 Host: The Secretary of State for Foreign and
Commonwealth Affairs,
The Rt. Hon. Lord Carrington
1 Carlton Gardens, S.W.1

1430 Leave 1 Carlton Gardens
(approx) and return to the hotel

No official engagements

PROGRAMME FOR MRS. STREET

FRIDAY, 12 JUNE

0940 hrs Leave the hotel

1000 Arrive at St. Thomas' Hospital
Lambeth Palace Road, S.E.1
Met by the Assistant Liaison Officer,
Miss Christine Archer
Introduced to Senior Administrators

1200 Leave St. Thomas' Hospital

1230 Arrive Stoke Lodge
45 Hyde Park Gate, S.W.7

1300 Luncheon given by Mrs. Garland

1530 Leave Stoke Lodge

Engagements for the afternoon to be arranged

SATURDAY, 13 JUNE

1010 hrs Leave the hotel

1030 Arrive 10 Downing Street

1100 Attend ceremony of Trooping the Colour
Dress: Morning Coat or Lounge Suit

1200 Reception given by the Prime Minister
and Mr. Denis Thatcher

1230 Leave 10 Downing Street
(approx)

1245 Arrive at the hotel
(approx)

1305 Leave the hotel

1325 Arrive Lord's Cricket Ground

Met by

1330 Luncheon

Attend Middlesex v Australians

1600 Leave Lord's Cricket Ground
(approx)

1715 Arrive at The Manor House
(approx) Bledlow, near Aylesbury, Bucks

Stay overnight as guests of the Secretary of State for
Foreign and Commonwealth Affairs
and the Lady Carrington

SUNDAY, 4 JUNE

1000 hrs Leave Bledlow
(approx)

1115 Arrive at the hotel
(approx)

No official engagements during the day

1715 Leave the hotel

1800 Arrive London Heathrow Airport
De Havilland Suite, Terminal 1

1825 Board Flight BA 326 departing at 1845 hours

The Special Representative of the Secretary of State
for Foreign and Commonwealth Affairs,
Sir David Muirhead,
Will bid farewell

GRS 610

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FM CANBERRA 050005Z JUN 81

TO ROUTINE FCO

TELEGRAM NUMBER 243 OF 5 JUNE

VISIT BY MR STREET : BACKGROUND

1. MR STREET'S UK VISIT COMES AT THE END OF A HECTIC THREE-WEEK PERIOD IN AUSTRALIAN POLITICS. THE COALITION HAVE BEEN UNDER PRESSURE BOTH IN PARLIAMENT, TRYING TO PUSH THROUGH LEGISLATION BEFORE THE END OF JUNE, WHEN THEY LOSE CONTROL OF THE SENATE; AND IN THEIR RELATIONS WITH THE STATES, WHERE A CONFRONTATION HAS DEVELOPED OVER THE LEVEL OF FEDERALLY-FUNDED STATE REVENUE. TWO STATE LIBERAL LEADERS (MR HAMER, PREMIER OF VICTORIA, AND MR MASON, OPPOSITION LEADER IN NSW) HAVE ALSO BEEN REPLACED, WHILE SIR C COURT (WA) AND MR BJELKE-PETERSEN (QLD) LOSE NO OPPORTUNITY TO FURTHER THE INTERESTS OF THEIR STATES IN FEDERAL MATTERS. IN VICTORIA, MR STREET'S HOME STATE, MR HAMER STOOD DOWN NOT LONG BEFORE HE WAS DUE TO RETIRE, IN THE FACE OF CONCERTED OPPOSITION TO HIS STYLE OF GOVERNMENT AND QUOTE LACK OF LEADERSHIP UNQUOTE. HIS SUCCESSOR (THE FORMER DEPUTY PREMIER) MR LINDSAY THOMPSON WAS ELECTED IN SPITE OF VERY STRONG SUPPORT IN THE PARTY FOR MR BORTHWICK (HEALTH MINISTER). HE HAS BEGUN HIS PREMIERSHIP BY EMPHASISING THAT A POSITIVE ATTITUDE TOWARDS VICTORIA BY THE FEDERAL GOVERNMENT WILL BE ESSENTIAL IF THE LIBERALS ARE TO WIN THE STATE ELECTION DUE IN MAY. THE GOVERNMENT PUSHED THROUGH THE TWO-AIRLINE AGREEMENT IN SPITE OF OPPOSITION FROM 8 BACKBENCHERS AND 3 SENATORS WHO CROSSED THE FLOOR.

