

Originally Processed With FOIA(s):
S; 2003-0345-F

FOIA Number:
S

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the George Bush Presidential
Library Staff.**

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Speechwriting, White House Office of
Series: Speech File Backup Files
Subseries: Chron File, 1989-1993

OA/ID Number: 13791
Folder ID Number: 13791-007

Folder Title:
Australia Research n.d. [OA 7565][15]

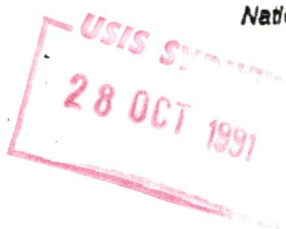
Stack:	Row:	Section:	Shelf:	Position:
G	26	22	2	2



United States Information Service

National Press Club Building
16 National Circuit
Barton, A.C.T. 2600

Tel. (062) 70 5968
Fax (062) 73 3051
Telex 82690



F A C S I M I L E T R A N S M I S S I O N

TO: USIS Sydney - Margaret / Jeff
FROM: USIS Canberra - Rosemary
DATE: 10/28/91
SUBJECT: Presidential speech material.
REF: Telcon . 10/28

NUMBER OF PAGES INCLUDING COVER SHEET (18)

QNorth Queensland

WWII **1942-1945**

by

P. D. Wilson, B.A.(Hons.), Dip.Lib.(CCAEE),
Manager, Place Names and Historical Services
Sub-Program, Department of Geographic Information,
Queensland, Australia.

UNITED STATES NAVY

In late 1942 and into 1943, Cairns became an important United States Navy centre. The Navy maintained a strong presence at Townsville, but port congestion there led to the choice of Cairns as an alternative transshipment port for the South West Pacific Area, leaving Townsville to cope with the needs of the US Army and US Army Air Force.

Oil storage facilities in Cairns were increased, adding to the capacity already provided for the RAN. A tanker berth, with direct pipeline access to storage facilities was installed. Ship repair capacity was increased by the stationing in Cairns of a 1000 ton (Imperial) floating dock. In the Smith Creek area of Trinity Inlet, a slipway and small craft repair yard were established. Wharf accommodation was increased to 800 feet, with suitable cargo accommodation. A US Navy Construction (Seabee) Battalion (55th CB) assisted in this construction effort. Ammunition storage facilities were built at Woree, just outside Cairns.

With this considerable re-equipment, Cairns became the principal repair and resupply port for the small ship forces of the United States Seventh Fleet. Larger vessels could resupply and refuel in Cairns, but major repairs necessitated a visit to Brisbane or another Australian port.

PT (Patrol Torpedo) boats of the US Navy were based in Cairns and often visited the port from their forward areas of operations. They became common sights in the shipping channel between Cairns and Thursday Island and in Torres Strait.

Palm Island was selected as a repair base for the US Navy Fleet Air Wing 17 in mid-1943. The Wing operated Catalina aircraft and squadrons were based in New Guinea waters. Slipway and hanger facilities were built at Palm Island for major airframe and engine overhauls.

The US Navy maintained a number of hospitals, with a particularly large one at Black River outside Townsville.

UNITED STATES ARMY

Unlike Rockhampton and Brisbane, both of which had complete US Infantry Divisions stationed near them at various times during the War, Townsville and the North did not host any large US Infantry formations. The one exception was the 503rd Infantry Regiment (Paratroop) which was located at Gordonvale. This unit trained extensively in the Cairns-Gordonvale area and made practice jumps in the Green Hill area south of Trinity Inlet. Special buildings had to be provided for the drying and folding of parachutes, in the camp outside Gordonvale. In September 1943, after moving from Gordonvale to Port Moresby for further training, the 503rd parachuted into the Markham Valley. They secured the Nadzab area for the construction of an airstrip so that the Australian Seventh Division could be flown in to attack Lae from the landward side, while the Ninth Division carried out an assault from the sea.

During the period of frenetic construction of airfields in North Queensland in 1942, US Army Engineering Battalions built or partially completed a number of airfields, including Giru, Woodstock, Antill Plains, Jacky Jacky, Horn Island and Iron Range. Largely composed of Negro troops, these units had to make do with whatever equipment came to hand, making their own wheelbarrows from packing cases and graders from logs. These specialist units were soon moved on to New Guinea, to continue the airfield construction and road building effort in the forward areas.

The main role of the US Army in North Queensland was services and supply. Comparatively few front line units were stationed there, but once US Army units were committed to action in Papua, (where the 32nd Division fought at Buna after October 1942) the Townsville area became the principal supply, ordnance, medical centre and transshipment port for the Americans. This role was foreshadowed by the creation, as early as 5 January 1942, of US Base Section 2, the collective name for what became the North Queensland component of the United States Army Services of Supply organization. As one example, of the size of the operations, the US Army Ordnance Depot at Kurukan (just north of Townsville), occupied a site of ten square miles (26 square kilometres), with 22 miles (35 kilometres) of roads. Base Section 2 was reduced in area early in 1943, because of the large work load and Base Station 5 was created centred on Cairns.

One of the unusual units to be established in the Townsville area was the Remount Depot at Rocky Springs, west of Townsville. This unit obtained and trained horses for pack work in New Guinea, where vehicle transport in many cases was impossible because of mountainous or swampy terrain.

The US Army used Cairns as a base for specialist Engineer units equipped with amphibious vehicles. These units were responsible for carrying assault troops from transports offshore to the beach or landing point. The units trained large numbers of American and Australian personnel in amphibious techniques. Another specialist unit set up and used a construction facility in Cairns to manufacture landing craft for the South West Pacific, as it was impossible for American sources to supply sufficient craft for Theatre requirements.

Considerable expenditure was carried out by the US Army in improving facilities at both ports of Cairns and Townsville. Both served as transshipment ports where bulk shipments received direct from the United States were unpacked, sorted and then repacked into smaller consignments for shipping to New Guinea in small cargo ships or landing craft. Milne Bay gradually came to replace Cairns as a transshipment port, but Townsville retained its role as an important Allied supply port right up to the end of the War.

A
Hospit
a recr
cases

L
Queen
to por

Another major US Army presence in North Queensland was the hospital network. Hospitals to serve Base Section troops were established in Cairns and Townsville, with a recreation centre in Mackay. In addition, US hospitals took medical and combat cases from forward areas, before these were sent on south for more specialized care.

US Army searchlight, coastal artillery and anti-aircraft units served in North Queensland. Most were transferred north as the War progressed, but they contributed to port and airfield defence in the critical period of 1942-43.

UNITED STATES ARMY AIR FORCE

The USAAF constituted the largest numerical American presence in North Queensland between 1942 and 1945. (The United States Army Air Corps was retitled the United States Army Air Force on 20 June 1941). The first few of the many arrived in Townsville in January 1942. These men had arrived in Brisbane in the Pensacola convoy just before Christmas 1941, having been originally destined for the Philippines. Townsville had been a port of call for occasional American aircraft before Pearl Harbour, as an alternative airfield to Port Moresby on the ferry route between the West Coast of the USA and the Philippines. The requirement for Townsville to be able to take B-17 Flying Fortress aircraft was one of the reasons for the urgent upgrading of the runways there late in 1941.

The first USAAF operational units to be based in North Queensland were 22nd Heavy Bombardment Squadron and 88th Heavy Reconnaissance Squadron, both flying B-17s. They arrived on 18 and 19 February 1942. 22nd Squadron aircraft had been separated from the ground personnel of the Squadron early in the War, and had flown from the West Coast of the USA to Hawaii, then on to Java for a brief period, then back to Nandi, in Fiji, and then to Garbutt. 88th Squadron had the unenviable experience of having some of its aircraft arrive on a ferry flight at Hickham Field, Pearl Harbour right in the middle of the Japanese attack on 7 December 1941. (Prange: 476 & 552). Neither unit had a long stay in Australia—22nd Squadron returned to the USA in April 1942 and 88th Squadron moved to Karachi (then in India) in March 1942. These two squadrons were stationed in Townsville attached to a US Navy force responsible for keeping the sea link open between Australia and the USA.

The American air forces in Australia in the first quarter of 1942 had all arrived piecemeal either direct from the US or as a part of the hectic Allied retreat from the Philippines, through the Dutch East Indies (present day Indonesia). Squadrons often had their ground crews in one part of Australia and their aircraft in another. Squadron personnel had to make the best of what they had in servicing equipment; spares were in short supply and no firm administrative structure had had time to become established to sort out the confusion. In addition, many men and aircraft had experienced heavy fighting during the retreat from South East Asia and were in need of rest and repair. Proper maintenance was often impossible, not only because of a lack of spares and ground crew, but because of the frequent moves the Squadrons were forced to make. One unforeseen result of the fall of the Dutch East Indies in March 1942 was that aircraft shipped to Australia from the USA intended for the Dutch Air Force, and for reinforcement of American squadrons there, were available for re-equipping incoming USAAF squadrons in Australia.

If the residents of the Townsville and Charters Towers areas wondered why there was so much airfield construction activity in March 1942, their questions were answered by the arrival in North Queensland in that month of the 3rd Light Bombardment Group (Charters Towers), 19th Heavy Bombardment Group (three Squadrons at Cloncurry) and 435th Squadron (Heavy Bombardment, but used primarily for reconnaissance) of the 19th Group, at Townsville. 3rd Group was eventually equipped with a mixture of aircraft—Dauntless Dive Bombers (A-24), Boston Bombers (A-20), and Mitchell Bombers (B-25) and was commanded by Colonel J. ("Big Jim") Davies. 19th Group was equipped with Fortresses (B-17). Actual numbers of serviceable aircraft remained low for the first half of 1942, because of aircraft assembly delays, combat and training losses and shortages of spare parts. The RAAF historian describes the situation:

On 18 March 1942 American units in Australia had in commission only 39 bombers (12 heavy and 27 dive bombers) and 177 fighters comprising 85 Airacobras (33 P-39's and 52 P-400's)—a lighter

Desi
on New
Moresby,
day and
before re
and May
members
bases, W
and Papt
longer pe
on its wa
Group of
in the Co
Townsvill
strip (buil
Group m.

19th
in July, r
relieved
used the
before re
grew. In
stationed

Aug
the whole
Major-Ge
the airfield
fresh gro
chosen to
as record
USAF Hi

By
Queensla
in North
During 19
States Ar
engineers
concentra
area whe
upwards
air servic

As
contact v
as a ser
Australia
the end c
reduced
Pensacola

armed version of the P-39) and 92 Kittyhawks. The fighter strength was all that remained of more than 527 that had reached Australia between 23 December 1941 and 18 March 1942. Most of the aircraft were in need of repair and most of the bomber crews in urgent need of rest. (Gillison:471)

Despite tired aircraft and crews, operations began in reconnaissance and attacks on New Guinean targets. Usually, to avoid being attacked on the ground at Port Moresby, aircraft were flown there to arrive at dusk. Takeoff was at dawn the following day and after a mission was completed, aircraft returned to Moresby for another night before refuelling and returning to North Queensland. During the eventful days of April and May 1942, all available aircraft in the USAAF, sometimes assisted by RAAF crew members flying with them as advisors, saw much action from their North Queensland bases. When 75 Squadron RAAF had begun to establish a presence over Port Moresby and Papua in March-April, it became possible to move units to Port Moresby for longer periods. 8th Fighter Group (USAAF) passed through North Queensland in April on its way to Port Moresby to relieve 75 Squadron RAAF. 3rd Light Bombardment Group operated from Port Moresby during the Japanese advance which culminated in the Coral Sea Battle. During April, the 22nd Light Bombardment Group arrived in Townsville, equipped with B-26 Maurader aircraft. Two squadrons went to Reid River strip (built in two weeks), one to Antill Plains and one to Garbutt. Most of 8th Fighter Group moved to the Townsville area in April also.

19th Group, concentrated at Mareeba (which the Americans called Hovett Field) in July, and in November 1942, after a year of nearly continuous operations, was relieved by the 43rd Group and its personnel were returned to the USA. The 43rd used the Torrens Creek airfield for a period (where a large bomb dump was established) before replacing the 19th at Mareeba. As 1942 progressed, American air strength grew. In July-August, 38th Light Bombardment Group became available and was stationed at Breddan, outside Charters Towers.

August saw a major command reorganization, with the American air forces in the whole South West Pacific area being formed into Fifth Air Force, commanded by Major-General George C. Kenney, who replaced General Brett. On the completion of the airfield at Iron Range, 43rd Group moved there, to be joined in November by a fresh group, the 90th Heavy Bombardment, equipped with B-24 Liberators, the aircraft chosen to replace the Flying Fortress in the Pacific. (Details of Squadron movements as recorded in M. Maurer (ed.), *Combat Squadrons of the Air Force World War II*, USAF Historical Division, 1969, are to be found in Appendices M & N).

By December 1942, a regular system of rotation of units between North Queensland and Papua was in force. From this time, the emphasis of USAAF activities in North Queensland changed from combat operations to service, overhaul and supply. During 1942, Major-General Rush B. Lincoln had been appointed to command United States Army Air Services which was to be "administrative, supply, maintenance and engineering command". (Gillison:480) Fifth Air Force took over this command and concentrated a large part of its resources in repair and overhaul in the Townsville area where 4th Air Depot was formed, with headquarters at Garbutt. Occupying upwards of thirty-five hanger type "Igloos", this organization became one of the largest air servicing bases outside the United States itself.

As the air war moved north, fewer and fewer USAAF squadrons had direct contact with North Queensland. Townsville remained important throughout 1943-44 as a service facility, but increasing distance between the forward squadrons and Australia eventually led to a run down of USAAF personnel in North Queensland. By the end of the Pacific War, the number of USAAF personnel in all of Australia was reduced to a few thousand, roughly equivalent to the number which arrived in the Pensacola convoy in the dark closing days of 1941, four long years before.

BATTLE OF THE CORAL SEA 4-11 MAY 1942

The Battle of the Coral Sea, fought only twelve hundred kilometres off the North Queensland coast, was the first naval battle in history in which the opposing surface ships did not sight each other. It was also the first major aircraft carrier engagement of World War II and the Pacific War. The clash resulted from Japanese plans to capture Port Moresby by seaborne assault, in order to secure air superiority over North Queensland and the Coral Sea. This air superiority would, in turn, have guarded the right flank of the planned Japanese advance south-eastwards towards New Caledonia and Fiji, with the objective of cutting sea and air communications between Australia and the United States.

American codebreakers intercepted Japanese Navy signals preparing for Operation MO (the capture of Port Moresby), and were aware that a Japanese troop convoy was to be escorted by a light escort carrier and other ships in close support. The two heavy aircraft carriers of the Fifth Carrier Division, *Zuikaku* and *Shokaku*, were to enter the Coral Sea from the east, to give protection from any major American attempt to intercept the convoy. The carriers were to be escorted by a force of cruisers and destroyers. The invasion convoy was due to sail from Rabaul at the end of April, with four and a half thousand Army and Navy assault troops. USS *Yorktown* was already in the South Pacific area and Admiral Nimitz, Commander in Chief Pacific Fleet, ordered USS *Lexington* to rendezvous with her and form a combined task force by 1st May. The Australian heavy cruiser HMAS *Australia* and light cruiser HMAS *Hobart* were ordered north from Sydney to join the American ships.

American carrier aircraft attacked the newly landed Japanese forces at Tulagi, in the southern Solomon Islands on 4 May, inflicting only light losses on the Japanese. The Japanese Fifth Carrier Division rounded the eastern tip of the Solomons the following day. Australian and American aircraft based in North Queensland, but often operating from Port Moresby, flew many hours of reconnaissance missions over the Coral Sea and waters adjacent to Papua and New Guinea, looking for the Japanese invasion convoy and its escorting forces. No definite contacts were obtained by either side on 6 May and those which were reported did not always cross the barrier of divided command between Admiral Nimitz's Pacific Fleet Command and General MacArthur's South West Pacific Command. A number of mistaken identifications of ships characterized 7 May. Japanese carrier aircraft, searching for the main American force, located and attacked the American tanker USS *Neosho* and her escorting destroyer, USS *Sims*, mistaking them for the carrier force. *Sims* was sunk immediately and *Neosho* was heavily damaged. The crippled *Neosho*, abandoned by part of her crew, drifted northwestwards towards the Queensland coast until sighted by Allied aircraft. The survivors from *Sims* and *Neosho* were rescued when USS *Henley* found the *Neosho* almost sunk on 11 May. All but four of the 68 men who hastily abandoned *Neosho* on the day of the attack were lost. Only fourteen of *Sims*' crew survived and 109 from the *Neosho*.

American carrier aircraft found the escort carrier *Shoho* and sank her early on 7 May, just north of the Louisiade Archipelago. The Australian cruisers, together with USS *Chicago* and three escorting destroyers were detached by the American Task Force commander, Admiral Fletcher, and ordered to block the exit route of the Japanese invasion convoy into the Coral Sea. The American and Australian ships came under heavy air attack from Japanese land based aircraft and narrowly missed heavy damage by the use of their anti-aircraft armament, and vigorous manoeuvring to avoid the torpedoes launched against them. As a result of the attack on the *Shoho* and the detection of the cruiser force, the invasion convoy was ordered to remain north of Jomard Passage and postpone the Port Moresby attack by two days. Japanese and American carrier aircraft clashed briefly in the fading light of the late afternoon of 7 May, with an American loss of two planes against a Japanese loss of nine. More

Japanese
mistook
danger
to his le

By
heavy
weather
presence
dive-bo
other o
hidden
punish
and ma
both si
damage
escorti
during
period.
becom
which h
ignited
were kil
attempt
to the C
the "La
force an
deep at

Th
the Port
supplies
received
the safe
to take
to reinf
Shortly
Pearl H
intercept
an atten

Ad
late on
latter to
forces. I
turned s
May, wh
The fort
thirteen
degrees
surface

Lef
comman
convoy r
forced hi
trouble,
destroye
and anch

Japanese aircraft were lost attempting night landings on their carriers after some mistook the American ships for their own. Vice Admiral Takagi took the brave and dangerous measure of turning on his carriers' searchlights to provide some assistance to his lost fliers.

