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FM CANBERRA

TO IMMEDIATE FCO

TELNO 243

OF 160515Z APRIL 86

INFO PRIORITY WASHINGTON, ROME, ATHENS, UKREP BRUSSELS

## MR HAWKE'S VISIT: THE AGENDA

1. A WEEK IS A LONG TIME IN INTERNATIONAL AS WELL AS DOMESTIC POLITICS. FIVE DAYS AGO MR HAWKE TOLD LADY YOUNG THAT TRADE IN AGRICULTURE (THE CAP ETC) AND SOUTH AFRICA WERE WHAT HE MOST WANTED TO TALK TO THE PRIME MINISTER ABOUT IN LONDON. LIBYA MUST NOW BE COMPETING FOR IMMEDIATE ATTENTION, THOUGH IN ANOTHER FIVE DAYS THINGS COULD CHANGE AGAIN. IN ANY CASE THERE IS LITTLE I CAN SAY ABOUT THAT FROM THIS DISTANCE, APART FROM POINTING TO WHAT MR HAWKE SAID PUBLICLY BEFORE HE LEFT CANBERRA YESTERDAY (MY TELEGRAM NO 241) AND RECALLING THAT HE HAS FOR A LONG TIME TAKEN A PERSONAL INTEREST IN MIDDLE EASTERN AFFAIRS.

2. THE CURRENT AGRICULTURAL SITUATION IN AUSTRALIA IS COMMONLY DESCRIBED IN THE MEDIA AS THE 'RURAL CRISIS'. THE INCOMES OF FARMERS, PARTICULARLY THOSE GROWING CEREAL CROPS AND SUGAR CANE, HAVE TAKEN A SEVERE KNOCK IN RECENT TIMES AND INDEBTEDNESS IS REACHING WORRYING PROPORTIONS. THERE ARE SEVERAL REASONS FOR THIS, SOME OF THEM PURELY DOMESTIC (EG POOR MARKETING AND OVER-CAPITALIZATION), BUT THE E.C. AND C.A.P. ARE CONVENIENT WHIPPING BOYS FOR THE GOVERNMENT TO PARADE BEFORE THEIR INCREASINGLY MILITANT FARMING CRITICS. MR HAWKE IS TOO INTELLIGENT TO BELIEVE THAT RHETORIC AND EMPTY THREATS WILL MAKE MUCH IMPRESSION IN BRUSSELS: HE KNOWS THE C.A.P. IS DEEPLY ENTRENCHED, AND WHY, AND WHAT HIS CHANCES ARE OF SHIFTING IT. HE WILL NO DOUBT BE LOOKING TO REINSTATE THE POSTPONED HIGH LEVEL CONSULTATIONS WITH THE COMMISSION. FOR THE MAIN PART, HOWEVER, HE WILL PLACE THE MOST EMPHASIS IN HIS PRIVATE TALKS, WHETHER IN WASHINGTON, LONDON OR BRUSSELS, ON THE NEED TO GIVE SPECIAL CONSIDERATION TO AGRICULTURE IN THE GATT M.T.N. IN THE IMMEDIATE FUTURE HE WILL BE HOPING FOR BANKABLE ASSURANCES, I.E. ONES FOR WHICH HE CAN CLAIM CREDIT AFTER HIS TALKS, THAT DUE ATTENTION WILL ALSO BE PAID TO IT AT THE ECONOMIC SUMMIT MEETING NEXT MONTH. HOWEVER EMPTY SUCH ASSURANCES MAY BE IN REALITY, AND EVEN IF WE NEED TO QUALIFY THEM SOMEWHAT, IT MIGHT NOT COST US MUCH TO LET HIM HAVE THEM.

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3. THE DISCUSSION OF SOUTH AFRICA WILL MAINLY BE ABOUT THE EMINENT PERSONS GROUP (EPG). IN RESPONSE TO LADY YOUNG'S SUGGESTION THAT IT HAD FURTHER WORK TO DO AND WE SHOULD LET IT CARRY ON MR HAWKE SAID FIRMLY THAT UNLESS IT COULD SHOW THAT IT HAD REALLY MADE PROGRESS OR WAS ON THE POINT OF DOING SO, THE CASE FOR WINDING IT UP WOULD BE DIFFICULT TO RESIST. IT WOULD BE WORTH PESSING HIM FURTHER ON THIS. I AM NOT WELL INFORMED ABOUT THE EPG'S RECENT DELIBERATIONS, BUT MY INSTINCT TELLS ME THAT AT THIS STAGE MALCOLM FRASER STILL SEES FURTHER MILEAGE IN IT FOR HIM AND WILL NOT WANT TO GIVE UP YET. IF THAT IS CORRECT, MR HAWKE WOULD BE RELUCTANT TO GO AGAINST HIS ADVICE AND AT THE SAME TIME COURT UNPOPULARITY WITH THE BUSINESS COMMUNITY AND OTHERS BY MOVING PREMATURELY ON TO THE NEXT SLIPPERY SLOPE OF THE SANCTIONS DESCENT. IT HAS TO BE SAID ON THE OTHER HAND THAT THE WEIGHT OF OPINION AT THE A.L.P. BIENNIAL CONFERENCE IN EARLY JULY WILL ALMOST CERTAINLY BEAR ON HIM IN THE OPPOSITE SENSE, UNLESS THE EPG IS DEMONSTRABLY GETTING SOMEWHERE.

