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THE WHITE HOUSE
WASHINGTON



MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Robert Hawke, Prime Minister of Australia (C)

PARTICIPANTS: The President
The Vice President
James A. Baker, III, Secretary of State
Richard Cheney, Secretary of Defense
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Deputy Assistant to the President for National Security Affairs
Robert Zoellick, Counselor to the Department of State
William Clark, Deputy Assistant Secretary of State
Douglas H. Paal, Director of Asian Affairs, Notetaker

Robert Hawke, Prime Minister
Michael Cook, Australian Ambassador
Mr. Mike Codd, Secretary, Department of Prime Minister and Cabinet
Mr. Richard Woolcott, Permanent Secretary, Ministry of Foreign Affairs and Trade
Dr. Craig Emerson, Economic Advisor to the Prime Minister
Mr. Geoff Walsh, Senior Advisor to the Prime Minister
Mr. John Bowan, Senior Advisor for International Relations
Mr. Rod Sims, Economic Advisor to the Prime Minister

DATE, TIME AND PLACE: June 27, 1989, 10:35 a.m. - 11:35 a.m.
Cabinet Room

The President and Prime Minister Hawke met briefly in the Oval Office at 10:30 a.m. and shortly thereafter proceeded to the Cabinet Room for the plenary session. (U)

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PER E.O. 12958, AS AMENDED

CB

8/21/2009

2000-0429-F

The President welcomed Prime Minister Hawke and said that he was really pleased to have him visit Washington. The President said that he personally hopes to visit Australia and was pleased that the Prime Minister had mentioned his invitation to Australia during his arrival statement. The President said that travel to Australia is something he has talked to Brent Scowcroft about.

The President then turned to the subject of China, saying that the American side has been seen by many as being in the vanguard on China policy for a long time. He said, however, that Australian relations even preceded those of the United States, and were together with Canada, in the lead. The President continued that the Prime Minister had appeared on television that morning and had been very helpful to the President personally and politically. The President said that he has been under fire from the Congress and from the media. The press understandably are reporting the dramas live from Beijing, and hitting the Administration strongly on the issue of human rights. For the Australian Prime Minister, therefore, to express his own outrage at the events in China and to say that his policy is in sync with American policy is very helpful. (C)

The President then said that he and the Prime Minister had discussed some economic concerns about the Export Enhancement Program at Camp David in very frank talks. In fact, the President said that Prime Minister Hawke speaks frankly on every subject. (C)

Prime Minister Hawke replied that he wanted to deal very quickly with possible areas of divergence between the two countries. He said there has been some disagreement as to the extent of the impact of the Export Enhancement Program (EEP). He added that there is not much point in going on about that program. Certainly, he said, Australia has been disadvantaged. As for the period immediately ahead, worldwide grain stocks are low, in part due to two droughts in the United States, so Australia does not believe it will be disadvantaged in the near term. He said that this period will coincide with progress in the Uruguay Round of talks. The Prime Minister believes that both sides should try to get the Uruguay Round committed to ending subsidized agricultural programs. He said he had mentioned to Agriculture Secretary Clayton Yeutter that as the United States moves towards its farm bill in 1990, the farm bill may reduce the negotiating clout of the nonsubsidizing countries. The Prime Minister suggested that the United States look at the legislation with an eye to creating a triggering mechanism; if the Uruguay Round is successful then the legislation will not come into effect, or if the Uruguay Round is unsuccessful, then the United States will revisit pertinent clauses of the legislation. Summing up on this issue, Prime Minister Hawke said, Australia has been hurt but that it is time to get on. What the United States did was not directed at Australia. Australia believes that the United States and

Australia both should concentrate on the outcome of the Uruguay Round. (C)

The President said that he will work toward that end. He said that the point of the campaign in raising the agricultural issue with the Europeans was to get a good outcome. He continued that the United States fought to get the Uruguay Round on the agenda. He cited the United States Trade Representative, Carla Hills, as a very tough negotiator, and mentioned Secretary Yeutter in the same manner. The President said that the United States has taken the issue up with M. Delors. The President said that the United States knows it is not pure on this issue of subsidization. He continued that he appreciates the way that the Prime Minister has raised the issue. In the end, the President said, the United States wants fair trade practices. The United States is determined to see the Uruguay Round to a successful conclusion. The President then said that he would talk about this subject at the upcoming economic summit in Paris. (C)