By first light on 8 May, the Japanese carrier force was partly sheltered by the heavy cloud of a cold front, while the American ships were sailing in clear sunny weather only two hundred kilometres to the south. Each force quickly discovered the presence of the other by air reconnaissance. Both sides mounted major attacks by dive-bombing and torpedo carrying aircraft, the two air fleets virtually passing each other on the way to their targets. *Shokaku* sustained heavy damage, while *Zuikaku*, hidden by a heavy rain squall, escaped serious attention. *Lexington* took heavy punishment from both bombs and torpedoes, while *Yorktown*, with her greater speed and manoeuvrability escaped with less, but still serious damage. Aircraft losses on both sides were heavy—sixty-four American against seventy Japanese. *Shokaku's* damage was so serious that Takagi ordered her back to Truk, taking her half of the escorting force. She eventually reached Japanese home waters after a perilous voyage during which she nearly capsized and entered dockyard hands for a three month repair period. *Lexington* was just working back up to full speed, with damage control measures becoming effective, when an explosion occurred in her forward section. Petrol vapour which had built up after aviation fuel tanks had been damaged by torpedo hits was ignited by an overheating motor-generator. Many of her damage control personnel were killed or disabled in the massive explosion. Fire spread through the ship and all attempts to save her failed. Admiral Fletcher considered the possibility of getting her to the Queensland coast, but as the day wore on it became increasingly apparent that the "Lady Lex" was doomed. All surviving personnel were taken off by her escorting force and the carrier was torpedoed and sunk by USS *Phelps*. She lies 2400 fathoms deep at the bottom of the Coral Sea about 1100 kilometres east of Cooktown.

That same night, Admiral Inouye, Japanese Fourth Fleet Commander, ordered the Port Moresby invasion fleet to return to Rabaul. Vice-Admiral Takagi, with fuel supplies dangerously low and only thirty-nine operational aircraft left, sought and received permission to leave the battle area. The loss of the *Neosho* had removed the safe margin of available fuel oil for the American ships and Nimitz ordered Fletcher to take his ships out of the Coral Sea area until Admiral Halsey, sent speeding south to reinforce Fletcher with USS *Enterprise* and USS *Hornet*, was able to join him. Shortly after the end of the Coral Sea action, Nimitz ordered all his carriers back to Pearl Harbour, where clear indications were becoming apparent from Japanese intercepts that the main Japanese naval thrust was to be directed against Midway, in an attempt to entrap and destroy the American carrier force once and for all.

Admiral Yamamoto, Japanese Fleet Commander, was furious when he learned late on 8 May that Inouye had allowed Takagi to retreat. He at once ordered the latter to return to the Coral Sea and complete the destruction of the Allied naval forces. Takagi's remaining force of *Zuikaku*, four cruisers and six destroyers, dutifully turned south again to seek battle. This force continued to search until noon on 10 May, when even Yamamoto had to admit that the American ships had left the area. The force turned about to make the long voyage back to Truk at a point about thirteen hundred kilometres east of Cooktown (15 degrees 10 minutes South 157 degrees 20 minutes East). This point marks the farthest advance south of Japanese surface ships in World War II.

Left without any clear orders from his American superior, Admiral Crace RN, commanding the cruiser group south of Papua, continued his patrol in case the invasion convoy resumed its attempt to approach Port Moresby, until dwindling fuel reserves forced him to detach HMAS *Hobart* to escort USS *Walke* (destroyer), suffering engine trouble, back to Brisbane. HMAS *Australia* and USS *Chicago*, with their remaining destroyers returned to the North Queensland coast at Grafton Passage (off Cairns) and anchored at Cid Harbour (Whitsunday Group) on 11 May 1942.

The Battle of the Coral Sea ended in "... a tactical victory for the Japanese but a strategic victory for the Allies" (Gill II:53). The Port Moresby seaborne invasion plan was ultimately abandoned, and an attack by land across the Owen Stanley Range was substituted later in 1942. The carrier arm of the Japanese Navy lost valuable aircraft and found it difficult to replace highly trained crews. These experienced fliers, and their two ships, were to be sorely missed by the Japanese Fleet at Midway a few weeks later. At Midway, the Japanese lost four carriers, many aircraft and aircrew and with their loss, the initiative and striking power which had supported the rapid transocean advances made in the first six months of the Pacific War. The Coral Sea Battle saved Port Moresby and the intensification of Japanese attacks on North Queensland. It had a direct effect on the American victory at Midway, which in turn balanced the odds in the bitter naval battles around the Solomon Islands during the latter half of 1942. Coral Sea did not directly 'save' Australia, but it marked the beginning of the period of rapidly diminishing threat of a direct heavy assault by Japanese forces on the Australian coast.

SHIP

Austre

Canbe

Shrop

Hobar

Adela

Stuart

Vande

Arunti

Warra

Mores

Swan

Warre

Gasco

Burde

Barco

Hawk

Lachli

Diana

Platyp

Bunge

Kanirr

Manoi

Westr

REMARKS BY

AMBASSADOR MEL SEMBLER

AT THE

1991 U.S. SUBMARINERS MEMORIAL SERVICE

APRIL 13, 1991

ALBANY, WESTERN AUSTRALIA

Margaret / Jeff,

This was the first draft of the
speech - was not the final version.

Thought some bits may be
useful.

-2-

IT IS AN HONOR FOR ME TO REPRESENT THE PRESIDENT AND THE PEOPLE OF THE UNITED STATES ON THIS SOLEMN OCCASION, THE ANNUAL SERVICE IN RECOGNITION OF THE MANY AMERICAN SUBMARINERS WHO LEFT THE PORTS OF WESTERN AUSTRALIA NEVER TO RETURN.

AMERICANS ARE LIKE AUSTRALIANS IN THAT WE LIVE IN A RELATIVELY YOUNG NATION AND WE TEND TO LOOK TO THE FUTURE AND NOT TO THE PAST. YET THERE ARE TIMES AND OCCASIONS WHEN WE ALLOW OURSELVES TO STOP AND REFLECT A BIT. ON THE NATIONAL ARCHIVES BUILDING IN WASHINGTON D.C. IS ENGRAVED THIS INSCRIPTION: "THE HERITAGE OF THE PAST IS THE SEED THAT BRINGS FORTH THE FUTURE." IT IS OCCASIONS SUCH AS TODAY, WHEN WE RECALL OUR DEPARTED HEROES AND SHIPMATES, WHICH ALLOW US THE TIME TO REFLECT UPON WHERE WE HAVE BEEN AND WHERE WE MAY BE GOING.

IT IS PARTICULARLY FITTING THAT THIS SERVICE HAS BECOME A TRADITION HERE IN THE TOWN OF ALBANY, THE FIRST TOWN IN WESTERN AUSTRALIA, AND ONE WHICH HAS STRONG TIES TO AMERICAN SEAFARERS FROM ITS EARLIEST DAYS. THE INITIAL CONTACTS BETWEEN AUSTRALIANS AND AMERICANS DEVELOPED AMONG OUR SEAFARERS. WHEN THE FIRST PERMANENT SETTLEMENT WAS ESTABLISHED AT ALBANY IN 1826, AMERICAN WHALERS HAD BECOME A COMMON SIGHT IN THE SOUTHERN PACIFIC, OPERATING OUT OF

-3-

PORT JACKSON AND HOBART. [HERE IN WESTERN AUSTRALIA,
AMERICAN WHALING FLEETS FROM NANTUCKET AND NEW BEDFORD
BEGAN TO OPERATE OUT OF ALBANY IN THE 1830'S.] MUCH OF THE
EARLY KNOWLEDGE ABOUT AUSTRALIA IN AMERICA CAME FROM THE
ACTIVITIES OF OUR WHALING FLEETS.

ALBANY WAS HALF A WORLD AWAY FROM THE UNITED STATES CIVIL
WAR, YET EVEN THAT REMOTE CONFLICT CAME TO AUSTRALIAN
SHORES. THE AMERICAN WHALING FLEET WHICH VISITED KING
GEORGE SOUND CONTRIBUTED TO THE COMMERCIAL STRENGTH OF THE
NORTH. DURING THE WAR MORE THAN HALF OF THAT FLEET WHICH
WORKED THE INDIAN AND PACIFIC OCEANS WAS DESTROYED BY
CONFEDERATE RAIDERS. ONE OF THOSE, THE SHENANDOAH, WAS
REFITTED IN MELBOURNE IN 1864 OVER THE PROTESTS OF THE
AMERICAN CONSUL.

-4-

IN 1907, PRESIDENT THEODORE ROOSEVELT DISPATCHED A GOODWILL ARMADA OF THE MOST MODERN SHIPS IN THE U.S. NAVY WHICH CAME TO BE POPULARLY KNOWN AS THE "GREAT WHITE FLEET". ~~IN ITS TOUR AROUND THIS CONTINENT IN 1908, THE GREAT WHITE FLEET ATTRACTED TREMENDOUS ATTENTION FROM THE CITIZENS OF AUSTRALIA. IN WESTERN AUSTRALIA THE FLEET ANCHORED HERE IN KING GEORGE SOUND AND SOME 12,000 AMERICAN SAILORS CAME ASHORE ON LIBERTY TO THE ENTHUSIASTIC WELCOME OF THE TOWN OF ALBANY.~~

THE VISIT OF THE GREAT WHITE FLEET TO ALBANY WAS A MAGNIFICENT EVENT. THE WARM WELCOME EXTENDED BY AUSTRALIA TOWARDS THE FLEET WAS A MESSAGE CARRIED BACK TO AMERICA. A REPORTER FROM THE NEW YORK HERALD WROTE THAT "AUSTRALIAN FRIENDSHIP WOULD NOT BE FORGOTTEN ... AUSTRALIANS ARE TRULY KINSMEN AND THE WORD WILL STICK ..."

-5-

THE NATURAL TIES BETWEEN AUSTRALIA AND THE UNITED STATES WERE STRENGTHENED WHEN WE UNITED AGAINST A COMMON ENEMY FOLLOWING THE JAPANESE ATTACK ON PEARL HARBOR IN DECEMBER 1941. THE EARLY MONTHS WERE VERY DIFFICULT. ~~IN FEBRUARY, 1942, THE CRUISERS USS HOUSTON AND HMAS PERTH WERE DESTROYED BY A JAPANESE INVASION FLEET AT THE BATTLE OF SUNDRA STRAIT. THE EIGHTH REGIMENT OF THE AUSTRALIAN ARMY WAS LOST AT SINGAPORE AND THE JAPANESE MOVED SOUTH. PRIME MINISTER JOHN CURTIN WARNED THE CITIZENS OF AUSTRALIA THAT "INVASION IS A MENACE CAPABLE OF BECOMING AN ACTUALITY AT ANY HOUR."~~

THE IMMEDIATE THREAT OF INVASION TO AUSTRALIA WAS EFFECTIVELY ENDED IN THE HISTORIC BATTLE OF THE CORAL SEA ON THE 7TH AND 8TH OF MAY, 1942. A JOINT TASK FORCE INCLUDING THE AMERICAN CARRIERS YORKTOWN AND LEXINGTON AND THE AUSTRALIAN CRUISERS AUSTRALIA AND HOBART HALTED THE FURTHER ADVANCE OF THE IMPERIAL JAPANESE NAVY'S FOURTH FLEET. THIS ACTION PREVENTED THE JAPANESE FROM ESTABLISHING A MAJOR BASE LESS THAN 400 KILOMETERS FROM THE QUEENSLAND COAST.

-6-

WITH THE IMMEDIATE THREAT OF INVASION SET ASIDE, THE ALLIES BEGAN THE LONG AND COSTLY TASK OF PUSHING BACK THE JAPANESE FROM THE PACIFIC. IN THIS EFFORT, WESTERN AUSTRALIA PLAYED A CRUCIAL PART IN SUPPORTING THE NAVAL ROLE AS IT HOSTED ALLIED SUBMARINES OPERATING OUT OF ALBANY AND FREMANTLE. THE CITY OF PERTH ALSO PLAYED HOST TO U.S. NAVY CATALINA FLYING BOATS. MANY AMERICAN SUBMARINERS VISITED THIS TOWN; SOME NEVER MADE IT HOME. IT IS THE MEMORY OF THOSE DEDICATED AND BRAVE INDIVIDUALS WE HONOR TODAY IN THIS CEREMONY. WE REMEMBER THE STRONG BONDS WHICH WERE FORGED BETWEEN THESE MEN AND THE PEOPLE OF THIS COMMUNITY IN A DARK MOMENT OF OUR HISTORY.

THE VISIT OF THE USS MISSOURI TO FREMANTLE LAST WEEK HELPED TO REKINDLE THAT SPIRIT OF WARTIME FRIENDSHIP AND COOPERATION AS NO OTHER EVENT COULD DO. THE SIGHT OF THIS HISTORIC BATTLESHIP BERTHED IN FREMANTLE HARBOR WAS NOT JUST A SYMBOL OF THE ALLIED EFFORT DURING THE GULF WAR. IT ALSO STOOD AS EVIDENCE OF THE GLOBAL RESPONSIBILITIES OF THE MODERN U.S. NAVY IN THE PACIFIC AND INDIAN OCEANS.

-7-

THE RECENT VISITS TO WESTERN AUSTRALIA BY MISSOURI, TWO SUBMARINES AND TWO AMMUNITION SHIPS STAND AS TESTIMONY TO THE STRENGTH AND VITALITY OF THE ALLIANCE RELATIONSHIP BETWEEN OUR TWO NATIONS.

I UNDERSTAND THAT A NUMBER OF THE AMERICAN SUB VETS HERE TODAY RECENTLY HAD THE OPPORTUNITY TO VISIT THE USS CHICAGO, ONE OF OUR MODERN FAST ATTACK SUBMARINES, WHEN SHE VISITED HMAS STIRLING IN EARLY MARCH. I AM CERTAIN THAT THEY WERE AMAZED BY THE ADVANCES IN TECHNOLOGY WITHIN OUR SUBMARINE FORCE SINCE THE DAYS THEY SERVED OUR COUNTRY. BUT I AM ALSO CERTAIN THAT ONE FACET OF SUBMARINE WARFARE NEVER CHANGES. THE CREWS WHO MAN THESE BOATS ARE DEDICATED YOUNG MEN WHO ARE WILLING TO ENDURE MANY HARDSHIPS AND TO MAKE THE ULTIMATE SACRIFICE FOR THE PRESERVATION OF FREEDOM.

-8-

IT IS A PRIVILEGE FOR ME TO JOIN YOU HERE TODAY TO HONOR THOSE STILL ON PATROL. SOME OF US HERE TODAY HAD CLOSE PERSONAL TIES TO THE MEN WE GATHER TO HONOR; ALL OF US ARE BOUND TO THEM BY A LASTING DEBT OF GRATITUDE. THEY DIED SO THAT OTHERS MIGHT LIVE IN FREEDOM. THIS SOLEMN CEREMONY WILL CONTINUE TO SYMBOLIZE THE CLOSE TIES BETWEEN MY COUNTRY AND THE PEOPLE OF ALBANY. BUT EVEN MORE THAN THAT, IT WILL CONTINUE TO SYMBOLIZE THE PARTNERSHIP BETWEEN OUR TWO NATIONS, A PARTNERSHIP WHICH HAS BEEN STRENGTHENED IN TIME OF CONFLICT EVEN MORE THAN IN TIME OF PEACE.

THANK YOU VERY MUCH.



United States
Information
Service

OCT 30 P4: 45

USIS

CONSULATE GENERAL OF THE UNITED STATES OF AMERICA

30th Level Hyde Park Tower,
Cnr. Park & Elizabeth Streets,
Sydney, N.S.W. 2000

F A C S I M I L E M E S S A G E

FACSIMILE NO. OF SENDER: SYDNEY, AUSTRALIA (61-2) 264-1719
TELEPHONE NO. OF SENDER: SYDNEY, AUSTRALIA (61-2) 264-7026

MESSAGE # : FX-0907-91

DATE : Oct. 31, 1991

TO : (202) 456-6218 White House Office of Communications
ATTN: Jennifer Grossman, Research Assistant

FROM : Margaret Eubank, Public Affairs Officer, USIS Sydney

SUBJ : Speech Material-- Royal Australian Navy in the Gulf War

REF : Eubank/Grossman conversation Oct. 28

TOTAL PAGES INCLUDING COVER SHEET: [17]

MESSAGE:

Dear Jennifer,

The following is taken from an advance copy of a booklet by the RAN on the Australian Navy's role, etc in the Gulf War. There's a good quote on p. 20 by Admiral Charles Larson, USN, the Commander-in-Chief, Pacific on RAN's capabilities, etc. Also, there are some colorful personal accounts.

Hope this is what you had in mind.

Best regards,

Margaret

Operation DAMASK The RAN Contribution to the Gulf War

By Lieutenant Commander David Stevens, RAN

In the first half of 1990 few Australians would have thought their defence forces would soon become involved in an armed conflict in the Middle East. However, the Iraqi invasion of Kuwait which began on 2 August of that year demonstrated how rapidly international events can affect our own interests. The deployment of Australian naval ships to the Gulf (codenamed Operation DAMASK) eventually resulted in their participation in the largest grouping of warships seen since the end of the Second World War. Indeed, it was the most powerful and complex naval force ever assembled.

The invasion of Kuwait was followed by unprecedented international condemnation and implementation by the United Nations Security Council (UNSC) of a series of sanctions banning the trade of all goods to and from Iraq. Soon after the sanctions were in place, and with the primary backing of the USA, a multinational naval force (MNF) was formed to enforce and support the trade embargo. Though never formally instituted the MNF eventually comprised ships from fifteen nations ranging in size from minesweepers through to aircraft-carriers. All the vessels involved worked together with a remarkable degree of integration and all crews felt united in a common cause.

On 10 August 1990 the Prime Minister announced that the guided missile frigates HMAS *Darwin* and HMAS *Adelaide* and replenishment tanker HMAS *Success* were to join the forces assembling in the Middle East.

The first deployment of RAN ships departed Sydney only three days after the official announcement. Having little real idea of what to expect, but aware of the size of the Iraqi threat, a comprehensive program of exercises was conducted enroute. This ensured that by arrival in area men and equipment would be in the highest state of readiness. In early September the three ships had arrived in the Gulf of Oman and immediately began patrol operations in loose association with the international forces already there.

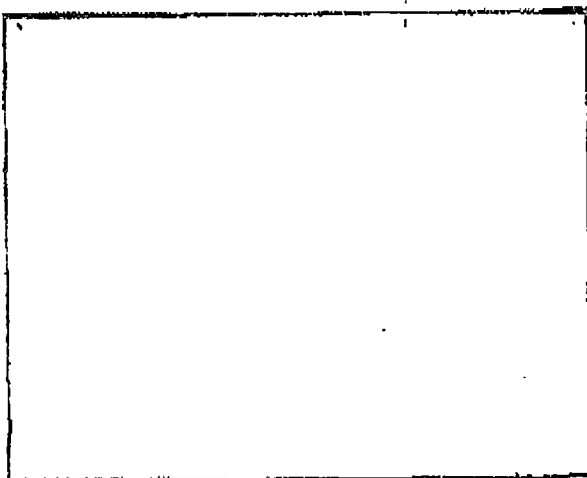
While the RAN ships were on passage to the Gulf, a small logistic support element (LSE) was set up in Oman (see article 'Our man in Oman'). The LSE provided essential ashore support and liaison with Australia for the deployed ships. Following soon after, an Australian defence medical team was sent to join the US Hospital ship *Comfort* (see article 'The Medical Team in the Gulf'), further strengthening the Australian presence.

