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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

ECONOMIC SUMMITS AND AUSTRALIA

Thank you for your minute of 7 February (A084/432).

The Prime Minister agrees that you should handle, in the way proposed in your paragraph 7, the question of Australia's participation in Economic Summits.

A. J. COLES

8 February, 1984

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Prime Minister.

Ref. A084/432

PRIME MINISTER

Economic Summits and Australia

Yes - we must keep
it to the Seven.

Agree with last

page?

otherwise I
will totally

change is
not

A.S.C.

I recently received a letter from my opposite number in Australia canvassing support for his Prime Minister's attendance at the London Economic Summit. Sir Geoffrey Yeend recalls Mr Hawke's conversation with you in New Delhi, which was prompted, he says, by an indication from the Japanese that they would fully support Australian participation in economic summits if Australia so desired. He says that their understanding is that, as a result of Mr Hawke's approach, it is your intention to raise the matter with other participating Governments. He goes on to say that last year President Reagan raised the matter with Mr Hawke and indicated "formal support"; and that the French Personal Representative, also apparently without prompting, gave him to understand that France was similarly in support of Australian participation: I believe Mr Hawke told you in New Delhi that President Mitterrand had suggested that Australia should be added to the membership of the Summit. Since Mr Hawke was to meet Mr Nakasone in Japan on 1 February, the purpose of Sir Geoffrey Yeend's letter was to ascertain whether there was anything that you could say to Mr Hawke in advance, in case Mr Nakasone inquired. I sent him an interim reply to say that I could not say anything at present; he will assume from this that the matter is to be discussed among Personal Representatives when they meet later this month.

2. This is awkward but not unexpected; the Australians have tried it on before. The difficulty is that, if Australia were to be admitted, the claims of other countries, equally or better qualified in terms of GDP, would be hard to resist. Further enlargement of this nature would change the nature of the grouping which enables it proceeding to retain a certain privacy and informality.

3. If the measure was in terms of total GDP, in the GDP league table for OECD countries only Spain (\$179 billion) comes between Australia (\$158 billion) and Canada (\$291 billion), the member of

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the Economic Seven with the lowest GDP. (OECD figures for 1982 at current prices and exchange rates.) However, there is a large gap of \$133 billion, or over 40 per cent, between Australia and Canada and of \$112 billion between Canada and Spain. To that extent, Canada is a logical and defensible cut-off point. The position would be further complicated if non-OECD countries were to be regarded as eligible. On that basis, two other countries would qualify ahead of Australia, namely Brazil (\$288 billion in 1981) and Mexico (\$168 billion); with India (\$156 billion in 1981) and Saudi Arabia (\$153 billion) close behind.

4. If the measure was in terms of GDP per head, the Scandinavian countries and the Low Countries would all rank ahead of Australia - and indeed ahead of four of the seven Summit countries.

5. Thus, if Australia were invited, we could quickly find a number of other countries knocking at the door.

6. It is not at all clear that any of the Seven really wants Australia admitted, whatever they may say out of politeness to Mr Hawke. This was made clear as recently as last week at a meeting of G5 Economic Directors in Paris. The German Representative reported recent Australian representations in support of an invitation, invoking Mr Nakasone's alleged support of the Australian application (sic). Mr Motono, the Japanese Personal Representative, who was present, confirmed that the Japanese had canvassed Australian participation at the Tokyo Summit, but added that it would probably be going too far to say that his Prime Minister actively supported a new Australian application. Mr Allen Wallis, the American Personal Representative, said that the Australians had made a number of efforts to be included in Summit meetings. The trouble was that they scarcely qualified in terms of their rating among industrialised countries and, if they were admitted, others better qualified would demand entry. The Frenchman said nothing. Finally HM Ambassador in Rome has reported that the Australians have been trying to prompt an invitation from the Italians. The most genuine support for Australian participation may well come from President Mitterrand, who is known to have felt isolated as the only Head of a left wing