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10 DOWNING STREET

From the Private Secretary

12 June 1981

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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.

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Commonwealth:  
CHGM in Australia  
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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.

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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