Secretary Baker noted, now that the Prime Minister had mentioned it, that the subject of agricultural subsidies was discussed at the last three economic summits. The Secretary stressed that he really believed that without the EEP, there would have been no agricultural issue on the agenda of the Uruguay Round. He acknowledged that there are differences of opinion on the affect of the EEP on Australia. But, Secretary Baker said, he really believes that this is what got the Europeans to the bargaining table. The United States wants to dispose of this issue. The United States tried for six years to get the Europeans to discuss agriculture. He said that the Prime Minister would probably agree that the proliferation of subsidies was really more from the European side. The United States will try not to hurt Australia, although it may well have done so. The real United States desire is to eliminate subsidies. The United States side has made its proposal and believes that if there is progress in the Uruguay Round, the United States will find the political will to effectively eliminate subsidies. (C)

Robert Zoellick then remarked that the 1988 Omnibus Trade Bill has some aspects which might possibly be linked to the current Farm Bill consideration. He proposed that this possibility be discussed with Secretary Yeutter. (C)

The President responded that there should be follow up on that idea. (U)

Prime Minister Hawke expressed his and Australia's gratitude for the President's response to the Prime Minister's proposal for greater economic cooperation in the Pacific Basin. He noted that there had been a feeling earlier that Australia was ignoring the United States. The Prime Minister explained that he had been aware of the fact that some countries in the region had questions about the roles of the United States and Canada. He said that he had wanted to talk the issue of Pacific economic cooperation over

with them, but all along wanted the United States to be part of a dialogue. The Prime Minister then thanked the President for his support on this issue. (C)

Turning to Secretary Baker, Prime Minister Hawke said that in discussions at the ASEAN Post Ministerial Conference the two sides would have an opportunity to work out a common position. The Prime Minister noted that there are differences between countries such as Indonesia and Malaysia. He continued that he will try to get a ministerial meeting in November, pointing out first that he attaches importance to the concept of Pacific Basin cooperation and second repeating his thanks for the President's response to his initiative. (C)

The President asked for the Prime Minister's views on the Philippines, commenting that the Prime Minister knows the subject very well. The President said that he is concerned about the Philippines and that he wants to go forward with Manila on a new bases agreement, but he also wants to explore possibilities elsewhere. The President said that he wants to make the point to the Philippines that cooperation on this issue is good for both countries. (C)

Prime Minister Hawke responded that he wished to make clear Australia's support for the position the United States takes on the bases. He added that there had been some skepticism about Mrs. Aquino and her ability to perform as President. Her degree of commitment to reform and to maintain stability in the Philippine Islands was in question. In recent months, however, he saw more evidence that her position has held up compared to the earlier situation. Prime Minister Hawke said that he wants to ensure that Australia's program of assistance makes sense. It is important to ensure conditionality. He said that he does not want to see money poured in without its constructive use on fundamental reforms. Prime Minister Hawke said he has a sense that Mrs. Aquino will be supportive on this issue and on the bases and noted that he understands that she will be visiting the United States in the coming autumn. (C)

The President and General Scowcroft exchanged remarks about the possible timing of Mrs. Aquino's visit and noted that she seems to want to visit the United States later rather than sooner. (C)

The President then asked Secretary Cheney to comment. (U)

Secretary Cheney said that he had discussed the issue of the Philippines the previous day with the Prime Minister. They had discussed the possibility of some facilities being explored with the Singapore Government. He summarized the situation with the Philippines by saying that he is hopeful for a satisfactory completion of the bases negotiations, but he does not want to underestimate the difficulties ahead. (C)

Prime Minister Hawke interjected that it is Australia's sense that the United States will get the bases. ~~(C)~~

The President responded that Mrs. Aquino still has big political problems to overcome. ~~(C)~~

Secretary Baker asked who will represent Australia at the Multilateral Aid Initiative talks in Tokyo. ~~(C)~~

Dr. Woolcott responded that it will be Dr. Dunne, who handles foreign assistance for the Ministry of Foreign Affairs and Trade. Australia will not be represented at the Ministerial level. ~~(C)~~

