

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Call from Prime Minister Hawke of Australia (U)

PARTICIPANTS: The President
Prime Minister Robert Hawke
Notetaker: Douglas H. Paal

DATE, TIME AND PLACE: November 15, 1990, 7:47 - 8:15 a.m. EST
Oval Office

(Throughout this conversation, the Australian side became inaudible from time to time. Points where verbatim reconstruction of the conversation is not possible are marked as follows: "...")

The President: Hey, Bob Hawke, my old friend, how are you doing? (U)

PM Hawke: How are you, George? I have called to express my deep concern with the situation reached so far in the Uruguay Round. I wonder if you have two or three minutes to allow me to set out my reaction to this situation... (Ø)

The President: Bob, I look forward to hearing your views. I am as concerned as you are about the state of the Uruguay Round. I spoke with (President) Delors and (Prime Minister) Andreotti about this on Tuesday. (Ø)

PM Hawke: It is my considered position that the Uruguay Round is in an absolute crisis... I know your concern. I saw you meeting with Andreotti. I also read Clayton Yeutter's excellent speech on the prospects for agriculture in the Round. I share the pessimism about achieving any result in the Uruguay Round. I think it is fair to say that the U.S. and Australia agree on two propositions. First, the requirement to create a more fair and open international trading system is absolutely vital. Failure would be an international economic tragedy... a political tragedy as well. When international trends are running so favorably... (Ø)

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Second, we have agreed that as to the success or failure of the Uruguay Round, the fact is there cannot be any successful result unless there is success with agriculture. All the rest depends on agriculture. To be precise, George, the success of the entire Uruguay Round hinges on the position of the Europeans. I for one do not see this position as last minute jockeying for advantage. I feel very strongly that there is a fundamental absence of political will on the part of the Europeans. The unsatisfactory offer of the EC on agriculture is not... comparable with the Cairns Group. Their offer is backdated to 1996, a year when supports are particularly bloated. The thirty percent cut over ten years has already taken place. The offer also fails... on agricultural access. (Ø)

On the whole, unless political will is expressed from the top, the Round will fail completely. I believe we should seriously contemplate Heads of Government involvement... There is virtually no chance that Brussels will work. We need to focus on the six major blockages in the Round. I am not optimistic at this time. (Ø)

Common sense and prudence should put us on guard to work against the worst case scenario. I propose to look at a Heads of Government meeting, possibly in January to... The list of possible participants could include the U.S., France, Germany, ..., the U.K., Japan, Australia, Mexico, Argentina and Indonesia. Obviously such a meeting would not be a matter of discussing detail. Rather, it would provide renewed impetus to successful completion of the Round. I hope to call the European Heads of Government... Rocard and Kohl and raise the possibility of Heads of Government involvement. (Ø)

I am sorry to take so long, George, but I wanted to show you how I see the situation. I would like to hear your views on how you contemplate the Brussels meeting. Is there anything, George, that we can do to press the Europeans on the Round? (Ø)

Finally, I have a technical question about the deadline for the fast-track legislation of 1st March. I would be interested to know how binding is the deadline and... This is not only an economic question. History shows that increased autarchy and protectionism can undo all that you and you and your predecessor achieved. (Ø)

The President: Bob, let me reply to your various points. First, I agree that without success on agriculture this will not be a successful round. I made this point repeatedly to Andreotti and Delors. They were rather heated meetings. I pointed out that they had not followed up what the G-7 had decided. They took exception and said they had. (Ø)

There is no question that I agree with you that we have to have a satisfactory outcome on agriculture. They accused me of trying to get the Cairns Group up in arms. I told them that the Cairns Group, Australia included, does not need the U.S. to get them going. They have to look at the impact on the whole third world. Jim Baker is going to talk to Delors in Europe. I just talked with him in his car on the way to the airport. He will be there tonight. (Ø)

This weekend I will have bilaterals with Mitterrand and Kohl. You know he has an election coming up just before the Round. My suggestion, on your meeting, is that it deserves serious consideration. You should go ahead with your calls. They are very timely, very useful. Let the next week or so pass. (Ø)

On the technical point on the fast-track legislation deadline in the spring, I will get my people to get you the technical answer. If the question is, can we do something after that, I have to get the answer. You are right. (Ø)

PM Hawke: Thanks. If I may just respond. I will go ahead and make the calls. I take the point that we should wait and see how the bilaterals come out. I just ask that if all you and we are doing through the established processes and the Brussels meeting look like they are running into the sand, you would give serious consideration to the proposal I have made. While waiting for now, George, ... (Ø)

The President: I have no problems in principle. Obviously, when we get down to the crazy things like timing and schedules, but no problem in principle. It will be terrible if there is no success. In principle, agreed. I will try to kick some players into action. Our problem is the EC and the EC machinery and a couple of countries. (Ø)

PM Hawke: Let's keep in touch on how your meetings and... (Ø)

The President: I will ask our people, as soon as Baker and Hills complete their meetings, to get it to you personally. (Ø)

PM Hawke: I must say that Carla Hills...excellent in cooperation with us. George, obviously I could not complete this conversation without asking about the Gulf. (Ø)

The President: I wish you would ask in two weeks when we will know the results of my trip. We are moving more troops. The sanctions appear to be working. To be honest, I cannot say to what degree. I still want a peaceful solution. I am increasingly concerned about the embassy and the condition of the hostages. We have a lively debate at home with some of the usual critics. It is almost a post-Vietnam syndrome debate.

Meanwhile, we continue to build our forces so that if we need to use force we will prevail and prevail rapidly. (Ø)

Overall, I think it is going well. I think I can handle the controversy. The press just loves controversy. Can you imagine if this were World War II and the press asking Franklin Roosevelt or some general, or some Australian general, and then turning to ask Hitler his point of view? They tend to blame things here. (Ø)

I have taken on a little water. Tonight I will do a CNN interview and spell out our goals and objectives once again. Maybe you can catch that. Basically I am in a good frame of mind on this. I am pleased the UN Security Council is holding. You have seen the speculation on a UN resolution on the use of force. There is no decision. I will talk to Mitterrand and Gorbachev. I feel good about this. There are no time lines about working this. Basically you got me on a morning when I feel fairly upbeat. (Ø)

PM Hawke: George, you know we remain supportive of what you are doing. There can be no conditionality on anything, including the release of the hostages. We share the hope that this will be resolved peacefully as a rational judgment by Saddam Hussein in the interest of his own people. If other means are necessary, I hope you will be able to consult with us as much as possible. I understand the constraints. I know what you mean when you say you have taken some water aboard, but Australia continues to support you as you press for a peaceful... If the circumstances change, I hope you can consult as early as possible. (Ø)

The President: Bob, that is understandable. You know I get a sense of camaraderie, maybe it is a World War II memory, when I see Australians taking part in boarding parties and other activities. It makes me feel warm. We know you have got kids there, as we have got a hell of a lot. (Ø)

PM Hawke: We are with you. (Ø)

The President: Give Hazel our love. (U)

PM Hawke: On the first matter, I hope you will stay in touch with us. In its way, it poses a threat to the world situation comparable to the threat in Iraq. (Ø)

The President: Barbara, if she were sitting here, would say the same thing. I hope our paths cross soon. (Ø)

PM Hawke: Same to you, George. (U)

-- End of Conversation --