In maintaining the trade embargo Australian ships were initially limited to operations outside the Arabian Gulf and were at first only allowed to identify, contact, interrogate and warn relevant

THE GULF WAR

vessels. Later though, as additional resolutions clarified UN support, RAN ships were authorised to halt, board, search and, if necessary, seize vessels to ensure effective enforcement of UN sanctions.

Though much of the time on station involved routine patrolling and interrogation, the presence of an Australian Task Group provided an important demonstration of the multinational nature of the coalition forces. During their deployment *Adelaide* and *Darwin* were directly involved in the boarding of six Iraqi merchant ships.



Army Personnel from the 16th Air Defence Regiment, Woodside, Adelaide, manning the RBS-70 missile system onboard HMAS Success flag deck.

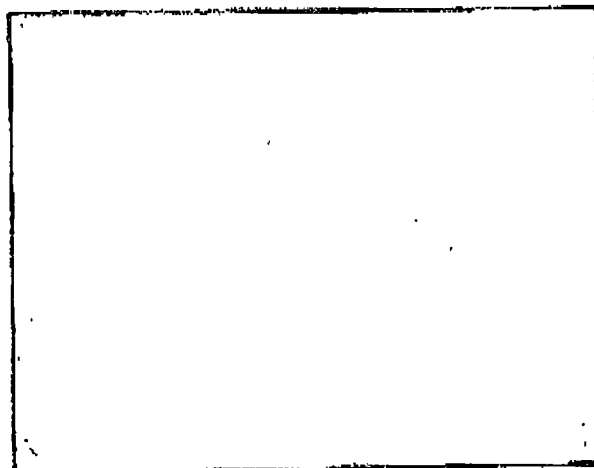
Photo: LSPH Kym Degner

The resolve of Iraqi ships to resist the boardings varied as the interception operations continued. At times warning shots and close manoeuvring were required to force reluctant vessels to halt, but direct fire was never used. In terms of enforcement the embargo was probably the most successful ever instituted and, after putting in place, no significant quantity of goods were able to enter Iraq from sea or air. Unfortunately however, the embargo, while demonstrating international resolve, did not achieve its primary purpose of forcing Iraq to leave Kuwait.

As the crisis continued it became necessary to relieve the units already on station. The destroyer *HMAS Brisbane* and frigate *HMAS Sydney* were the next ships to depart Australia. With more time to prepare than the first DAMASK units and a greater awareness of future requirements, the opportunity

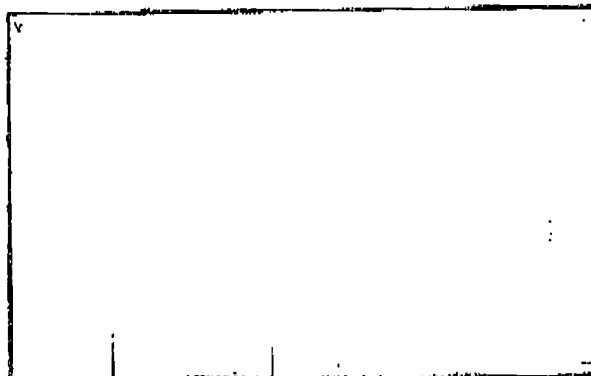
was taken to complete a significant number of enhancements to *Brisbane* and *Sydney* (see article 'Strengthen the Shield'). These enhancements were designed to increase capabilities in communications, surveillance, anti-ship missile defence and damage control. Again a demanding workup program was initiated to prepare the two ships, with particular attention being paid to anti-air warfare and boarding operations.

Brisbane and *Sydney* arrived in the Gulf of Oman in early December relieving *Darwin* and *Adelaide* in sufficient time for the two earlier units to return to Australia in time for Christmas. Success remained on station to provide Australian and international logistics support until the Navy's other replenishment ship *HMAS Westralia* could be made ready.



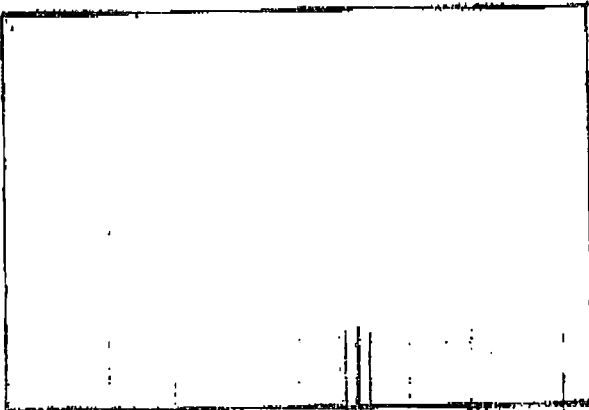
HMAS Sydney. Dawn in the northern Arabian Gulf

Photo: LCDR Mike MacNeill, RAN



*The last time the three ships of the Second Task Group were together. Shortly after this replenishment in the Gulf of Oman *Brisbane* and *Sydney* sailed for Singapore while *Westralia* remained in the Gulf.*

Photo: LCDR Mike MacNeill, RAN



RMAS Sydney's Seahawk onboard the US carrier Midway.

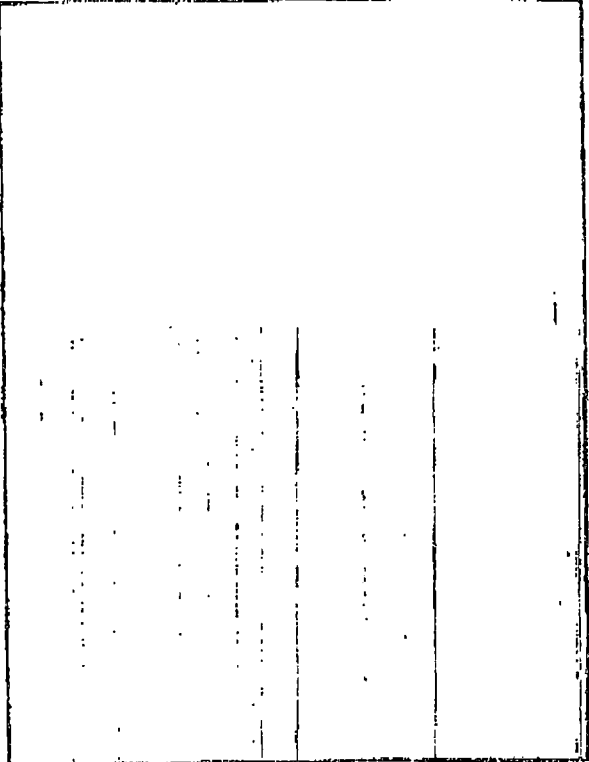
Photo: SBLT Andrew Rushbrook, RAN

On 30 November 1990 a message was received that the UNSC had adopted Resolution 678, authorising the use of force against Iraq unless it withdrew from Kuwait by 15 January. In support of this resolution the Australian ships received Government approval to pass through the Strait of Hormuz and enter the Arabian Gulf. This passage was completed for the first time on 16 December. The Task Groups' roles were now expanded to allow preparation for possible future maritime operations in support of MNF military action against Iraq.

Notwithstanding these changes the embargo remained in place and *Brisbane* and *Sydney* initially carried on with the same roles as their predecessors. Though Iraqi merchant ships had virtually ceased to sail, the many merchant ships transiting the area still required to be identified and cleared. However, *Sydney* did manage to take part in the interception of the last two Iraqi vessels to enter the Gulf prior to the war. One of these boardings involved the known sanction-breaker *Imn Khaldoun* and called for particularly sensitive handling (see article "Boarding the *Imn Khaldoun*").

In a bid to embarrass the multinational forces the Libyan-sponsored *Imn Khaldoun* had embarked over 240 women and children and a contingent of journalists. However, the professional manner in which the Multi-national Naval Force handled themselves prevented any propaganda value being gained by Iraq and despite attempts to force a confrontation no major incidents occurred. The cargo onboard was declared to be prohibited goods and the ship was forced to divert until it had been unloaded.

As the crisis continued tension and expectation increased within the allied fleet. Vigilance could never be relaxed. The likelihood of an Iraqi pre-



The threat of gas or chemical attack was always present.

Photo: LSPII Kym Degener

emptive attack was felt to be high and this was reinforced by several feints by Iraqi combat aircraft into the Gulf. A high level of combat training was maintained that included preparations for chemical warfare defence, further serving to underline the seriousness of developments. In late December the Iraqis continued to escalate events by commencing the deliberate releasing of compass mines into the Gulf. These floating mines posed a threat to all Gulf shipping and continued to be found well after the end of the conflict. It was only through constant lookout that no damage was caused.

As the crisis approached its peak and the UN deadline of 15 January drew closer, tactical control of the Australian Task Group was passed to Rear Admiral Daniel P. March USN embarked on the carrier USS *Midway*. As modern missile armed ships, *Brisbane* and *Sydney* were welcome additions to the anti-air and anti-surface screen around the Gulf carriers, *Midway* and *Ranger*. Success continued to fulfil the indispensable role of replenishment ship, acting as a very useful component of the overall allied logistics force. The RAN ships thus became an integral part of the Arabian Gulf naval strike force now titled, Battle Force Zulu.

The War began on 17 January 1991 at 0145 local time with the launch of Tomahawk land-attack cruise missiles and air-strikes from the carriers. All coalition forces intently watched the weight of allied strike power and braced themselves for the expected Iraqi retaliation. To many, the actual start of the war after the many months of tension came with a certain amount of relief and also a quiet confidence in final victory. In the event the expected Iraqi response was muted by the overwhelming force of coalition assets. These included at the height of the conflict: six aircraft-carriers; two battleships; fifteen cruisers, sixty-seven destroyers and frigates; and numerous logistics, amphibious and smaller craft. Despite several attempts, no Iraqi aircraft were ever able to penetrate the defensive screen. The Iraqi Navy consisting primarily of missile-armed patrol-boats was also unable to achieve results and suffered severe losses throughout the campaign. In contrast, the allied naval losses were remarkably light though several carrier aircraft were lost to enemy fire.

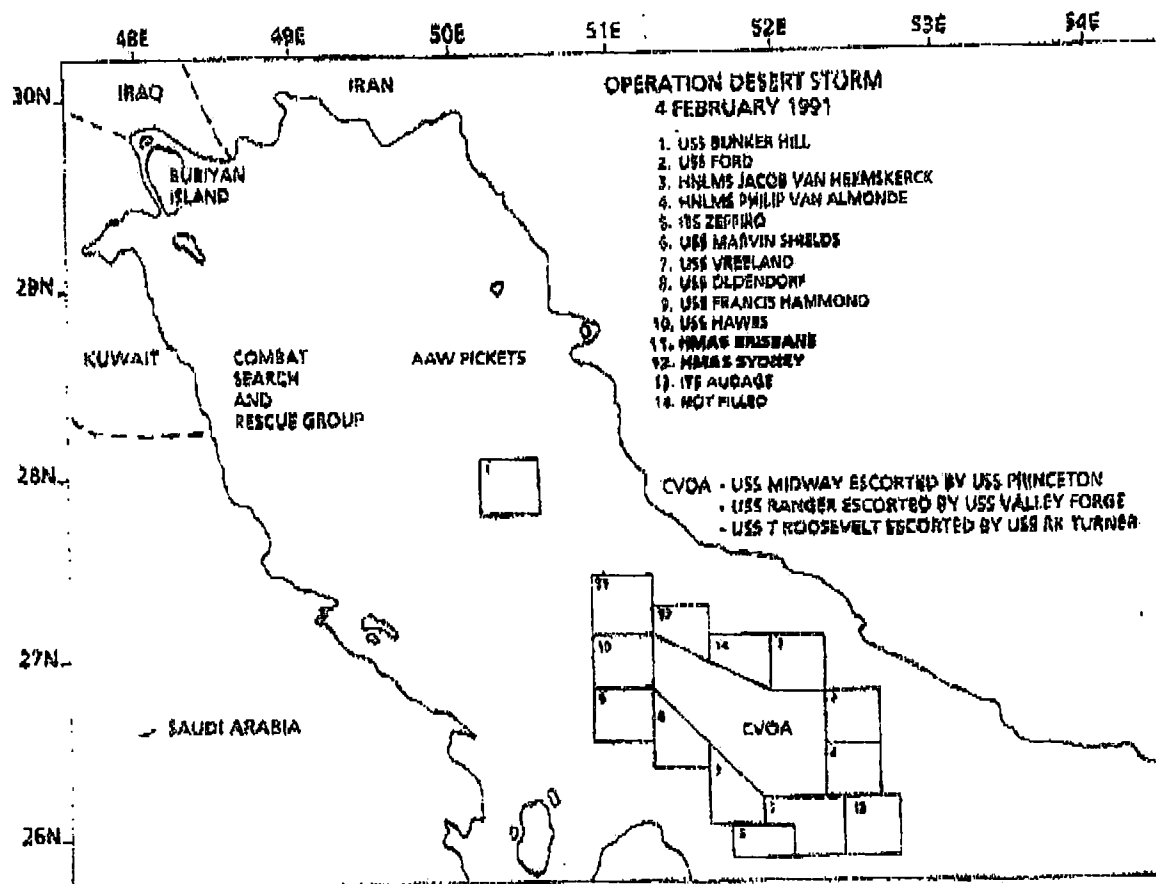
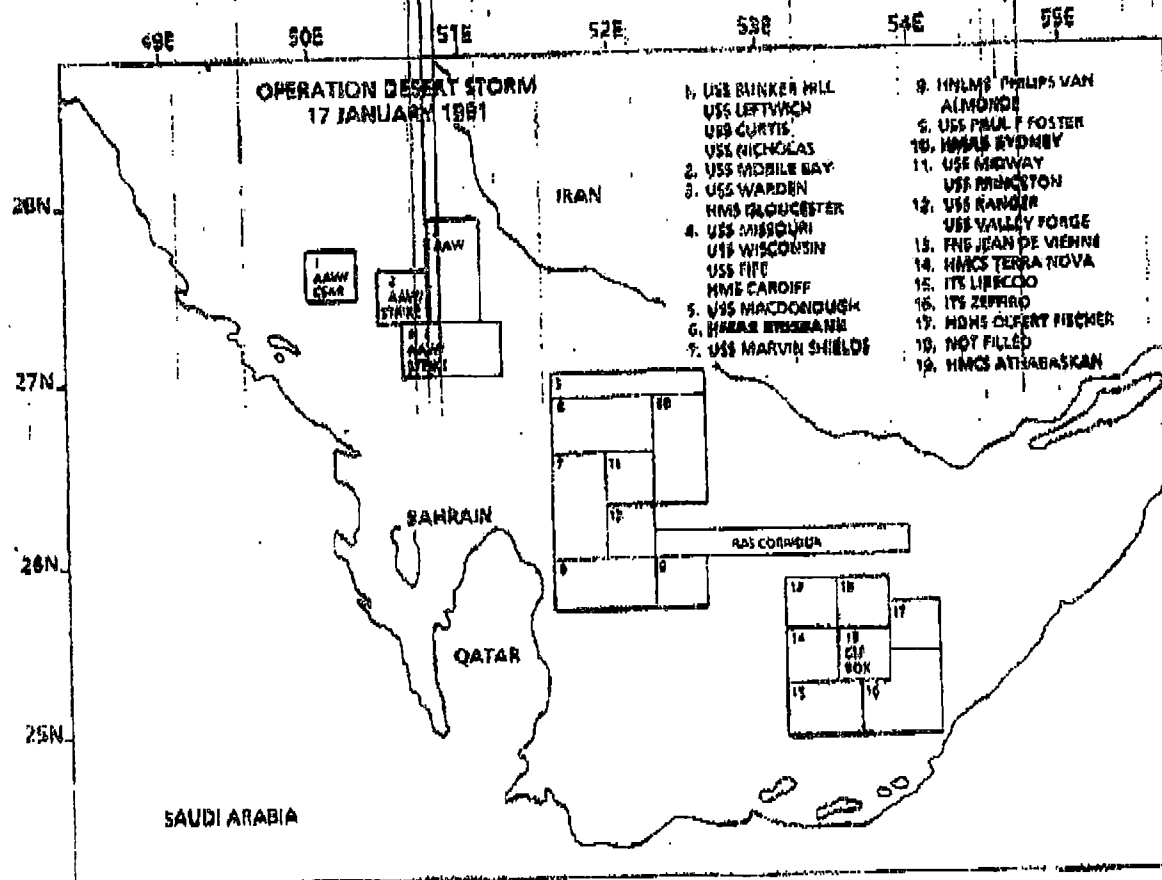
RAN ships escorted high-value units and patrolled the Battle Force screen. The confidence placed by the USN in the two RAN combatants was demonstrated by the fact that they were generally stationed up-threat (see diagram 1 and 2). This employment included, when the actions of Iraqi aircraft in Iran were still unclear, being stationed

only some 15 miles off and within sight of the Iranian coast.

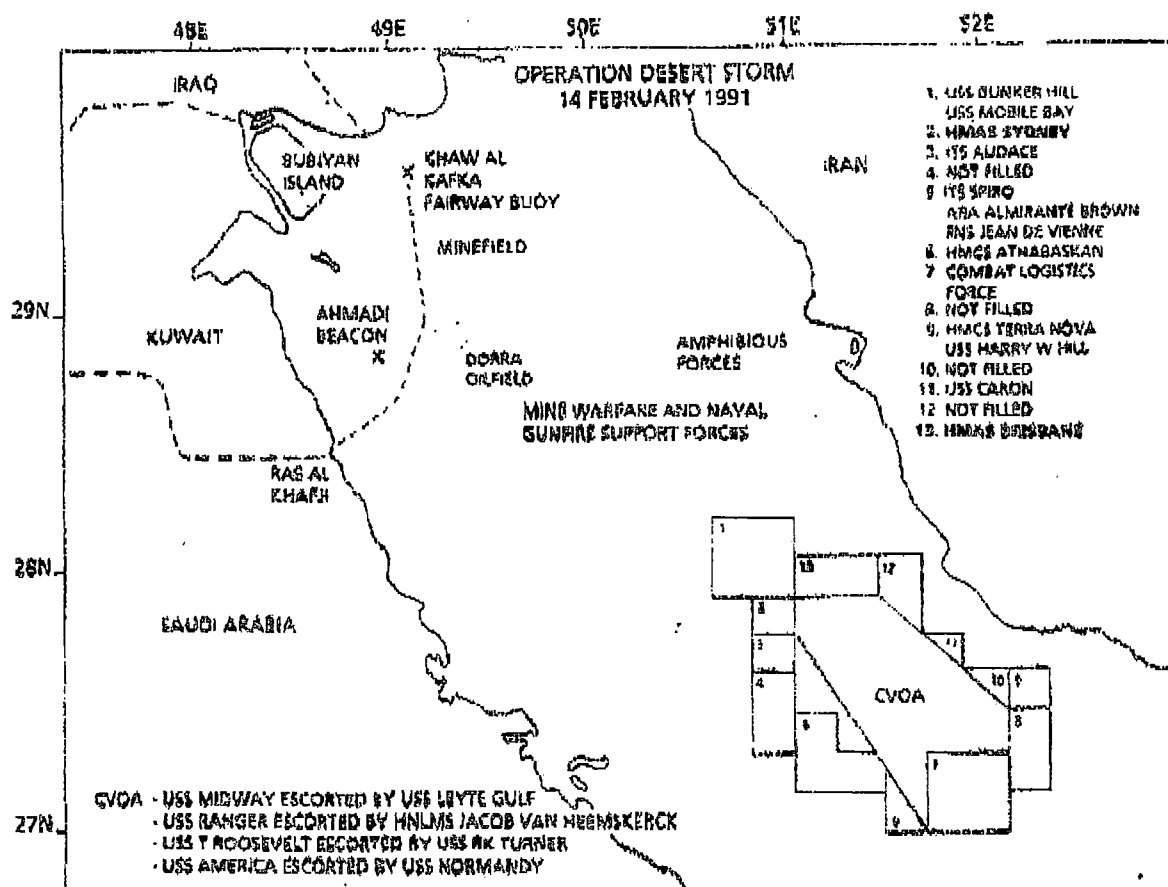
Success departed the Gulf at the end of January, bringing to a close a highly successful deployment that had been favourably commented upon by several allied commanders.