The President asked if the Australians know what they will do.
(U)

Dr. Woolcott responded that Australia does not believe it can add significantly to the funds involved but hoped that what Australian can do will be effective and will try to contribute a little more money to the Philippines program. ~~(C)~~

The President offered to describe where United States relations with the Soviet Union now stand. He said that when his Administration came into office, the administration undertook a thorough review of foreign affairs. He noted that critics have alleged that the new people in the Administration did not know what they were doing. They said that the Administration was too cautious, too "cold war." The President pointed out that that is not what motivates any of the people at the table with Prime Minister Hawke. For example, if Gorbachev goes to West Germany, the United States has no heartburn over his visit. The same is true if the President goes to Poland or Hungary. The United States is not out to exacerbate the problems that the Soviets and the East Europeans have. The United States seeks to represent what the United States stands for. The United States will maintain a policy of differentiation, of "beyond containment." The President said that he recognizes that the Soviet Union has changed. This means that Secretary Baker will continue building strong personal relations with Foreign Minister Eduard Shevardnadze. Secretary Baker will be alert to identifying a time when the President should sit down with Gorbachev in a summit meeting. The Administration is not going to be in a rush, but it is not afraid to go ahead with a meeting either. The President added that the Soviets have been doing some small things that are nonetheless significant gestures. He noted that the Soviets had offered to help with an oil spill. They also sent a letter concerning the casualties suffered on the battleship Iowa. The United States for its part sent a burn unit to help with the casualties from the pipeline explosion in the Soviet Union. At first, he noted, lower levels of the Soviet Union were not interested in receiving this team of experts. Later, however, when the issue reached the level of Gorbachev, the Soviets became very interested in receiving the experts and helping them reach the burn patients. ~~(C)~~

The President noted that it was his feeling that relations with the United States and the Soviet Union are in fair shape. The United States is not going to throw down some weapon system in the belief that everything has changed with the Soviet Union in their system. Nevertheless, the United States remains serious about arms control. The United States wants START progress, it wants reduction of conventional arms in Europe. The United States should not engage in a popularity contest, however. The world is moving in a direction of the freedoms that the United States and Australia enjoy. The President noted that lately the Soviets have not been talking on the issue of chemical warfare. He said there are very great differences between the sides on the issue of verification. He said that on the issue of chemical warfare, the United States wants to be fully engaged. The United States will go forward on START with the issue of verification placed at the forefront. This is not to obstruct progress. The Soviets have a right to know if an agreement they signed with the United States can be ratified by the United States Senate. If the United States can move the issue of verification to the table early, it will be better able to guarantee that the treaty obligations will be fulfilled. This is not an obfuscation technique. To summarize the United States/Soviet relationship, the President said he wants to get it in sound shape. He will be cautious. He believes he has every reason to be so. (S)

Secretary Cheney pointed out that the cuts in conventional arms offered by the United States in Europe were arrived at with a deep involvement of United States military authorities. What is significant about this United States proposal is what it requires for the Soviet Union to do in reducing its forces in Europe. If the United States takes down 30,000 men, the Soviets will have to reduce 300,000 men. He noted that in June in Europe the Soviets produced numbers on tanks and artillery that are the numbers the United States has been seeking. The Presidential package of proposals offered at Brussels can be negotiated. Chancellor Kohl said that during his recent visit to Germany, General Secretary Gorbachev had been very forthcoming. With respect to the timetable that the President has proposed for the reduction of conventional forces, some say that it is outrageously optimistic. Nonetheless, the United States will push its system to meet these deadlines. Gorbachev, when asked on this subject, said he had no problem with the deadline and would put the issue on a fast track. This, of course, was a private statement, not public.