2. IN CONTRAST TO THE SESSIONS IN PARLIAMENT, THE LIBERAL PARTY CONVENTION LAST WEEK GENERATED CHARACTERISTICALLY LITTLE HEAT, AND PROVIDED THE OPPORTUNITY FOR DEMONSTRATIONS OF PARTY UNITY IN THE FACE OF AMOST UNPRECEDENTED UPHEAVALS. MR HAMER ATTENDED, AND WAS RECEIVED AS THOUGH HE WAS STILL A SIGNIFICANT FIGURE ON THE LIBERAL PLATFORM. THE NEW OPPOSITION LEADER IN NSW, MR MACDONALD, WAS ALSO PROMINENT THOUGH HIS ELECTION HAD NOT THEN BEEN DECLARED.

3. ALTHOUGH DOMESTIC POLITICS MAY BE UNUSUALLY VOLATILE, FOREIGN AFFAIRS ARE PERHAPS CALDER. AS YOU KNOW, MR STREET WILL BE DELIVERING THE INVITATION TO CHOGM AND A NUMBER OF OTHER MINISTERS ARE ALSO VISITING EACH OF THE OTHER COMMONWEALTH COUNTRIES FOR THIS PURPOSE: THIS HAS RAISED ORCHESTRATED OPPOSITION HOWLS OVER THE EXCESSIVE COST OF THIS EXERCISE, NOT TO MENTION CHOGM ITSELF. IN AN EFFORT TO PROTECT THE LATTER EVENT, MR STREET HAS TRIED TO PUT PRESSURE ON THE NEW ZEALANDERS TO CANCEL THE SPRINGBOK TOUR, BUT HAS HAD TO TREAD CAREFULLY IN VIEW OF THE SENSITIVITY (POSSIBLY ONLY TEMPORARY) WHICH BEDEVILS ANZ RELATIONS AT PRESENT.

RESTRICTED

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RESTRICTED

4. A QUEENSLAND ABORIGINAL LEADER IS ORGANISING A MISSION TO VISIT AFRICAN COMMONWEALTH COUNTRIES, TO URGE THEM TO BOYCOTT THE BRISBANE COMMONWEALTH GAMES. IF THEY DO NOT WIN SUPPORT FOR A BOYCOTT, THEY CLAIM THEY WILL EMBARRASS AFRICAN COMPETITORS BY DISRUPTING THE GAMES. I THINK THERE IS A GOOD CHANCE THAT THE MISSION WILL BE TALKED OUT OF GOING; BUT WE HAVE CERTAINLY NOT HEARD THE LAST OF SUCH INITIATIVES.

5. THE CURRENT STRIKE BY AUSTRALIAN TELECOMMUNICATIONS UNIONS, POISED TO GET WORSE, MAY REMIND MR STREET OF A SIMILAR STRIKE TWO YEARS AGO (ON THE EVE OF MRS THATCHER'S VISIT HERE) WHEN HE WAS HIMSELF MINISTER FOR INDUSTRIAL RELATIONS. THE STRIKES, IN SUPPORT OF A STRAIGHTFORWARD PAY CLAIM, LACK THE BIZARRE UNDERTONES OF MANY AUSTRALIAN STRIKES; BUT IN A COUNTRY OF AUSTRALIA'S SIZE, TELECOMMUNICATIONS AND AVIATION (CF THE RECENT QANTAS AND DOMESTIC AIRLINE HOSTESSES' STRIKES) ARE FIELDS IN WHICH INDUSTRIAL ACTION, DEPRESSINGLY REGULAR, BY RELATIVELY FEW PEOPLE CAUSES GREAT IRRITATION AND DISRUPTION.