The replacement for *Success*, the *Westralia*, arrived a few days later. Arriving at the same time was Clearance Diving Team Three (CDT 3) which was sent to assist in the disposal of the very real and increasing mine threat. *Westralia* was soon employed in replenishment duties, and had already refuelled a Danish and a Norwegian ship, by the time she first replenished *Brisbane* and *Sydney*. CDT 3, meanwhile, began a heavy period of familiarisation training in preparation for the dangerous task of ordnance disposal.

In mid-February, *Sydney* was ordered to commence duties as part of the combat search-and-rescue (CSAR) organisation. The CSAR units were positioned close off the Kuwaiti coast and put in place to recover allied pilots forced to eject over enemy-controlled water. During this period *Sydney* was often within earshot of battle and while *Sydney's* Seahawk helicopter was not required to rescue any pilots, it was first on the scene, and ready to offer assistance, when the cruiser USS *Princeton* suffered a mine-strike.



THE GULF WAR



As the end of the war approached the tasking of the RAN units in no way decreased. One of the busiest periods for *Brisbane* came as the ground offensive got underway. Two additional carriers *Theodore Roosevelt* and *America* had by this stage joined Battle Force Zulu and *Brisbane* was at times providing control for more than eight fighter strikes and tanker aircraft (these provided air cover for Battle Force Zulu).

Though the rapid allied victory and the announcement of the cease-fire on 28 February 1991 brought some relief to the ships, the threat of floating mines continued. During post cease-fire escort operations in the northern Gulf, *Brisbane* was required to remain within visual distance of a mine until a disposal team could be flown in to destroy it. The cease-fire also allowed CDT 3 to move into action where they were very soon employed clearing Kuwaiti ports of unexploded ordnance and Iraqi booby-

traps (see article 'The work of CDT 3'). Working in atrocious conditions caused by oil-spills and burning oil-wells, CDT3 had played a primary role in clearing four ports before returning to Australia in May. The medical support team aboard *Comfort* also performed valuable service and became the first Australian contingent to return home when they left the area on 11 March 1991.

Brisbane and *Sydney* continued escort operations for replenishment units and carriers until the end of March. Initially left in place, the LSE ashore gradually wound down as the Australian presence about reduced.

Although the war officially ended on 12 April 1991, sanctions against Iraq continue to remain in force to date. To demonstrate Australian support for a continuing international presence *Westralia* remained in the Gulf until she was replaced by *HMAS Darwin* in June. Current planning is for a RAN ship to remain while there is still a need to enforce sanctions.

The period of Operation DAMASK marked the first involvement by RAN ships in a conflict for almost twenty years. Admiral Charles Larson USN, the Commander-in-Chief Pacific told the US Senate Armed Services Committee after the conflict that, 'Australia quickly and easily integrated its naval and medical units with US units in the Gulf, proving the value of our relationship and inter-operability.' The high level of inter-operability combined with the validation of the RAN's training as well as its ships and helicopters are the hallmarks of Operation DAMASK.

Elephant Commander Stewart served as a staff officer to the Commander of the RAN Task Group onboard HMAS Brisbane. He is currently a staff officer in Force Development (Sea) of Headquarters Australian Defence Force.

The Work of Clearance Diving Team 3 in the Gulf

By Lieutenant Commander John Griffiths, RAN

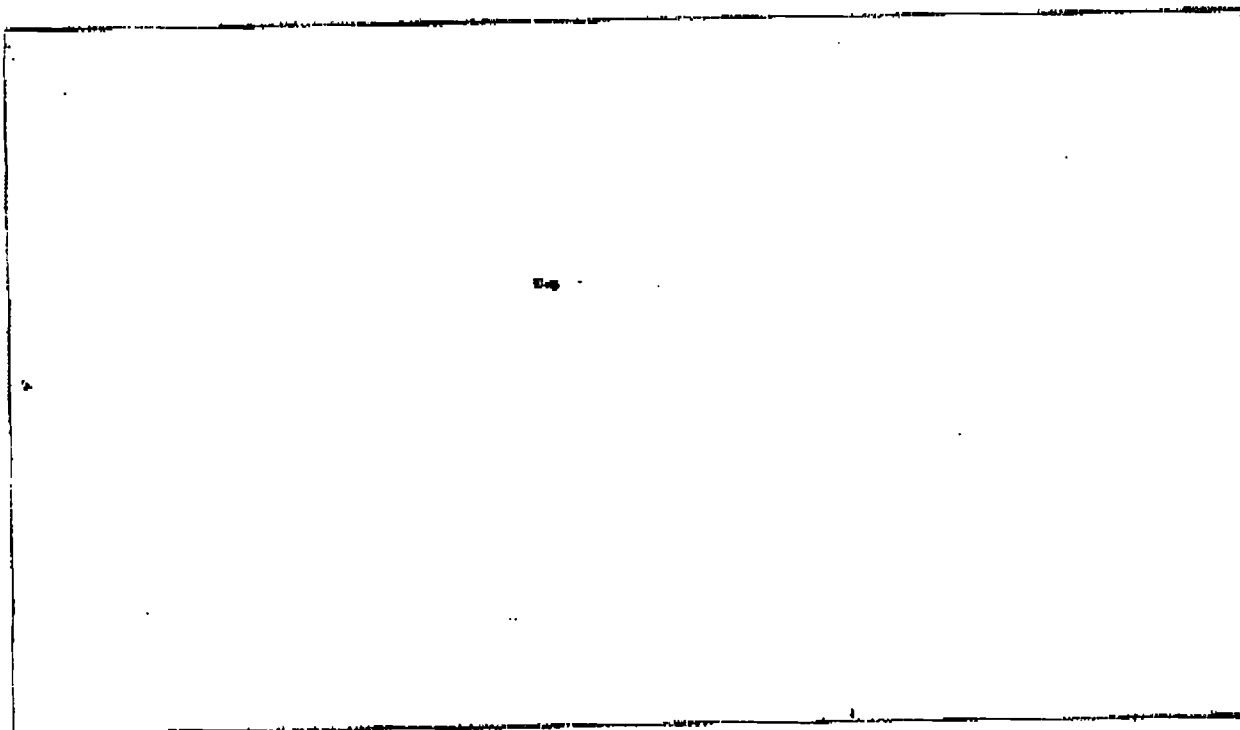
During the period 27 January to 9 May 1991 Clearance Diving Team Three (CDT 3) deployed to the Middle East in support of Operations DAMASK and DESERT STORM. The team under my command consisted of twenty-three clearance divers and we had at our disposal 50 tonnes of equipment and explosives. CDT 3 was initially based in Bahrain where it was involved in preparations by US Marines for the potential amphibious invasion of Iraqi-occupied Kuwait. As Operation DESERT STORM progressed, this requirement, for various reasons, was negated. The team's primary mission as a consequence became the explosive ordnance disposal (EOD) clearance of the ports of Kuwait, in support of the coalition's coastal warfare and port recovery operations.

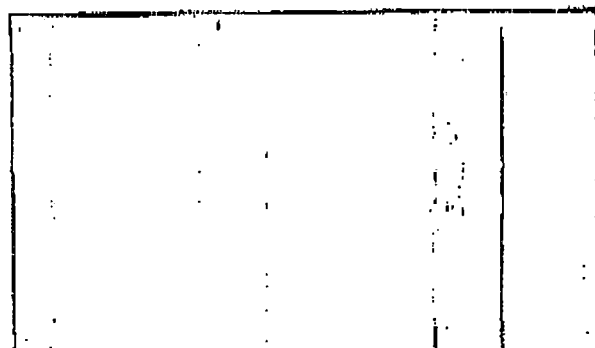
CDT 3 entered Kuwait by land in support of these operations on 5 March 1991. The team commenced clearance operations with British and US forces. Our first objective was to clear the vital Kuwaiti port of Mina ash Shuaibah, 30 kilometres

south of Kuwait City. Shuaibah was Kuwait's main port and the only one able to be used by the deep draught vessels required to bring food and water to the devastated country. Speed, therefore, was of the utmost importance to allow humanitarian relief efforts to begin. Combining with almost fifty divers from the US and Royal Navies, CDT 3 began the dangerous task of first clearing the wharves and warehouses of unexploded ordnance and booby traps. Then we entered the black waters of the harbour itself which were made treacherous by thick crude oil and war wrecks. Our task here was to search for and dispose of sea mines.

During the next seven days CDT 3 cleared over 450 000 square metres of seabed, searching for

CDT3 in Ash Shuaibah. The Commander RAN Task Group, Commodore Chris Oxenbould, RAN is in the centre of the picture and the OIC CDT3 Lieutenant Commander John Griffiths, RAN is in (L) front row.

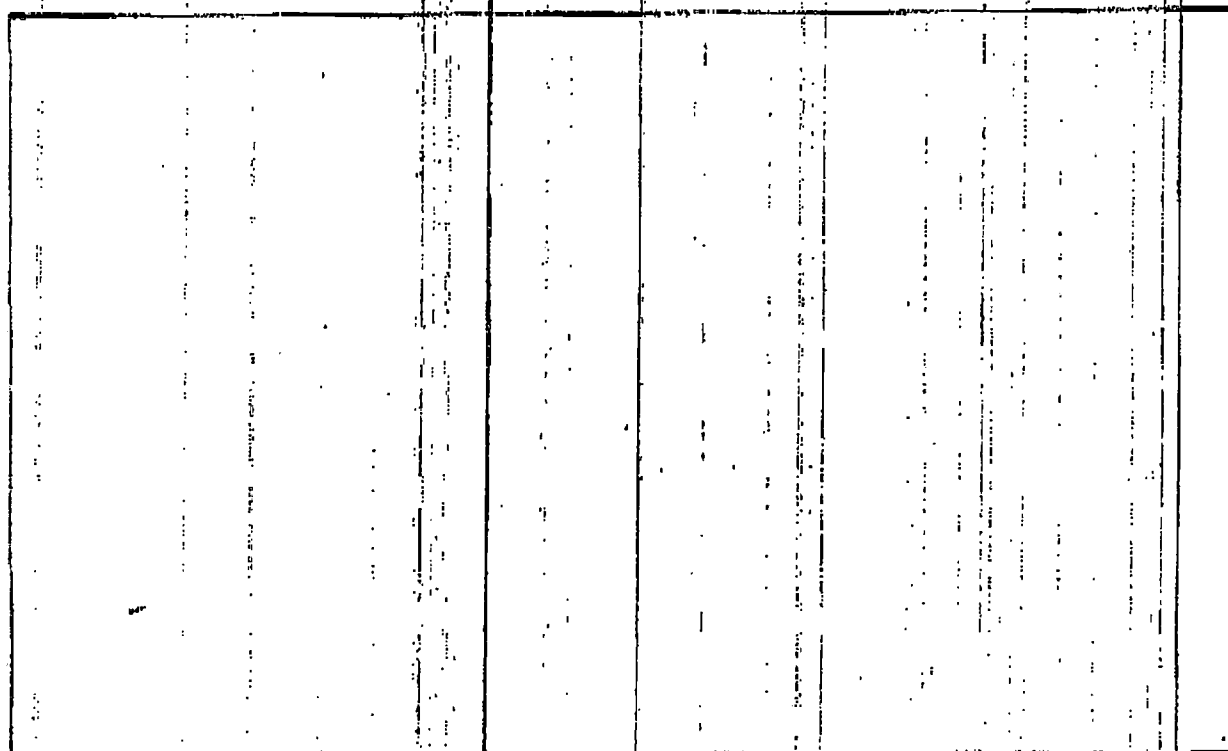




Iraqi Silkorm missiles in Ash Shuaybah—Port Kuwait. CDT 3 shared this warehouse with the silkorms for part of March 1991.

Photo: LCDR Mike MacNeill, RAN

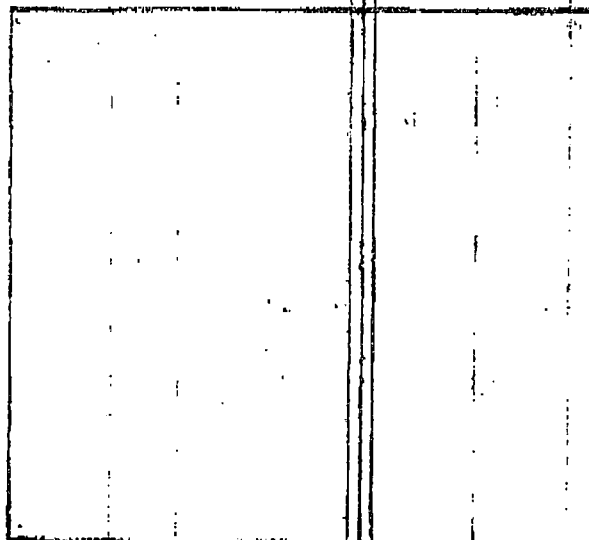
Chief Petty Officer Maxwell rendering safe an Iraqi LUGM 145 Buoyant mine at Ras al Qualai'ah. Note the narrow path probed through the land minefield.



buoyant contact and influence ground mines. This effort represented 70 per cent of the harbour area cleared by coalition forces at the time the port was opened to shipping again on 12 March 1991. During this same period, CDT 3 also rendered safe three indigenous Iraqi sea mines washed up on the beaches north of the port. Unexploded ordnance and booby trap clearances of a nearby oil refinery and a supertanker were also carried out, as well as several smaller vessels. Team members also assisted USN personnel recover six Chinese-made Silkorm anti-ship missiles from the nearby Kuwaiti Girls' Science High School.

Upon completion of operations in Shuaybah, the Team switched operations to the south and were tasked with a single force clearance of the Kuwaiti Naval Base of Ras al Qualai'ah and surrounding beaches. Over the next ten days, CDT 3 cleared the heavily bombed naval facility of unexploded ordnance and booby traps, a task requiring four days before it was safe to move all equipment and personnel into the port to commence diving operations. CDT 3 cleared 41,000 square metres of harbour bottom and rendered safe or destroyed an additional thirty-one sea mines.

THE GULF WAR



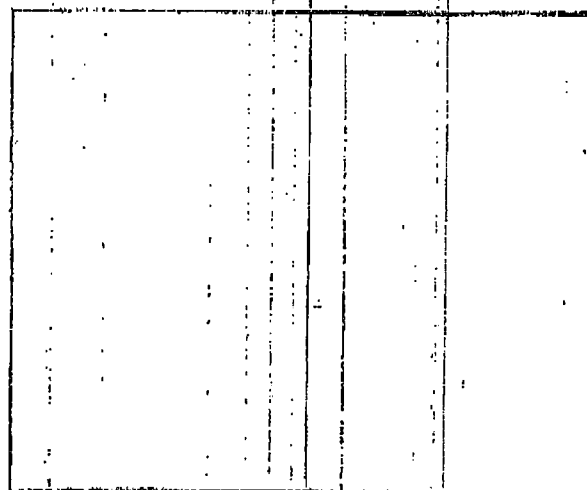
CDT 3 setting out for a seabed mine search of Port Ras al Shuwaih.

On completion of operations at Ras al Qualai'ah, CDT 3 redeployed north into Kuwait City itself to rejoin British, American and recently arrived French divers to conduct the last phase of port recovery operations. After surviving on ration packs and bottled water in the field it was a welcome change to move into an American compound complete with field kitchen, camp showers and latrines at the port of Ras al Shuwaih. Here the Team cleared over a million square metres of harbour bottom, conducted ordnance disposal and recovery of ordnance and small arms (including a Stikwork missile) for intelligence purposes. The boat harbour at South al Ahmadi (near Shuaibah) was also cleared and a channel leading out to a safe area surveyed as well.

Coastal Warfare and Port Recovery operations were completed 22 April 1991. The Team returned to Bahrain for a well-earned rest and equipment maintenance and preparations for return to Australia on 11 May 1991, after three and a half months deployed. CDT 3 was disbanded on that date and members returned to their parent teams.

CDT 3 had clearly distinguished itself in Kuwait and earned the RAN Clearance Diving Branch the highest international reputation for its skill and professionalism. Sea mines and ordnance recovered by CDT 3 are now on public display in some naval establishments and the Australian War Memorial.

Lieutenant Commander Griffiths was the Officer-in-Charge of CDT 1. He has since returned to his former appointment as OIC CDT 4 based in WA.



First dive at Ras al Shuwaih. It was a combined dive with USN (using MK16), RN (using CDBA) and RAN (using FGT1A diving equipment).

ACHIEVEMENTS OF CDT 3

Ports cleared	4
Total seabed area searched	2 157 200 sq m
Total jacksay laid	155 kms
Total jacksay laid for other nation use	51 kms
Total number of wrecks surveyed	32
Total number of sea mines dealt with	60
Total pieces of ordnance cleared	234 986
Total number of ships cleared	7
Total number of enemy demolition charges rendered safe	30
Total number of buildings port and oil refinery facilities cleared of ordnance and booby traps	Lost count!

Five Months in Defence Watches

By Lieutenant Mark Shelvey RAN, HMAS Brisbane

'Sir, wake up Sir, nearly time to go on watch.'

Oh no, so soon!