4. SHIPS VISITS TO NEW ZEALAND IS ANOTHER OBVIOUS SUBJECT FOR DISCUSSION. LADY YOUNG WILL ALREADY HAVE GIVEN THE PRIME MINISTER HER IMPRESSIONS OF HER TALKS HERE ON THIS. OTHER TOPICS THAT MR HAWKE MAY RAISE (APART FROM LIBYA AND TERRORISM GENERALLY) INCLUDE THE SOUTH PACIFIC NUCLEAR FREE ZONE, THE LATEST STATE OF PLAY OVER THE FOLLOW-UP TO THE REPORT OF THE MARALINGA ROYAL COMMISSION, COOPERATION WITH THE AMERICANS OVER S.D.I., AND POSSIBLY THE PROSPECTS FOR AUSTRALIAN COLLABORATION WITH THE E.C.'S PROGRAMME OF HIGH TECHNOLOGY R AND D. (SEE PARAGRAPH 2 OF MY TELEGRAM NO 240). WE HAVE TOLD THE AUSTRALIANS THAT THE PRIME MINISTER WILL WANT TO RAISE THE ANGLO-IRISH INTERNATIONAL FUND WITH HIM (YOUR TELEGRAM NO 212): IN DOING SO SHE COULD REITERATE HER DETERMINATION TO STAND BY THE AGREEMENT ITSELF. MR HAWKE WILL, I AM AFRAID, GIVE AT BEST A TEMPORISING REPLY. SHE MAY ALSO WISH TO SAY SOMETHING TO HIM, PARTICULARLY IN VIEW OF HIS VISIT TO CHINA NEXT MONTH, ABOUT THE GOOD PROGRESS WE HAVE BEEN MAKING WITH THE CHINESE IN THE HONG KONG JOINT LIAISON GROUP: THE AUSTRALIANS TEND TO BE SCEPTICAL ABOUT THIS.

5. THERE IS NO REAL CAUSE TO DISCUSS BRITISH PARTICIPATION IN THE BICENTENARY, BUT I ASSUME THE PRIME MINISTER WILL HAVE HAD A FACTUAL BACKGROUND BRIEF ON HOW MATTERS STAND. MR HAWKE MAY PERHAPS RETURN TO THE CHARGE ON THE VEXED QUESTION OF THE "PERMANENT LOAN" OF ONE OF OUR TWO TEXTS OF THE COMMONWEALTH OF AUSTRALIA CONSTITUTION ACT. I SAY VEXED BECAUSE I KNOW IT RANKLES WITH HIM THAT WE CANNOT GIVE UP ONE OF THEM. PERHAPS I AM TOO FAR FROM HOME AND GOING NATIVE, BUT I HAVE TO SAY I SYMPATHISE WITH HIM: IT IS NOT AS IF BY LETTING GO OF ONE WE SHOULD BE LOSING A UNIQUE HISTORICAL RECORD. MOREOVER A FACSIMILE, HOWEVER NICELY GOT UP, IS NOT THE SAME THING AT ALL. IS THAT DECISION IRREVOCABLE ?.



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6. LAST BUT NOT LEAST, THE PRIME MINISTER MAY LIKE TO KNOW THAT BOTH IN PARLIAMENTARY AND OPINION POLL TERMS MR HAWKE IS RIDING HIGH AT PRESENT. INDEED HE IS OUTCLASSING THE OPPOSITION AND SEEMS CONFIDENT OF HIS POSITION WITHIN HIS OWN PARTY. FOR ALL THAT HE CANNOT FEEL TOO OPTIMISTIC ABOUT AUSTRALIA'S ECONOMIC PROSPECTS IN THE YEAR AHEAD.

7. I SHOULD BE GRATEFUL FOR SOME INDICATION EARLY NEXT WEEK OF HOW THE TALKS IN LONDON WENT.

LEAHY

LIMITED  
SAFD  
CAFD  
UND  
ECP(E)  
NEWS DEPT  
SPD  
NAD  
NENAD  
MED  
TRED  
LEGAL ADVISERS  
PLANNING STAFF  
PS  
PS | LADY YOUNG  
PS | MRS CHALKER  
PS | PUS  
MR DEREK THOMAS  
MR FERGUSSON  
MR REEVE  
SIR W HARDING  
MR WILSON  
CABINET OFFICE