6. AS A VICTORIAN FROM AN OLD VICTORIAN FAMILY, MR STREET WILL BE PARTICULARLY PREOCCUPIED, AND NO DOUBT READY TO TALK ABOUT, THE MESS INTO WHICH THE LIBERALS IN HIS STATE HAVE MANAGED TO GET THEMSELVES. HIS MIND WILL ALSO BE FULL OF THE UNHELPFUL ACTIVITIES OF HIS FELLOW VICTORIAN, AND SUCCESSOR AT INDUSTRIAL RELATIONS, MR PEACOCK. FINALLY, AS A KEEN AND SKILFUL CRICKETER (WHO ONCE PLAYED FOR VICTORIA) HE WILL BE UNDERSTANDABLY ANXIOUS ABOUT THE PERFORMANCE OF THE TOURING TEAM.

MASON

LIMITED
SPD
SIR E. YONDE
MR DONALD

THIS TELEGRAM
WAS NOT
ADVANCED

2
RESTRICTED



10 DOWNING STREET

PRIME MINISTER

The Australian Foreign Minister is in London in June and is coming to see you on 12 June. The FCO enquire whether you would like him and his wife added to the guest list for Trooping the Colour on 13 June.

8

17. agreed -
note g. vents
for hooded

20 May 1981



Chris Stephens *Noted - I have*
Friday 12 June
already pencilled
in. Ep. 29/4
Foreign and Commonwealth Office
London SW1A 2AH *Australia*

28 April 1981

Dear Michael,

Visit by the Australian Foreign Minister

Since we corresponded about this visit (your letter of 24 February refers) Mr Street has informed us that an ASEAN meeting is scheduled for 18 June, the period he was proposing to visit the United Kingdom. The Foreign and Commonwealth Secretary has suggested that Mr Street might instead visit Britain for a few days centred on official talks on Friday 12 June, and spend the evening of Saturday/Sunday with him at Bledlow.

The appointment proposed for Mr Street to call on the Prime Minister on 19 June should therefore be cancelled. We shall discuss the possibility of a further appointment with Caroline Stephens as soon as Mr Street has confirmed that the revised dates are acceptable.

If Mr Street is in London on 13 June would the Prime Minister wish to invite him and Mrs Street to attend the Trooping the Colour ceremony that morning?

yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

B/K 1816181



29 APR 1981

BF 18.6.81

24 February 1981

Visit by the Australian Foreign Minister

The Prime Minister has seen your letter to me of 16 February and has agreed to receive Mr. Street for 30 minutes at 1000 on Friday 19 June. I should be grateful if you could let me have a brief the previous day.

MODBA

CS

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office.

0/0



Foreign and Commonwealth Office

London SW1A 2AH

FVA

19 June - FRIDAY
10.00 - 10.30 H.10.

BRIEF? et. 20/2 16 February 1981

①

Ronnie Minister

Agree to a short visit?

yes not think

Dear Michael,

Visit by Australian Foreign Minister

Lord Carrington has invited Mr Street to visit the UK. The latter has proposed a period of three or four days just after the OECD meeting on 16/17 June, which suits us.

Lord Carrington would be grateful if the Prime Minister would consider seeing Mr Street for a short talk, if a convenient time can be found. This might be especially useful in advance of the Melbourne CHGM and Mr Fraser's subsequent visit to the UK.

*yours ever
Ronnie Lyne*

(R M J Lyne)
Private Office

M O'D B Alexander Esq
10 Downing Street

Grey Scale #13



A 1 2 3 4 5 6 **M** 8 9 10 11 12 13 14 15 **B** 17 18 19