Lifeless limbs carry me to the shower. My eyes are a dead give-away; very slightly sunken over gray bags, always a little bloodshot, the old sparkle missing except when I get angry. I must try to keep that temper in check. Boots, overalls with legs rucked into socks, lifejacket on, torch, knife, battle dressing and anti-flash (a fire protective hood and gloves) in the pouch, gas mask in hand: the well dressed man at war. Twenty minutes to spare before I have to relieve Tas (the Anti-Submarine Officer). Down to the Wardroom for a cup of soup, a strong black coffee, two cigarettes and the favourite dog-reared copy of *Wheels* or *Playboy*.

'At last! You're a sight for sore eyes!' The handover is brief because weapons status, sensor status, the program and the tactical situation are already committed to memory. Tas advises me of any changes, messages requiring action, and the Captain's requirements for the next six hours. Then he is gone. In less than two minutes he has transferred a tremendous responsibility to my shoulders, and then disappeared without a backward glance. I now settle into the routine that will take me through the next six hours as Principal Warfare Officer.

Headset on with radio in one ear, internal lines to the other operators and the Officer of the Watch in the other, a third ear listening out for the Captain's call, a fourth for the ORS (Operations Room Supervisor) normally a Petty Officer and so on. There are nine microphones at the console and over a dozen speakers, telephones, earphones, buzzers and alarms to listen out for. It can be a nightmare! Check the radar.

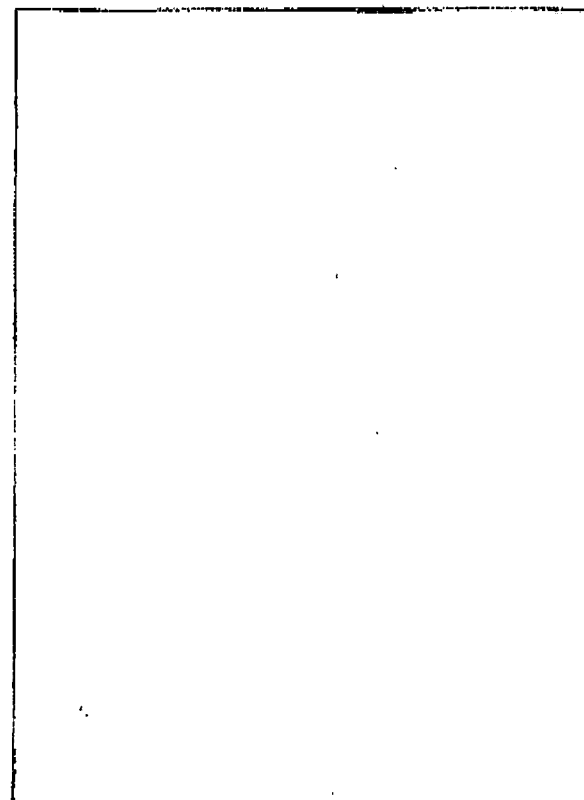
Brief the ship's company on the main broadcast.

Check the radar, supervise the radar plotters.

Answer a call on the circuit from an Allied vessel.

Check the radar.

The carrier is on the move now, launching aircraft and steering into wind at 25 knots.



'OOO PWO, come left 340 increase 25.'

Keep the Captain informed.

Check the radar, supervise the radar plotters.

Read the last messages and take action where required. Organise rendezvous for replenishment with a US Navy tanker at 1100.

Check the radar . . . and so on.

Six hours after closing up: 'Hey Hey! Took your time didn't you?' Revenge is sweet. Quickly handover the watch and then down to the mess for a hearty breakfast followed by a relaxing cup of tea and a smoke. Now my alternatives are to write a letter home and get three-and-a-half hours sleep, or watch a movie and get two-and-a-half hours of sleep. Either way, only five hours after coming off watch it will be:

'Sir, wake up Sir, ...'

Our Man in Oman: The Logistic Support In the Gulf

By Commander Boyd Robinson, AM, RAN

To support the RAN Gulf Task Group a Logistic Support Element (LSE) was established in Oman on 30 August 1990. Commander Boyd Robinson describes how this vital organisation was set up.

The establishment of the LSE was preceded by a reconnaissance to confirm regional government support, to assess local infrastructure and to determine the most suitable location for the LSE. The reconnaissance team also took initial steps towards establishing the LSE by appointing a ship's agent, opening a local bank account, finding suitable living accommodation, negotiating premises and making initial contact with local and allied military authorities.

When the RAN helped enforce UN trade sanctions in the Gulf of Oman during the first period of Operation DAMASK, the concept of logistic support was relatively simple. Airfreight

stores and mail from Australia were to be consolidated by the LSE and transferred to the ships; provisions, fuel and repairs from local sources were to be organised; and ship visits to ports and anchorages in the area were to be arranged.

Implementing the concept was not so simple. The government of the Sultanate of Oman agreed to allow a logistic support element to operate from Muscat but, in the absence of formal agreements, could not give any special consideration to the conduct of business of the LSE. Nevertheless, the Sultan's Armed Forces were very cooperative and assisted greatly in many ways.

Because Australia has no resident diplomatic representation in Oman, the LSE had to be

*A welcome portcall. HMAS Success and HMAS Adelaide alongside in Muscat, at Minah Raboos.
Photo: CPOSV 'Pinger' Klau*

THE GULF WAR

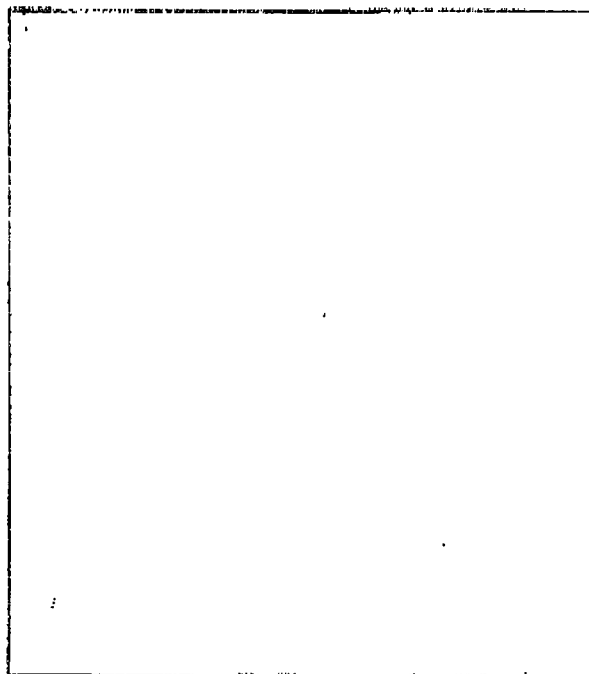
established from the ground up as a fully self-supported organisation. An office and a limited storage facility was established in Mina Qaboos, the main port for Muscat, and the only port with alongside berths available to the Task Group during the initial period. A shipping agent was appointed to clear stores arriving by commercial air from Australia, and provided storage until transfer to the Task Group could be arranged. A secure communications link with Australia was eventually established, some forty-five kilometres from the main LSE office, in a discrete portable office within a secure compound staffed by the Omani Air Force. Unclassified communication was provided by ISD telephone and facsimile at the main office. Accommodation and domestic support for the LSE was provided by a local hotel. Rental vehicles were used as required to meet transport needs. For personal security reasons LSE staff generally wore plain clothes.

Every three weeks at least one ship conducted a port visit. Every week a Task Group helicopter visited the air base. In the interim either the HMAS Success visited Fuleirah, in the United Arab Emirates, to replenish stocks of provisions or one of the ships anchored off the Omani coast, during daylight hours for stand down and recreation. Each of these visits presented an opportunity for transfer of stores, mail and personnel. Careful planning and some innovative ideas generally helped achieve the delivery of stores to ships in reasonable time.

Apart from one shipment of dangerous cargo carried by RAAF aircraft, all stores, mail and personnel from Australia were moved into the Gulf by commercial aircraft. All stores arriving were subject to a three to four-day delay in clearing customs. Apart from a problem with the first shipment, all mail was cleared immediately on arrival. Personnel moving directly to take up postings in the Task Group could transit the airport without delay on a special seaman's visa.

The local infrastructure was sufficient to meet the Task Group's demand for provisions, minor equipment repair, consumable stores and lubricants, limited sport and recreation during ship visits, and specialist medical care and hospitalisation.

The LSE was small during this period. The RAN Liaison Officer had responsibility for planning and coordinating all aspects of RAN logistic support ashore in the area. A large part of this responsibility involved adopting a quasi-diplomatic role to ensure the LSE could conduct its activities in the most effective manner and to represent other significant



*HMAS Success takes onboard beer for the Task Group
Photo: GPOSV 'Fingers' Klaw.*

operational and administrative matters to local authorities. A Lieutenant Commander supervised the day-to-day activities of the LSE, arranged ship visits and maintained the cash account which was based on a substantial overdraft maintained at a local bank. A Petty Officer Writer maintained other accounts and did other administration. Communications were handled initially by a Chief Petty Officer Electronic Technical Communications although the load quickly proved too great and a Petty Officer Signals Yeoman was added to the LSE's complement. Technical assistance and repair coordination was the responsibility of a Chief Petty Officer Electronic Technical Systems. Airfreight of stores and mail, and local purchasing of stores and provisions were handled by a Naval Stores Chief Petty Officer and Petty Officer.

Although each member of the team had a primary responsibility related to his category skill, all were required to undertake a variety of other tasks such as handling safehand mail and general mail, acting as ship visit liaison officer, arranging sporting and recreational activities, arranging medical treatment, negotiating with locals for provision of various services, and representing the RAN and Australia at various levels in the military and the bureaucracy. In a short time a wide corporate-skill base was established as the basis for successful operation of the LSE.

THE GULF WAR

When the RAN Task Group entered the Arabian Gulf the resources of the LSE were greatly stretched. To achieve an effective logistic support over this extended area, small Logistic Support Detachments (LSD) were established at the principal ports/airheads of Bahrain and Dubai. This necessitated expanding the LSE complement with a Lieutenant, a Chief Petty Officer Marine Technical Propulsion and a second Petty Officer Writer. The LSDs were bolstered by other LSE personnel as the workload demanded. Transfers of stores and mail were achieved during port visits by ships, by helicopter despatched inshore from the Task Group and by barge transfer to the Success off Dubai.

With the imminent approach of the deadline for withdrawal of Iraqi forces from Kuwait, and the ships taking up their war stations the Australian Task Group Commander no longer had the same flexibility as before to despatch ships or aircraft inshore to collect stores and mail, and there was no certainty that the Australian support ship would operate in the same group as the combatants.

*Mail: Six of the 926 bags handled through the LSE.
Photo: LSPH Kym Degener*

When hostilities commenced all commercial air services in the region ceased, and with it the LSE primary means of stores transfer from Australia. Some services recommenced soon after the declaration. Emirates Air resumed flying into Dubai from Asia and Gulf Air resumed flights to Muscat from the subcontinent. However, these services were not regular and departed only when there were sufficient passengers to break-even financially. Freight was not given any priority or guarantee of delivery. The air link from Australia was re-established using RAAF aircraft. Once in theatre there was scope to move freight either by road, between Muscat and Dubai, or by using other allied nations transport aircraft. Unloading freight from RAAF aircraft put a further strain on the LSE to do a task not normally required for commercial airfreight. This resulted in a specialist movement and transport RAAF non-commissioned officer being added to the LSE's strength.

29 OCT '91 16:14 OFFICE USE TO 2000100

A variety of methods were used to transfer stores and mail to the Task Group during hostilities. The preferred option, of using *Success* and then *Westralia* to shuttle stores from the LSE to the combatants, was used only when Combined Logistic Force activities permitted. For provisions and urgent stores items, the two ships attached to the carrier battle group used a USN support ship operating from Jebel Ali, near Dubai. LSD Dubai would consign stores in the ship in addition to the standard USN load list of provisions available to the RAN ships.

Mail was handled carefully and only consigned out of Australian hands in special circumstances. Often it was moved to Bahrain by RAF transport (but loaded and unloaded by LSE staff) for collection by a ship's helicopter when the ship was operating within aircraft range. Alternatively it was held at Dubai for the support ship.

Despite the more difficult circumstances during the war, an acceptable level of supply support was provided by close co-operation with allied logistics forces ashore and afloat. Regrettably the LSE had no aircraft at its disposal to provide a shore-based delivery service, so had to be reactive to any opportunity for transferring stores.

In addition to coordinating logistic support for the ships of the Task Group, the LSE provided support for Clearance Diving Team 3, and administrative support for the two medical teams on board the US hospital ship *Comfort*. In addition it assisted visiting ADF personnel and aircraft. Other activities of interest included coordinating a great part of the movement of Australian accredited media representatives into and within the Gulf region, and helped with contingencies for protection and evacuation of Australian citizens from the area.

Survival of the RAN Task Group depended on each ship maintaining a high degree of readiness. This in turn meant there was little room for error in providing timely and effective logistic support. For the LSE staff this was a real challenge and a great incentive to do their job to the best of their ability.

LOGISTICS SUPPORT ELEMENT STATISTICS

(up to 17 February 1991)

Individual ship visits	30
Support ships reprovisioning visits	15
Days with ships alongside	92
Fixed-wing aircraft visits (from Australia)	9
Helicopter visits (from the Task Group)	35
Bags of mail handled	926
Weight of mail handled (kgs)	19748
Boxes of stores handled (from Australia)	1672
Weight of stores handled (kgs)	47657
Assistance for visiting personnel	
• VIPs (including accompanying staff officers)	18
• Technical representatives for onboard repairs	11
• Accredited correspondents	10
Personnel requiring travel to Australia	55
Visa applications processed	122
Money spent by LSE on goods and services	\$950 000
Money issued for ships for money change	\$3.25m
Signal messages processed	3952

Commander Robinson is a supply officer who was RAN. Liaison Officer Muscat and, as such, was in charge of the LSE. For his work in Operation DAMASK he was made a Member of the Order of Australia. He is currently Officer-in-Charge of the Navy Supply School.

The Chance of a Life Time

By Able Seaman Wren Radio Operator Natalie Collis

Ever since I joined the Navy my aim was to go to sea. As a female the outlook was grim as many females were aiming for the same goal, with only a limited amount of billets available. I have a high respect for my profession, and thoroughly enjoy my work as a radio operator. As a radio operator you never really see the whole picture until you've been to sea because the work differs greatly.

I certainly reached my goal, receiving a posting to the Gulf bound HMAS *Westralia*. This would be the experience of a lifetime: to learn new skills and join the Task Group of what was to become a historical voyage.

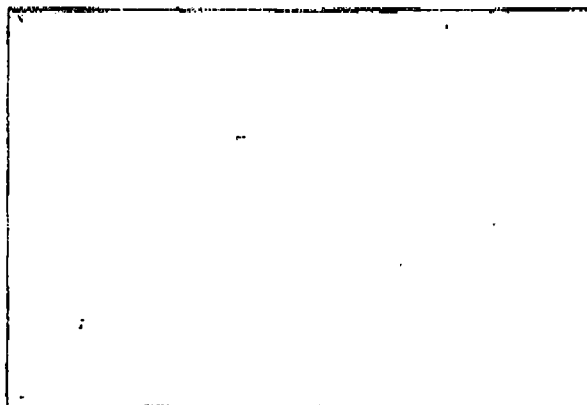
Leaving my family and loved ones was extremely hard. It was especially for them, with the notion that *Westralia* was enroute to a possible war zone. The support from the people of Australia overwhelmed me, in both Perth and Geelong where we received an official farewell. It left me with a good feeling; a feeling of security and of excitement.

Slipping into the ship's routine was all so new. Getting to know the ship and how it operates was a challenge in itself. Participating in line handling during the unberthing party as of the ship was very amusing deciphering the language of the Petty Officer Quartermaster Gunner, although he was very helpful in explaining the orders given. It is great to learn some seamanship skills, adding further knowledge of the different aspects of life at sea.

The vigorous workup was extremely challenging: extra hours, heavier working conditions, which became physically and mentally exhausting. Although we all pulled through with no dramas, I thought at times I just wouldn't make it. I imagine we all felt a huge sense of achievement when the workup was completed. I certainly did. I had passed my own personal level of expectation.

At times I felt very homesick, but there was always someone there for support and someone to make you laugh again.

At the commencement of hostilities we were nearing the Gulf of Oman, preparing for what might lie ahead. At this stage it didn't seem quite real.



Able Seaman Wren Collis with mother Mrs Cheryl Collis after HMAS Westralia arrived back from the Gulf

Photo: LSPH Scott Connolly, RAN

War itself seemed unreal to me, like something that only happens in books or on television. But it certainly was real. It especially hit home when Commander Moore addressed the ship's company, explaining that people were dying around us and this situation certainly was real.

When the cease-fire came into force and our return to Australia was planned, I certainly felt more settled and relaxed.

I'm certain I've gained a great lifelong experience. It is something I will never forget. I now understand more about the Navy in general and its organisation.

I am happy to be a part of *Westralia's* team, and also to have achieved qualification for the Australian Active Service Medal, which I can be eternally proud of.

Able Seaman Wren Collis joined the RAN in 1988.

A Tactical Reconnaissance of Jaz Kubbar Island

By Lieutenant Mark Campbell, RAN

THE GULF WAR

During operations in the northern Arabian Gulf in support of Operation DESERT STORM, HMAS Sydney's Seahawk flight was tasked with conducting a tactical reconnaissance of Jaz Kubbar Island twenty five kilometres off the Iraqi-occupied coast of Kuwait. Two sorties were flown on consecutive days in the early morning. This is an account of the second sortie, flown 0700-1000, 21 February 1991.

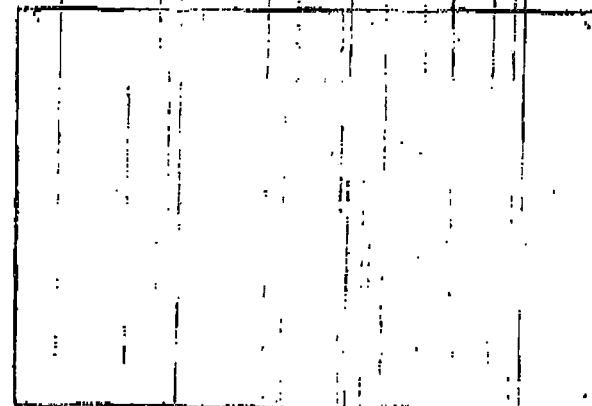
With the previous day's successful sortie, the pressure of the first reconnaissance by allied forces in more than a week was removed, but this pressure was replaced by stories of obvious signs of recent Iraqi presence: a bunker, and a destroyed wharf. With these stories fresh in our minds, and the thought that the Iraqis had twenty-four hours to re-occupy the island, we departed HMAS Sydney with mixed feelings.