(S)

Secretary Baker then said that asymmetrical reductions proposed by the United States for conventional forces are designed to lead to parity in Europe. One area where there will not be cooperation is on naval forces, which the Soviets are pushing for. The United States believes very strongly that this is not an area that should be open for discussion. The Secretary asked that Prime Minister Hawke share the view of the United States on this subject as a fellow maritime nation. Secretary Baker said

that he anticipates the Soviet Union to make very esoteric proposals with regard to naval forces, particularly in the northern Pacific. ~~(S)~~

Prime Minister Hawke responded that the Australian side understands this point. (U)

General Scowcroft said that it is encouraging that our sides recognize the asymmetries. He noted, however, that on strategic systems there has been very little diminution of Soviet modernization. New systems continue to come on line, new missiles and submarines, tanks, they just keep coming. ~~(C)~~

The President then invited the Prime Minister to comment on Cambodia. ~~(C)~~

Prime Minister Hawke said that he had discussed the issue that morning on Capitol Hill. | (b)(1)

(b)(1)

(b) (1)

The Vice President said that he has had a question both then, during his visit to Australia, and now of how one can help the non-Communist resistance strengthen itself to be a competitor in Cambodia. Currently they are the ones the United States and Australia favor. If these two countries do not assist the non-Communist resistance, then what? The alternatives are the illegitimate Hun Sen regime and the Khmer Rouge. With China in its current situation, Beijing will probably help the Khmer Rouge. This is an increasing possibility. (S)

Prime Minister Hawke responded that the Vice President's exposition of the issue assumes that the only form of contest is in military terms. This may well be an appropriate way to look at the issue. Australia's position is that there is enough on the table, if one looks at the players -- the Soviet Union wants to resolve the issue -- and the developments of a positive nature, that we should not look at it in military terms. The contest should not be seen only in military terms. In order to get the Vietnamese out, a mechanism will be needed to oversee the withdrawal, and meaningful elections will be required. Our side should try to get these going to get an expression of the will of the Cambodian people, quasi-democratic processes to ensure that the Khmer Rouge will not be able to intrude again. This does not seem to be unrealistic. If there is enough on the table, as the Prime Minister believes there is, then peaceful means should be tried. (C)

Secretary Baker responded that the United States proposal does not presuppose a military solution. The military approach is not intended to be the only approach. By enhancing the strength of the non-Communist resistance, if they can be strengthened in their bargaining position, this will probably lead to a settlement. (S)

Prime Minister Hawke said |

(b) (1)

(b) (1)

Secretary Baker said that it all depends on how the material is delivered. (U)

Governor Sununu asked what the Prime Minister thinks Chatchai believes. (C)

Prime Minister Hawke responded |

(b)(1)

(b)(1)

(C)

The Vice President said that when he was in Bangkok Chatchai said that it was only necessary to get Sihanouk and Hun Sen and their people in a room in order to work out a settlement. Chatchai never said not to provide lethal assistance. Chavalit, Foreign Minister Sitthi, and most importantly, the King, know what is needed. (C)

Prime Minister Hawke said that Chatchai has one imperative only.

(b)(1)

(b)(1)

That

is his attitude. (C)

The Vice President said that Chatchai's attitude assumes that there will be stability and that Hun Sen will prevail, but this scenario is in deep trouble with the Khmer Rouge present and the current Chinese mood. (C)

Prime Minister Hawke said that he would counsel the United States to hold back. He then switched subjects to offer an opinion on the Middle East, urging that in United States talks there that the United States take a look at Lebanon. Prime Minister Hawke said that in Australia there is a large Lebanese population, over 100,000 people, who are distraught about Lebanon. They have the feeling that no country is committed enough to try to find a resolution to the conflict in Lebanon. Of the various trouble spots in the world, Lebanon is seen as too hard to resolve, left to the Arab League. (C)

The President said that he knows it is a hard and difficult problem. He is inclined to agree with the Prime Minister. Unfortunately, the United States is dealing in a situation where it has little influence. Relations are strained with Syria. The United States has no contacts with Commander Awn, who postures to little effect. No one in this room has met him. The President then cited the American experience in Lebanon with United States forces. Even Javier Perez de Cuellar did not want to go to Lebanon after the United States approached him. The United States would like to talk. In a recent visit by Prince Saud, he sounded like he was doing more for the situation in Lebanon than in the past. Naturally, the United States population has emotional links with Lebanon. The President said that he

remembered doing business there years ago. It is on the American conscience. But the United States has not found a formula to be helpful. The United States remains genuinely and deeply influenced by the situation. The American Lebanese population is loyal and bright. He then said that Secretary Baker would continue to talk to the Prime Minister on the subject over lunch.

~~(S)~~
The meeting then concluded with the President escorting Prime Minister Hawke to his automobile. (U)