We had briefed the route into Jaz Kubbar, the evasive manoeuvres to be employed at any sign of trouble, the escape route to the east, and each crew member's responsibilities during the mission. These areas were reviewed enroute and updated where necessary.

As the island was so close to the coast of Kuwait, the area was subject to close scrutiny by the allied forces, and in order to prevent any friendly fighter aircraft engaging us, we called the area co-ordinator on board USS Tripoli and informed him of our mission, and received clearance to proceed with the investigation.

At about 15 kilometres from the island we imposed radio silence and descended to 30 metres. Visibility was very poor due to the proximity of Kuwait's burning oilfields and there was a strong wind blowing from the south-east creating a sullen, choppy sea. All our senses were alert and the tension was plain in the short, clipped use of the intercom, rather than the usual continuous chatter. We used a reed and a marine light float on a rock to both guide and disguise our approach.

We had the island visual at about 3 kilometres by which time we had descended to 20 metres and our



speed reduced to 70 knots. At 1 1/2 kilometres we could clearly make out the breakers on the beach, a lighthouse, and a jetty. After a careful search of the area both visually and by radar, we continued in at only 10 metres above the waves with our infra-red homing missile decoy system primed and ready to go in the event of a sudden attack.

We made a circuit of the small island at about a kilometre, taking great care to ensure that the island's deserted appearance was not illusory. Another circuit was made on the breaker line, to confirm that Jaz Kubbar had been abandoned before we flew overhead for a close inspection.

There were many signs of the Iraqi occupation of the island, including tents, fireplaces, military equipment, and the obviously sabotaged jetty. Several sweeps were then made over the low flat island. A landing was out of the question due to the likelihood of mines. Our proximity to enemy-held coastline ensured that we did not 'outstay our welcome', so after about ten minutes we beat a hasty retreat to the south-east back to the relative safety of the Sydney, cruising behind the Houli Oilfields 50 kilometres off the coast, a much relieved and wiser crew for the experience.

Lieutenant Campbell was an Observer serving on HMAS Sydney's helicopter flight. He is currently attached to the Seahawk Introduction and Transition Unit at Nowra.

U.S. Department of State

91 DEC 10 A7:10

EAP
FAXDate: 12-9-91TO: Carol Aarhus - White House Speech WritersFAX Phone Number: 456-6218

Addressee's Phone: _____

FROM: EAP/ANZ - Brian Woo

FAX Phone Number: 202-647-7350; 647-4402

Sender's Phone: 202-647- 9690NUMBER of PAGES INCLUDING COVER SHEET ~~18~~ 20Remarks: per your request: advance copies of Australia
speech/event themes.

UNCLASSIFIED ONLY



THEMES AND TOPICS FOR PRESIDENT'S AUSTRALIA SPEECHES
(November 26, 1991)

There will be two opportunities for the President to make major speeches while in Australia. The first will be in Canberra on Thursday, January 2, when he addresses a joint session of parliament. The general focus of this address should be on the bilateral relationship, although global regional themes should also be included. A second speaking engagement will be on Friday, January 3, in Melbourne, where he is invited to speak on regional/global themes at a luncheon for business executives and others hosted by Victoria State Premier Joan Kierner.

Parliament Address on U.S.-Australia Bilateral Relations

Themes to Include: Though largely focused on bilateral issues, global themes should be included. The address should recognize the close strategic relationship that has existed bilaterally, the success of this relationship, and the need to maintain our partnership in the face of post-Cold War era challenges. Bilateral, regional and global economic issues should also be touched upon. Finally, there should be reference to expanding cooperation in other areas of particular relevance to younger (post-WW II) Australians such as culture and education, the environment, economics and narcotics.

Continuing Importance of the Alliance:

- o Our long-standing strategic alliance has served us well. Next year we celebrate the 50th anniversary of the Battle of the Coral Sea. It will be a special commemoration of the close and special defense partnership that had origins in the Second World War. (The President's personal involvement in the Pacific theater during that war can lend special significance to this testimonial.)
- o However, looking ahead over the next fifty years, the post-Cold War Era presents new challenges for our alliance. While East-West tensions have diminished, other problems such as ethnic rivalries, nationalist aspirations and territorial or political disputes -- suppressed during the Cold War period -- are now arising.

- o In these endeavors, Australia has and continues to play an important role:
 - Note contributions to the Gulf War, refugee assistance and the ongoing naval interdiction effort in the region. Express appreciation for Australian public support during the Gulf War for the Coalition and its policies.
 - Note Australia's active role in developing a framework for the current peace process which is taking place in Cambodia, as well as Australia's contribution to the peace keeping force.
 - Note strong efforts on proliferation issues, particularly regarding nuclear and chemical weapons proliferation.
- o Our partnership on these and other issues has become increasingly important, especially in the wake of the tremendous changes that have occurred in the world over the last two years.

Stress Cooperation on Multilateral Trade Issues:

- o The New Order that is being shaped encompasses not just the political realm but the economic. Both our countries have been at the forefront, pushing hard for free and open markets in the world. We must avoid the creation of trading blocs. And we must continue our joint efforts to shape an international trading system which will foster rather than obstruct free trade, particularly through a successful conclusion of the GATT Uruguay Round.
 - Acknowledge Australia's leadership in establishing APEC and in shaping its development as an important international economic entity.
 - Note Australia's bipartisan efforts to press the EC to end agricultural subsidies and for a successful conclusion to the Uruguay Round.
 - Note that what we are pursuing in the NAFTA is not a bloc. We intend to lower internal barriers, not create external barriers. NAFTA will be GATT consistent.

Reassure on U.S. Engagement in the Region:

- o Our reasons for remaining engaged and active in Asia and the Pacific are obvious. The Asia-Pacific region is now America's largest trading partner, with trans-Pacific commerce totalling more than \$300 billion in annual two-way trade. This is nearly one-third larger than that across the Atlantic.
- o We will remain committed to our allies and to fulfilling our security obligations. The U.S. will remain engaged in Asia and the Pacific.
- o Our bilateral and multilateral arrangements in this region have worked well. These arrangements will continue to be key to our mutual security in the decades ahead.
- o The regional partnerships which the U.S. enjoys with Australia and other countries have provided the foundation for economic and political stability in the region.

Future Relations Between Australia and the U.S.

- o We have points of differences, but overall our relations are excellent. We share common histories and similar values. And we see this relationship strengthening further in the years ahead. Some trends to point to:

In culture and education:

- Australian culture increasingly influences American music, cinema and sports.
- There is also a solid basis of bilateral academic interchange, including the 40-year-old Fulbright program in Australia and numerous private exchanges involving younger Australians at the secondary level.
- The U.S. 4-H organization, Future Farmers of America, and Rotary are among the groups with active exchange programs with Australian counterparts.

In bilateral economic relations:

- The importance of bilateral trade: after Japan, the U.S. is Australia's largest trade partner. Annual bilateral trade exceeds US\$ 13 billion.
- U.S. firms have over US\$ 15 billion invested in Australia, the second highest in Asia after Japan, much of it in leading edge technology in telecommunications, aviation, and informatics, as well as manufacturing, mining, agriculture, and energy.
- Tourism remains very big business for both countries. Nearly one-half million people travel each way each year. United Airlines and Northwest both inaugurated new routes to Australia in 1991.
- We are broadening economic dialogue, this year initiating bilateral consultations on agricultural issues and continuing our consultations and joint efforts in important international economic fora such as APEC and the GATT.

In environmental and resource management:

- Cooperation in conservation and environmental protection is expanding; we have many shared interests and similarities in resource endowments (i.e., coal, oil, gas, hard rock minerals) and topography. There are many recent examples of cooperation:
- Our two governments have established a High Level Group on Energy to exchange information on energy policy, programs, demand; to review ongoing research and development; and to engage in joint research efforts.
- US Interior Department (DOI) Minerals Management Service has recently signed a bilateral MOU with Australia's Department of Primary Industries and Energy (DPIE) for sharing data on offshore minerals development, including environmental protection aspects.

- DOI Bureau of Land Management has initiated a dialogue with DPIE that is focused on the need to balance the extraction of minerals, oil, gas, and timber with the growing demands for recreation, and management of cultural resources, and wildlife and fisheries habitats. Plans include an exchange of technical personnel between our countries.
- USDOC/NOAA officials have recently met with their Australian counterparts to discuss ways in which our two nations can strengthen efforts regarding the important environmental problems of driftnet fishing, endangered species, and the monitoring/assessment of the global warming threat.
- In APEC, where Australia leads the Energy Working Group, our two governments are cooperating closely to establish a regional clean coal technology utilization center.
- The U.S. and Australia recently co-sponsored the creation of an International Forestry Research Institute to focus on issues related to the conservation of tropical forests and the arrest of deforestation and environmental degradation.

In fighting illicit narcotics:

- Australia has done much to assist regional countries in their counternarcotics efforts and is an active member of the "Dublin Group" of donor nations that coordinates counternarcotics aid to producer nations.
- Our countries are united in the worldwide fight against drug abuse and trafficking, which is becoming a security threat of the 1990s.

Other issues:

- o There are some issues on which we do not meet eye-to-eye but which should also be mentioned.
 - Encourage continued Australian support for an ambitious Uruguay Round package including disciplines on Trade Related Investment Measures (which Australia continues to oppose) and services, where Australia has been more forthcoming recently.
 - Australia remains on the Special 301 Priority Watch list for local content requirements on television broadcasting. This is barrier to cultural interchange. We hope to see a phase-out, not a phase-in, of local content requirements.
 - IPR: On parallel import of books, there have been slight improvements in this area, but we urge the GOA to adopt provisions that would completely exempt foreign textbooks from parallel imports.
 - IPR: We also are concerned by the Australian Attorney-General's rejection of a proposed amendment to the copyright law to provide an exclusive rental right for sound recordings. While Australia works for stronger standards for IPR in the Round, its actions at home are not consistent with this.
- o One particularly difficult issue is Australian continuing concern over the impact on Australian farmers of the U.S. Export Enhancement Program for agriculture. This issue should be confronted sympathetically but directly:
 - Note the plight of American as well as Australian farmers, our legitimate stake in world grain markets, our intention to continue EEP as leverage on the EC, and our hope that export subsidies will be sharply reduced in the Uruguay Round.

- Recognize and regret that EEP is a factor affecting Australian farmers, but note other factors -- especially EC dumping, higher global production, Australia's transport/port inefficiencies affecting competitiveness, the drought, the high cost of agricultural inputs, and the simultaneous collapse of the wool market.
- Stress that we take Australian interests into account in implementing EEP, including setting up a bilateral consultative mechanism that met in August for the first time, and will continue.

Melbourne Luncheon Speech on Global/Regional Issues

Also emphasize business

Overall themes: Begin with the changes in Europe and move on to the latest initiatives in the Middle East and Southeast Asia. While addressing the changing political winds in the world, the President should also assure continued U.S. commitment to regional stability in Asia and the Pacific. Finally, focus should be placed upon international economic issues of mutual concern.

Recognize Australia's Growing International Role:

- o Express appreciation for the leadership role Australia has assumed in the world.
 - Australia's contribution to the Gulf War
 - Active role in working toward a settlement in Cambodia
 - Leadership in forming APEC
 - Strong efforts on proliferation issues, particularly regarding nuclear and chemical weapons
- o Our partnership has become increasingly important, especially in the wake of the tremendous changes that have occurred in the world over the last two years.

U.S. Regional Role to Remain Strong:

- o The regional partnership which the U.S. has enjoyed with Australia and other countries has been the foundation for economic and political stability in the region.
- o Despite the changes elsewhere in the world, the U.S. will remain engaged, concerned and active in Asia and the Pacific, both in strategic and economic terms.

Facing Challenges Ahead:

- o This is not to say that there are no challenges ahead:
 - The proliferation of chemical, nuclear and biological weapons of mass destruction remains a problem; Australia's role in achieving international safeguards to reverse the proliferation trend has been critical to this effort.
 - We share a common view that the formation of protective trading blocs must be avoided, and support for cooperative frameworks such as APEC must be vigorously continued.
 - We should do all we can to open markets and foster free trade in order to strengthen international economic cooperation, confidence and recovery.

POSSIBLE LANGUAGE FOR THE PRESIDENT'S AUSTRALIA SPEECHES
(NOVEMBER 26, 1991)

INTRODUCTORY REMARKS

-- This is only my second visit to Australia, but my impressions of your vast and beautiful country will always be very special ones.

-- (Insert complimentary remarks on Canberra, Sydney and Melbourne -- depending on itinerary. Could also make reference to Australia's size by noting that several states the size of Texas would fit in Western Australia.)

THE ALLIANCE

-- It isn't just Australia's natural beauty that draws Americans "down under." We share a long-standing friendship established by the special alliance that has served our two countries so well.

-- I was deeply moved by my visit to the Australian War Memorial. It evoked memories of the sacrifices that both our countries have made, often side by side.

-- Yanks and Aussies fought together in World War I, helping to liberate France. The first U.S.-Australian military cooperation took place when elements of the U.S. 33rd Division joined Australian troops in the capture of Le Hamel, France.

-- And in World War II, our troops again fought side by side, and half a million U.S. military men and women served in Australia through that war.

-- Together, U.S. and Australian forces fought throughout the Pacific, in tough land, sea, and air combat. Our alliance and partnership has been solid ever since -- in Korea, Vietnam, and most recently in the Persian Gulf.

RECOGNIZING AUSTRALIA'S INDEPENDENT INTERNATIONAL ROLE

-- While our close and important strategic relationship will continue to be of great mutual benefit, Australia has matured to become a positive force of its own in world affairs. We welcome this; your views are valued and while we may not see eye-to-eye on every issue, the direction of your policies are complementary to our own. Let me cite some examples:

-- In the post-Cold War era, we are witnessing a reinvigorated role for the United Nations. Much credit goes to Australia for facilitating this.

-- Your initiative and persistence was key to shaping the framework for the Cambodia peace settlement finally agreed to by all warring factions last October. And Australia continues to ensure that the process toward democracy and lasting peace in Cambodia does not falter.

-- You were among the first to dispatch aid and technical support under the United Nations Transitional Authority in Cambodia (UNTAC), to which an Australian was appointed by the UN Secretary General to command.

-- Australians also serve under the UN banner in the Western Sahara and are a vital part of the Multinational Interdiction Force, ensuring that UN sanctions against Iraq are enforced under international law. In the Middle East, as in Cambodia, you have been quick to provide humanitarian relief. Last May your defence force provided medical teams and water purification equipment and services to Kurds and Iraqis fleeing Saddam's oppression.

-- But even long before the Gulf War, Australia had the foresight to focus world attention on the problems which are now emerging as key concerns for the world community. Thanks to your efforts, the "Australia Group" was established in 1984, and is currently comprised of 22 nations dedicated to preventing the use and spread of chemical and biological weapons throughout the world.

-- Australia also plays a lead role in international economics. It was Prime Minister Hawke who pushed the idea of a regional effort to promote freer trade by eliminating trade barriers and establishing common policies. Through his vision and efforts was born the Asia-Pacific Economic Cooperation, a key economic forum we know as APEC. And since its first ministerial in Canberra two years ago, APEC has succeeded in mobilizing the support of all fifteen participants to push for substantive progress in this key GATT Uruguay Round.

-- Clearly, Australia has established itself as a strong promoter of multilateral solutions to important international problems, be they military, social, political or social in nature. And in large measure, your goals are shared by the United States.

ASSURING CONTINUED U.S. ENGAGEMENT IN THE REGION

-- Let me take this opportunity to assure you that we, too, are committed to remaining engaged throughout the world. There are some naysayers who wrongly predict that recent events in Europe and Asia will lead to a more isolationist America. This could not be farther from the truth.

-- America tried to politically isolate itself from the world in the past, and we ended up fighting two bloody world wars. We also tried economic isolation that only helped to set off a devastating world depression.

-- Current trends point to our strengthened engagement in Asia and the Pacific in the decades ahead. This region has become our largest and fastest growing trade partner. Two-way trade between the region and the U.S. now amounts to more than \$300 billion, nearly one-third larger than that across the Atlantic.

-- American firms have invested more than \$61 billion in the region, and that will certainly grow. On the other hand, investors from the Asia-Pacific have invested more than \$95 billion in the U.S.

-- Our bilateral trade relationship with Australia is strong and growing. Total bilateral trade exceeds US\$ 13 billion, having grown over 20 percent in the last five years. After Japan, the U.S. is Australia's most important trading partner, taking 12 percent of her exports, and providing 23 percent of her imports. At US\$ 14 billion, Australia is the largest recipient of total U.S. direct investment in the Asia-Pacific region, again next to Japan.

-- In everything from automobiles to microchips, from baseball to Australian rules football, we grow closer -- not isolated -- with each day.

-- Cooperation and dialogue on economic issues can only benefit our respective economies. We must continue this openness in our relationship, and indeed work for greater openness in our trade relations, particularly as we both continue to face economic difficulties on the domestic front.

REMARKS ON THE EXPORT ENHANCEMENT PROGRAM

-- But while we generally agree on the goals, we sometimes differ on the means. Our use of the Export Enhancement Program to counter the agricultural subsidies of the European Community is one point of difference.

-- Let me be clear in stating that I don't favor subsidy programs. They are a burden to the taxpayer. They weaken the mechanism and reduce the benefits of a free trading system. And subsidies take the competitive edge out of industry.

-- But let me be equally clear in pointing out that we did not start the wheat war. Talks with the EC on this issue had previously led nowhere. And it is our farmers in the U.S. and Australia who have been badly hurt by continued EC subsidies of wheat.

-- We must both remember that the root cause of depressed international agricultural prices, which have been hurting both our farm sectors, lies with the European Community.

-- We are now seeing glimmers of hope. And I believe it is because we have countered EC subsidies with the EEP.

-- The U.S. will be unwavering in its efforts to counter EC subsidies with our EEP. I believe it is in the long-term interest of all non-subsidizing nations that this pressure on the EC be maintained.

-- At the same time, I have promised to do my utmost to limit the harm that our EEP does to non-subsidizers like Australia. I have also agreed to greater bilateral dialogue on this and other economic issues of bilateral concern. On both points, I have kept my word and will continue to do so.

-- Any mature relationship, even between close allies, cannot be without differences. We must continue to seek understanding and work to iron out our differences.

THE NEXT FIFTY YEARS

The Environment

-- We can be proud as we look back over the accomplishments of the last five decades. But we can and must do more to expand our bilateral relationship in ways which will be beneficial to future generations of Australians and Americans. A key area is the environment.

-- We share common energy interests which are derived from our large domestic energy resource bases. Together, we are the world's largest coal exporters. Ministerial meetings were held here last year to discuss upgrading our cooperative research and development efforts in the area of energy.

-- At the ensuing high level group meeting held in Washington last April, Australia and the U.S. agreed on the importance of pursuing energy policies that will help promote our energy exports while addressing environmental issues.

-- Together, U.S. Energy Department officials are working with their Australian counterparts to develop clean coal technology, energy efficient technologies, and other programs of importance to the environment.

-- Our governments also have agreed to share information on offshore minerals development, which include environmental protection aspects. And there is an increase in our sharing of experiences in balancing the extraction of minerals, oil, gas, and timber with the growing demands for recreation, better management of cultural resources, and environmental preservation.

-- Our scientists also are working alongside your scientists to better understand the global climate system. The U.S. National Oceanic Atmospheric Administration, NOAA, collaborates with Flinders University of South Australia in tidal research. NOAA and the University of Tasmania also have a cooperative arrangement for climate and global change research.

-- We are collaborating on providing regional governments much needed information and training in preserving endangered forests. Toward this end, the Australian and U.S. Governments are co-sponsoring an International Forestry Research Institute to address conservation, deforestation, and environmental degradation.

-- And in managing the delicate balance of our ocean fisheries, Australia and the United States have shared concerns over driftnet fisheries for albacore and other tuna in the South Pacific. We have joined other nations in remedying this serious conservation threat to tuna stocks in the Pacific.

Cultural and Educational Interchange

-- I began my remarks today noting that Australia is a country graced with much natural beauty. But it is really the spirit of your people which has made it a country so admired by Americans and others throughout the world.

-- We see this in the arts, with the creative works of Australians in all media, including painting, sculpture, dance and, of course, film making. And we hear it in your music, where Australian artists remain extremely popular in the United States.

-- We must continue to facilitate this rich interchange between our people. Let me give you one recent example. Our Consul General in Perth last November invited American musical artist Paul Simon, who was in Australia then on tour, to meet with a number of West Australian Aboriginal musicians in his residence. After the guests had arrived, it was the Australians who made the first move, setting up their

traditional instruments on the coffee table. Soon, Mr. Simon and his fellow American musicians were receiving didgeridoo lessons. And by the end of the evening, he was sharing a few of his own skills with the guitar, completing an evening of musical fellowship.

-- In Sydney, at a more institutional level, we have recently initiated a Fulbright-supported American studies lecture series at the University of Sydney American Studies Center. The lecture series is a program which developed from Prime Minister Hawke's initiative to begin a similar program at the Edward A. Clark Center for Australian Studies at the University of Texas, Austin, in 1989.

-- While we may have our differences over the EEP program, our young people look beyond the present. In preparing for this trip I was very pleased to learn that our 4-H program and our Future Farmers of America have active exchange programs with young people in your farm communities.

Easing Travel Access

-- Nearly one-half million Australians visit the U.S. each year, and an equal number of Americans come here.

-- To facilitate freer travel between our countries, which should be of help to both our tourism industries, my government has offered to extend the privilege of waiving the issuance of visitor visas to Australian nationals if the Australian government agrees to allow reciprocal treatment for U.S. nationals. Our offer stands, and I hope we will be able to provide this benefit to our respective publics in the near future.

-- And to help Australian investors who seek to do business in the U.S., we are prepared to extend "E" visa privileges to your citizens provided U.S. nationals are accorded reciprocal nonimmigrant treatment.

-- These examples are real indications of the cooperative spirit that exists between our two nations as we seek to strengthen our economic, cultural and educational ties. They are positive signs of the shape which our bilateral relationship will take over the next five decades.

-- Let us continue to work closely together to ensure that the future of our relationship will be as productive a partnership as it has been over the last fifty years.

12/7 - not fully cleared

THEMES AND TOPICS FOR PRESIDENT'S AUSTRALIA SPEECHES
(To Be Provided to WH Speech Staff)

There will be two opportunities for the President to make major speeches while in Australia. The first will be in Canberra on Thursday, January 2, when he addresses a joint session of parliament. The general focus of this address should be on the bilateral relationship, although global regional themes should also be included. A second speaking engagement will be on Friday, January 3, in Melbourne, where he is invited to speak on regional/global themes at a luncheon for business executives and others hosted by Victoria State Premier Joan Kierner.

Parliament Address on U.S.-Australia Bilateral Relations

Themes to Include: Though largely focused on bilateral issues, global themes should be included. The address should recognize the important relationship that has existed bilaterally, the success of this relationship, and the continued relevance of our partnership in the face of post-Cold War era challenges. Bilateral, regional and global economic issues should be addressed and explicit recognition made of our major bilateral friction point -- U.S. agriculture export subsidies. Finally, there should be an invitation for increased bilateral dialogue and cooperation in areas of particular interest to younger (post-WWII) Australians, such as economic policies and trade development, conservation and environmental protection, education, resource development, narcotics control, and the arts.

Continuing Importance of the Alliance:

- o Our long-standing key alliance has served us well. Next year we celebrate the 50th anniversary of the Battle of the Coral Sea. It will be a special commemoration of the close and special defense partnership that had origins in the Second World War. (The President's personal involvement in the Pacific theater during that war can lend special significance to this testimonial.)
- o However, looking ahead over the next fifty years, the post-Cold War Era presents new challenges for our alliance. While East-West tensions have diminished, other problems such as ethnic rivalries, nationalist aspirations and territorial or political disputes -- suppressed during the Cold War period -- are now arising.

- 2 -

- o In these endeavors, Australia has and continues to play an important role:
 - Note contributions to the Multinational Gulf Coalition, refugee assistance and the ongoing naval interdiction effort in the region. Express appreciation for Australian public support during the Gulf Coalition and its policies.
 - Note Australia's active role in developing a framework for the current peace process which is taking place in Cambodia, as well as Australia's contribution to the peace keeping force.
 - Note strong efforts on proliferation issues, particularly regarding nuclear and chemical weapons proliferation.
- o At this point, provide the American definition of the New World Order, an explanation of the vision which guides us, and a statement of the welcome and constructive role Australia is playing and will play in such a new order.

Stress Cooperation on Multilateral Trade Issues:

- o The New Order that is being shaped encompasses not just the political realm but the economic. Both our countries have been at the forefront, pushing hard for free and open markets in the world. We must avoid the creation of trading blocs. And we must continue our joint efforts to shape an international trading system which will foster rather than obstruct free trade, particularly through a successful conclusion of the GATT Uruguay Round.
 - Acknowledge Australia's leadership in establishing APEC and in shaping its development as an important international economic entity.
 - Note Australia's bipartisan efforts to press the EC to end agricultural subsidies and for a successful conclusion to the Uruguay Round.
 - Note Australia's leadership of the Cairns Group of countries which is working for agricultural trade liberalization in the Uruguay Round.
 - Note that what we are pursuing in the NAFTA is not a bloc. We intend to lower internal barriers, not create external barriers. NAFTA will be GATT consistent.

- 3 -

Reassure on U.S. Engagement in the Region:

- o Our reasons for remaining engaged and active in Asia and the Pacific are obvious. The U.S. is a Pacific nation. The Asia-Pacific region is now America's largest trading partner, with trans-Pacific commerce totalling more than \$300 billion in annual two-way trade. This is nearly one-third larger than that across the Atlantic.
- o We will remain committed to our allies and to fulfilling our security obligations. The U.S. will remain engaged in Asia and the Pacific.
- o The regional partnerships which the U.S. enjoys with Australia and other countries have and will provide the foundation for economic and political stability in the region.
- o Building on those, we need to define a renewed defense structure for the Asia-Pacific theater that reflects the regions's diverse security concerns and mitigates intra-regional fears and suspicions - a prerequisite for maintaining the stability required for continuing economic and political progress.

Future Relations Between Australia and the U.S.:

- o We have points of differences, but overall our relations are excellent. We share common histories and similar values. And we see this relationship strengthening further in the years ahead. There are many contemporary issues in which Americans and Australians have much to learn from each other:

In culture and education:

- Australian culture increasingly influences American music, cinema and sports.
- There is also a solid basis of bilateral academic interchange, including the 40-year-old Fulbright program in Australia and numerous private exchanges involving younger Australians at the secondary level.
- The U.S. 4-H organization, Future Farmers of America, and Rotary are among the groups with active exchange programs with Australian counterparts.

- 4 -

In bilateral economic relations:

- The importance of bilateral trade: after Japan, the U.S. is Australia's largest trade partner. Annual bilateral trade exceeds US\$ 13 billion. The U.S. is a major purchaser of Australian beef, veal, lamb and cheese.
- U.S. firms have over US\$ 15 billion invested in Australia, the second highest in Asia after Japan, much of it in leading edge technology in telecommunications, aviation, and informatics, as well as manufacturing, mining, agriculture, and energy.
- Tourism remains very big business for both countries. Nearly one-half million people travel each way each year. U.S. airlines have inaugurated new routes to Australia in 1991.
- We are broadening economic dialogue, this year initiating bilateral consultations on agricultural issues and continuing our consultations and joint efforts in important international economic fora such as APEC and the GATT.

In environmental and resource management:

- Cooperation in conservation and environmental protection is expanding; we have many shared interests and similarities in resource endowments (i.e., coal, oil, gas, hard rock minerals) and topography. There are many recent examples of cooperation:
- Our two governments have established a High Level Group on Energy to exchange information on energy policy, programs, demand; to review ongoing research and development; and to engage in joint research efforts.
- US Interior Department (DOI) Minerals Management Service has recently signed a bilateral MOU with Australia's Department of Primary Industries and Energy (DPIE) for sharing data on offshore minerals development, including environmental protection aspects.

- 5 -

- DOI Bureau of Land Management has initiated a dialogue with DPFE that is focused on the need to balance the extraction of minerals, oil, gas, and timber with the growing demands for recreation, and management of cultural resources, and wildlife and fisheries habitats. Plans include an exchange of technical personnel between our countries.
- USDOC/NOAA officials have recently met with their Australian counterparts to discuss ways in which our two nations can strengthen efforts regarding the important environmental problems of driftnet fishing, endangered species, and the monitoring/assessment of the global warming threat.
- In APEC, where Australia leads the Energy Working Group, our two governments are considering, with other governments, establishing a regional clean coal technology utilization center.
- The U.S. and Australia recently co-sponsored the creation of an International Forestry Research Institute to focus on issues related to the conservation of tropical forests and the arrest of deforestation and environmental degradation.

In fighting illicit narcotics:

- Australia has done much to assist regional countries in their counternarcotics efforts and is an active member of the "Dublin Group" of donor nations that coordinates counternarcotics aid to producer nations.
- Our countries are united in the worldwide fight against drug abuse and trafficking, which is becoming a security threat of the 1990s.

Other Issues:

- o There are some issues on which we do not meet eye-to-eye but which should also be mentioned.
- o One particularly difficult issue is Australian continuing concern over the impact on Australian farmers of the U.S. Export Enhancement Program for agriculture. This issue should be confronted sympathetically but directly:

- 6 -

- Note the plight of American as well as Australian farmers, our legitimate stake in world grain markets, our intention to continue EEP as leverage on the EC, and our hope that export subsidies will be sharply reduced in the Uruguay Round.
- Recognize and regret that EEP is a factor affecting Australian farmers, but note other factors -- especially EC dumping, higher global production, Australia's transport/port inefficiencies affecting competitiveness, the drought, the high cost of agricultural inputs, and the simultaneous collapse of the wool market.
- Mention that he (the President) has just met with representatives of rural organizations and that they have been forthright in describing their concerns.
- Stress that we take Australian interests into account in implementing EEP, including setting up a bilateral consultative mechanism that met in August for the first time, and will continue.

- 7 -

Melbourne Luncheon Speech on Global/Regional Issues

Overall themes: Begin with the changes in Europe and move on to the latest initiatives in the Middle East and Southeast Asia. While addressing the changing political winds in the world, the President should also assure continued U.S. commitment to regional stability in Asia and the Pacific. Finally, focus should be placed upon international economic issues of mutual concern, as well as benefits to both nations of an open trading system.

Recognize Australia's Growing International Role:

- o Express appreciation for the leadership role Australia has assumed in the world.
 - Australia's contribution to the Multinational Gulf Coalition
 - Active role in working toward a settlement in Cambodia
 - Leadership in forming APEC
 - Strong efforts on proliferation issues, particularly regarding nuclear and chemical weapons
- o Our partnership has become increasingly important, especially in the wake of the tremendous changes that have occurred in the world over the last two years.

U.S. Regional Role to Remain Strong:

- o The regional partnership which the U.S. has enjoyed with Australia and other countries has been the foundation for economic and political stability in the region.

- 8 -

- o Despite the changes elsewhere in the world, the U.S. will remain engaged, concerned and active in Asia and the Pacific, both in strategic and economic terms.

Stress Cooperation on Multilateral Trade Issues:

- o The New Order that is being shaped encompasses not just the political realm but the economic. Both our countries have been at the forefront, pushing hard for free and open markets in the world. We must avoid the creation of trading blocs. And we must continue our joint efforts to shape an international trading system which will foster rather than obstruct free trade, particularly through a successful conclusion of the GATT Uruguay Round.
 - Acknowledge Australia's leadership in establishing APEC and in shaping its development as an important international economic entity.
 - Note Australia's bipartisan efforts to press the EC to end agricultural subsidies and for a successful conclusion to the Uruguay Round.
 - Note Australia's leadership of the Cairns Group of countries which is working for agricultural trade liberalization in the Uruguay Round.
 - Note that what we are pursuing in the NAFTA is not a bloc. We intend to lower internal barriers, not create external barriers. NAFTA will be GATT consistent.

Facing Challenges Ahead:

- o This is not to say that there are no challenges ahead:
 - The proliferation of chemical, nuclear and biological weapons of mass destruction remains a problem; Australia's role in achieving international safeguards to reverse the proliferation trend has been critical to this effort.
 - We share a common view that the formation of protective trading blocs must be avoided, and support for cooperative frameworks such as APEC must be vigorously continued.
 - We should do all we can to open markets and foster free trade in order to strengthen international economic cooperation, confidence and recovery.

POSSIBLE LANGUAGE FOR THE PRESIDENT'S AUSTRALIA SPEECHES

INTRODUCTORY REMARKS

-- This is only my second visit to Australia, but my impressions of your vast and beautiful country will always be very special ones.

-- (Insert complimentary remarks on Canberra, Sydney and Melbourne -- depending on itinerary. Could also make reference to Australia's size by noting that several states the size of Texas would fit in Western Australia.)

THE ALLIANCE

-- It isn't just Australia's natural beauty that draws Americans "down under." We share a long-standing friendship based on common language, heritage and origins and embodied in a special alliance that has served our two countries so well.

-- We also share a democratic openness and willingness to accept substantial immigration as a means of further enriching our societies.

-- I was deeply moved by my visit to the Australian War Memorial. It evoked memories of the sacrifices that both our countries have made, often side by side. (n.b. - Can only be used in Melbourne speech after visit to Memorial.)

-- Yanks and Aussies fought together in World War I, helping to liberate France. The first U.S.-Australian military cooperation took place when elements of the U.S. 33rd Division joined Australian troops in the capture of Le Hamel, France.

-- And in World War II, our troops again fought side by side, and half a million U.S. military men and women served in Australia through that war.

-- Together, U.S. and Australian forces fought throughout the Pacific, in tough land, sea, and air combat. Our alliance and partnership has been solid ever since -- in Korea, Vietnam, and most recently in the Persian Gulf.

- 2 -

RECOGNIZING AUSTRALIA'S INDEPENDENT INTERNATIONAL ROLE

-- While our close and important strategic relationship will continue to be of great mutual benefit, Australia has become a positive force of its own in world affairs. Your views are valued and while we may not see eye-to-eye on every issue, the direction of your policies are complementary to our own and are consistent with my vision of a new world order, an order where democratic ideals of peace, freedom, and respect for human dignity bond nations in a common purpose. Let me cite some examples:

-- In the post-Cold War era, we are witnessing a reinvigorated role for the United Nations. Much credit goes to Australia for facilitating this.

-- Your initiative and persistence were key to shaping the framework for the Cambodia peace settlement finally agreed to by all warring factions last October. And Australia continues to ensure that the process toward democracy and lasting peace in Cambodia does not falter.

-- You were among the first to dispatch aid and technical support under the United Nations Transitional Authority in Cambodia (UNTAC), which an Australian was appointed by the UN Secretary General to command.

-- Australians also serve under the UN banner in the Western Sahara and are a vital part of the Multinational Interdiction Force, ensuring that UN sanctions against Iraq are enforced under international law. In the Middle East, as in Cambodia, you have been quick to provide humanitarian relief. Last May your defense force provided medical teams and water purification equipment and services to Kurds and Iraqis fleeing Saddam's oppression.

-- But even long before the Gulf War, Australia had the foresight to focus world attention on the problems which are now emerging as key concerns for the world community. Thanks to your efforts, the "Australia Group" was established in 1984, and is currently comprised of 22 nations dedicated to preventing the use and spread of chemical and biological weapons throughout the world.

-- Australia also plays a major constructive role in strengthening the international economic system. It was Prime Minister Hawke who pushed the idea of a regional effort to promote freer trade by eliminating trade barriers and

- 3 -

establishing common policies. Through his vision and efforts was born the Asia-Pacific Economic Cooperation, a key economic forum we know as APEC. And since its first ministerial meeting in Canberra two years ago, APEC has succeeded in mobilizing the support of all fifteen participants to push for substantive progress in this key GATT Uruguay Round, and to explore ways that countries in this dynamic region can better cooperate to achieve sustainable growth, to increase employment, and to preserve the environment.

-- Clearly, Australia has established itself as a strong promoter of multilateral solutions to important international problems, be they military, social, political or social in nature. And in large measure, your goals are shared by the United States.

ASSURING CONTINUED U.S. ENGAGEMENT IN THE REGION

-- Let me take this opportunity to assure you that we, too, are committed to remaining engaged throughout the world. There are some naysayers who wrongly predict that recent events in Europe and Asia will lead to a more isolationist America. This could not be farther from the truth.

-- America tried to isolate itself politically from the world in the past, and we ended up fighting two bloody world wars. We also tried economic isolation that only helped to set off a devastating world depression.

-- Current trends point to our strengthened engagement in Asia and the Pacific in the decades ahead. This region has become our largest and fastest growing trade partner. Two-way trade between the region and the U.S. now amounts to more than \$300 billion, nearly one-third larger than that across the Atlantic.

-- American firms have invested more than \$61 billion in the region, and that will certainly grow. On the other hand, investors from the Asia-Pacific have invested more than \$95 billion in the U.S. We welcome this investment, which results in new jobs, new technology and new, more effective management techniques.

-- Our bilateral trade relationship with Australia is strong and growing. Total bilateral trade exceeds US\$ 13 billion, having grown over 20 percent in the last five years. After Japan, the U.S. is Australia's most important trading partner, taking 12 percent of her exports, and providing 23 percent of her imports. At US\$ 15 billion, Australia is the largest recipient of total U.S. direct investment in the Asia-Pacific region, again next to Japan.

- 4 -

-- Cooperation and dialogue on economic issues can only benefit our respective economies. We must continue this openness in our relationship, and indeed work for greater openness in our trade relations, particularly as we both continue to face economic difficulties on the domestic front.

REMARKS ON THE EXPORT ENHANCEMENT PROGRAM

-- But while we generally agree on the goals, we sometimes differ on the means. Our use of the Export Enhancement Program to counter the agricultural subsidies of the European Community is one point of difference.

-- I appreciated the opportunity to meet with rural representatives earlier today (or yesterday if said in Melbourne). I can assure you, American and Australian farmers have much in common.

-- Let me be clear in stating that I don't favor subsidy programs. They are a burden to the taxpayer. They weaken the mechanism and reduce the benefits of a free trading system. And subsidies take the competitive edge out of industry.

-- But let me be equally clear in pointing out that we did not start the wheat war. Talks with the EC on this issue had previously led nowhere. And it is our farmers in the U.S. and Australia who have been badly hurt by continued EC subsidies of wheat.

-- We must both remember that the basic cause of depressed international agricultural prices, which have been hurting both our farm sectors, lies with the European Community.

-- We are now seeing glimmers of hope. And I believe it is because we have countered EC subsidies with the EEP. It is in the long-term interest of all non-subsidizing nations that this pressure on the EC be maintained.

-- At the same time, we in the U.S. will try to limit the harm that our EEP does to non-subsidizers like Australia. This does not mean, however, that Australian farmers, or American taxpayers, will be immune from the costs of the fight against subsidies. I firmly hope that the long term gain for American and Australian farmers from a successful Uruguay Round will outweigh the short term pain.

- 5 -

-- Any mature relationship, even between close allies, cannot be without differences. I have agreed to greater bilateral dialogue on this and other economic issues of bilateral concern. We must continue to seek understanding and work to iron out our differences.

THE NEXT FIFTY YEARS

The Environment

-- We can be proud as we look back over the accomplishments of the last five decades. But we can and must do more to expand our bilateral relationship in ways which will be beneficial to future generations of Australians and Americans. A key area is the environment.

-- We share common energy interests which are derived from our large domestic energy resource bases. Together, we are the world's largest coal exporters. Ministerial meetings were held here last year to discuss upgrading our cooperative research and development efforts in the area of energy.

-- At the ensuing high level group meeting held in Washington last April, Australia and the U.S. agreed on the importance of pursuing energy policies that will help promote our energy exports while addressing environmental issues.

-- Together, U.S. Energy Department officials are working with their Australian counterparts to develop clean coal technology, energy efficient technologies, and other programs of importance to the environment.

-- Our governments also have agreed to share information on offshore minerals development, which include environmental protection aspects. And there is an increase in our sharing of experiences in balancing the extraction of minerals, oil, gas, and timber with the growing demands for recreation, better management of cultural resources, and environmental preservation.

-- Our scientists also are working alongside your scientists to better understand the global climate system. The U.S. National Oceanic Atmospheric Administration, NOAA, collaborates with Flinders University of South Australia in tidal research. NOAA and the University of Tasmania also have a cooperative arrangement for climate and global change research.

- 6 -

-- We are collaborating on providing regional governments much needed information and training in preserving endangered forests. Toward this end, the Australian and U.S. Governments are co-sponsoring an International Forestry Research Institute to address conservation, deforestation, and environmental degradation.

-- And in managing the delicate balance of our ocean fisheries, Australia and the United States have shared concerns over driftnet fisheries for albacore and other tuna in the South Pacific. We have joined other nations in remedying this serious conservation threat to tuna stocks in the Pacific.

Educational and Artistic Interchange

-- I began my remarks today noting that Australia is a country graced with much natural beauty. But it is really the spirit of your people which has made it a country so admired by Americans and others throughout the world.

-- We see this in the arts, with the creative works of Australians in all media, including painting, sculpture, dance and, of course, film making. And we hear it in your music, where Australian artists remain extremely popular in the United States.

-- We must continue to facilitate this rich interchange between our people. Let me give you one recent example. Our Consul General in Perth last November invited American musical artist Paul Simon, who was in Australia then on tour, to meet with a number of West Australian Aboriginal musicians in his residence. After the guests had arrived, it was the Australians who made the first move, setting up their traditional instruments on the coffee table. Soon, Mr. Simon and his fellow American musicians were receiving didgeridoo lessons. And by the end of the evening, he was sharing a few of his own skills with the guitar, completing an evening of musical fellowship.

-- At a more institutional level, we (if in Canberra remarks, text should read will launch today; if Melbourne, text should read, launched yesterday in Canberra) the Australian Center for American Studies. This new national center will expand our bilateral links through the development of programs of practical benefit to business, higher education, and the universities. We hope this new national center will serve as a forum in which interdisciplinary study and discussion of contemporary issues will be conducted to the mutual benefit of both our nations.

- 7 -

-- While we may have our differences over the EEP program, our young people look beyond the present. In preparing for this trip I was very pleased to learn that our 4-H program and our Future Farmers of America have active exchange programs with young people in your farm communities.

Easing Travel Access

-- Nearly one-half million Australians visit the U.S. each year, and an equal number of Americans come here.

-- We are working together on facilitating freer travel between our countries for visitors and business persons. The U.S. has offered to waive the issuance of temporary visitor visas for Australian nationals, but this can only be done on a reciprocal basis. Our two governments are also discussing modifications in your business visa issuing regime which would permit us to legally offer treaty trader and investor visas to Australians under our own laws.

Conclusion

-- These examples are real indications of the cooperative spirit that exists between our two nations as we seek to strengthen our economic, cultural and educational ties. They are positive signs of the shape which our bilateral relationship will take over the next five decades.

-- Let us continue to work closely together to ensure that the future of our relationship will be as productive a partnership as it has been over the last fifty years.

*Church*SUGGESTED POINTS FOR TOAST AT THE STATE DINNER

Hosted by the Governor General and Mrs. Hayden
January 1, 1992 - Canberra

Before proposing a toast to the Queen, I would like to make a few brief remarks.

First and foremost, I can't express strongly enough how pleased Barbara and I are to be here with you, Mr. Governor General, your gracious wife, Dallas, and the other distinguished guests.

Barbara and I recall fondly the warmth we felt during our 1982 visit during Coral Sea Week. We are feeling that warmth again on this visit. Other than Kennebunkport, I can't think of another place we would rather have seen in this new year.

Our shared values, history, culture, and struggles through war and peace together have created a bond between our two peoples that is close and lasting.

We shared the burdens of the Cold War together. Now let's look together to the next fifty years. Let's seek ways to expand the bonds of friendship for the next generation of young Americans and Australians, to help them face the challenges of their time, building on the peace, conserving the environment, educating their children, and sharing the benefit of God's bounty with all.

Ladies and gentlemen, a toast to Her Majesty the Queen.

SUGGESTED POINTS FOR TOAST AT PRIME MINISTER'S DINNER

Hosted by Prime Minister and Mrs. Hawke

January 2, 1991 - Canberra

Before proposing my toast to the Queen, I should like to offer a brief observation on our host this evening.

You, Mr. Prime Minister, and your government, have been good and true friends as we together have faced the challenges of a rapidly changing world order.

I have valued your counsel especially over the past year as we brought a tyrant to task in Iraq, moved the peace process forward in the Middle East, responded to democratic openings in Eastern Europe, and established a framework for peace in Cambodia.

Finally, you and your Ministers, by continuing to press for real progress in the Uruguay Round, have helped bring us close to a worthwhile outcome. We thank you for that.

Ladies and gentlemen, a toast to Her Majesty the Queen.

UNCLASSIFIEDMEETING WITH MEMBERS OF THE AUSTRALIA-UNITED STATES
CORAL SEA COMMEMORATIVE COUNCILSCENESETTERPURPOSE

The purpose of your meeting with members of the Australia-U.S. Coral Sea Commemorative Council will be to express appreciation to the Council for assuring that the 50th anniversary of the origins of the bilateral alliance is given the prominence it deserves.

SETTING

Approximately 50 members of the Council, distinguished and influential citizens from many sectors of Australian society, will have gathered in Otway Room No. 1 of the World Congress Centre. The Ambassador will introduce you to the Chairman of the Council, Sir Eric Neal, and the Council Vice Chairman, Vice Admiral Michael Hudson. Sir Eric will then invite you to address the Council. Following your remarks, Sir Eric will make concluding remarks and introduce you to the Committee Chairmen and to the other Members of the Council.

KEY OBJECTIVES

- To thank members of the Council, especially chairman Sir Eric Neal, for their contributions to Council programs and projects that will commemorate the World War II origins of our bilateral alliance in 1992.
- To focus press attention on the Council and stimulate general public interest in the cycle of commemorative events planned in Australia during 1992, especially the 50th anniversary of the Battle of the Coral Sea.
- To acknowledge the contributions of th thousands of Australians who are working to develop commemorative activities during 1992.
- To underline the importance the U.S. attaches to younger Australians and the future of the alliance.

Attached is a list of participants.

UNCLASSIFIED

UNCLASSIFIEDPOINTS TO BE MADE WITH THE AUSTRALIA-UNITED STATES
CORAL SEA COMMEMORATIVE COUNCIL

- I am pleased to have the opportunity this morning to thank all of you personally for your participation in the Australia - U.S. Coral Sea Commemorative Council.
- The programs and activities you coordinate or sponsor will ensure that events which shaped the beginnings of our bilateral alliance -- especially the 50th anniversary of the Battle of the Coral Sea -- receive the attention they deserve in 1992.
- I also want to convey to this Council and to all Australians who are developing commemorative programs this year the appreciation of the over one million American men and women who served in Australia during World War II.
- The participation of so many prominent Australians on this Council is evidence that the defense of freedom here and in the South Pacific during World War II by Australians and Americans has not been forgotten.
- I share your hope that many of our veterans will return to Australia with their families in 1992 to take part in the activities that are being planned. I know they will receive the same open, warmhearted Aussie welcome that I have received.
- I am sure that the actions of this Council will strengthen and sustain an alliance that has matured and is as relevant today as it ever was.
- My best wishes to you throughout this commemorative year.

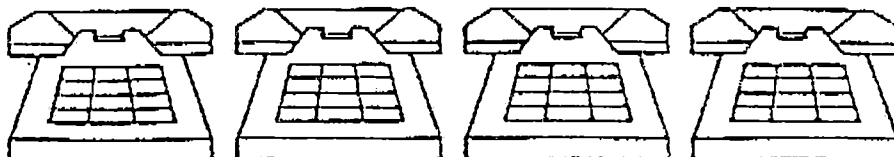
UNCLASSIFIED

U.S. Department of State

EAP
FAXDate: 12/10/91TO: Carol Aarhus - White House Speech WritersFAX Phone Number: 456-6218Addressee's Phone: ?please provide!!!FROM: EAP/ANZ - Tom RobinsonFAX Phone Number: 202-647-7350; 647-4402Sender's Phone: 202-647-9690NUMBER of PAGES INCLUDING COVER SHEET 5

Remarks: Carol - These remarks to business community in Melbourne. Your domestic policy guru's probably have good points to add where I have the ~~X~~. Embassy Canberra believes these remarks should focus on Admin. policy to support business, at home and abroad. Tom

UNCLASSIFIED ONLY



12/10 still in clearance process.

UNCLASSIFIED

MEETING WITH U.S. BUSINESSMEN IN MELBOURNE

SCENESETTER

PURPOSE

Your January 3 meeting with selected U.S. business executives in Melbourne is an opportunity to stress the following themes:

- You strongly support U.S. international business efforts, and appreciate its contribution to the U.S. economy.
- U.S. policies help the U.S. in international trade, and thus benefit the U.S. economy.
- The bilateral trade and investment relationship benefits both Australia and the U.S.

SETTING

The trade and investment relationship between the U.S. and Australia is extensive, with more than \$14 billion in U.S. direct investment in Australia and \$8 billion in U.S. exports last year. The bilateral trade balance is two to one in our favor. Many major U.S. firms operate in Australia, employing thousands of workers and generating billions of dollars in output and exports. These firms also benefit the U.S. by using U.S.-source parts, equipment and technology, using Australia as an export base for the region, and repatriating profits to the U.S.

Pool media coverage of this event is anticipated, offering you a chance to tell not only the business participants, but a larger audience about the Administration's domestic and international economic policies aimed at strengthening U.S. competitiveness, exports, and employment.

The participants will be approximately 40 senior executives of U.S. firms in Australia (U.S. and Australian nationals). They may express concern about the negative impact the EEP on the Australian economy. The meeting will take place in the World Congress Center in Melbourne, the site of your later luncheon speech on broader regional themes to a much larger and broader audience.

UNCLASSIFIED

UNCLASSIFIEDPOINTS TO BE MADE AT MEETING WITH BUSINESS EXECUTIVES

- I'm glad to have a few minutes to meet with you today. As you know, before entering politics I was active in business.
 - o I have a special appreciation for the important role you play and the kinds of problems you face.
 - The U.S. is more and more affected by world economic developments.
 - o We in Washington, both in Congress and the Executive Branch, need to be aware of how our actions affect U.S. business interests in the increasingly competitive global market place.
 - American investment in marketing and production here makes an important contribution to the Australian economy.
 - o These business relationships are a key factor in the strong partnership between the U.S. and Australia.
 - o Your efforts are also important for the U.S. economy in terms of exports, employment, and balance of payments earnings.
 - I am pleased particularly to see representatives of many of our leading-edge high tech firms here today.
 - o You are contributing to growth and competitiveness in both the U.S. and Australian
 - My administration is committed to maintaining a strong, dynamic, competitive American economy.
 - In the last three years we have taken a number of important initiatives in the U.S.:
 - o We have focussed attention on the need for excellence in education, since an educated workforce is the key to a productive society.
- 

UNCLASSIFIED

- 2 -

- o The competitiveness council led by Vice President Quayle has focussed on (WH to insert details.)
- o We have harnessed the Energy Department's famous research and engineering laboratories to advance technological education where it begins, in the nations primary and secondary classrooms.
- o Other initiatives - deregulation, investment and R&D tax credits for business? (WH to insert domestic business initiatives.)

(inputs from clearers welcome)

 -- Equally important as these specific initiatives, we have sought to establish an overall economic climate conducive to economic success

- o Inflation, the enemy of export competitiveness, has been kept firmly under control and is forecast at only () percent in 1992.
- o Our balance of payments, long a problem area, is moving strongly in the right direction
- o We have sought to reduce the capital gains tax in order to encourage savings and investment, and I will bring this proposal to Congress again this year
- o We have pressed doggedly ahead in the Uruguay Round to open world markets for American goods and services, to better protect U.S. patents and trademarks, and to establish a fairer system of world agricultural trade, especially the elimination of export subsidies.

-- We in government serve best when we focus on creating a sound economic environment with clear rules fairly enforced.

- o You in the business community have the challenge to develop and deploy technology, manage an educated workforce, produce and sell quality products at competitive prices.

-- We have a few minutes available, and I would welcome taking your questions, or hearing your views on how my administration can help your firms meet these challenges.

UNCLASSIFIED

Drafted: EAP/ANZ:Embassy Canberra/TRobinson
12/9/91 SEANZ 1870 x79690

Cleared: EAP/FO:JBecker, Acting
EAP/FO:RMoore, Acting
EAP/ANZ:SStanfield
P:MMcMillion
E:WWhyman/SAlexander
C:RWilson
T:RSherman
EB:PBlakeburn/SWickman
D:JWarlick
USTR:LAnderson
USDOC:SAltfeld
TREA:SRzemien

ASIA AND PACIFIC

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President

Washington, D.C. 20506

Date: 12/10/91No. Of Pages: 12

(Excluding cover page)

TO:	NAME:	Co./AGENCY:	PHONE #:	FAX #:
	<u>Carol Aarhus</u>	<u>White House</u>	<u>x7750</u>	<u>x 6218</u>
	_____	_____	_____	_____
	_____	_____	_____	_____

FROM:	☐ Sandra Kristoff, AUSTR	(202) 395-3430
	☐ Nancy Adams, DAUSTR	(202) 395-4755
	☒ Laura Kneale Anderson, South Asia and Pacific	(202) 395-6813
	☐ Peter Collins, South East Asia and India	(202) 395-6813
	☐ Terence Mulligan, Special Assistant, Asia and Pacific	(202) 395-6813
	☐ Tommie Johnson	(202) 395-3430
	☐ Diane Parker	(202) 395-6813

FAX #: (202) 395-3512

CONTACT: If There are any problems please call: (202) 395-3430, 4755, 6813

SUBJECT: Info on Australia

AUSTRALIA

ECONOMIC BACKGROUND

Although, in area, Australia is the size of the contiguous United States, its markets and production capability are limited by a small domestic population of 17 million people. While Australia's agricultural and minerals sectors are export-oriented, its manufacturing and services sectors are focused on the domestic market.

Because of its small domestic market, Australia has long protected its manufacturing sector through tariffs and other measures. Since 1983, however, the Labor Government under Prime Minister Bob Hawke has adopted policies to foster greater openness and competitiveness in the economy. These policies have resulted in the elimination of import quotas in all but three sectors (textiles, clothing and footwear) and reductions in domestic subsidies and tariffs.

The Australian economy is currently in a recession. In the fiscal year ending in June 1991, real GDP declined by 2.4 percent. Manufacturing output is stagnant, while unemployment has been rapidly increasing. In June 1991, the unemployment rate stood at 9.4 percent.

Currently, around 67 percent of Australia's exports are agricultural and mineral products. Because of the high volatility of international commodity prices, Australia's terms of trade vary greatly. In the past two years, its terms of trade have declined significantly as the weakening global economic situation has resulted in marked declines in non-fuel prices.

In the fiscal year ending June 1991, Australia experienced a small global trade surplus of \$2.0 billion. This represented a significant improvement over the 1989/90 fiscal year, when Australia recorded a trade deficit of \$2.5 billion.

Australia's total exports in the 1990/91 fiscal year were \$40.3 billion, an increase of 8.3 percent over 1989/90. Japan is Australia's leading export market, followed by the United States. Australia's top four exports, in order of importance, are coal, wool, gold and wheat.

Australia's total imports in the 1990/91 fiscal year were \$38.3 billion, a decline of 3.5 percent from 1989/90. The United States, Japan and the EC each provide around 22 percent of Australia's total imports. Australia's major imports are motor vehicles, data processing equipment, aircraft, petroleum products and capital equipment.

- 2 -

In 1990 the U.S. trade surplus with Australia was \$4.1 billion, \$347 million lower than in 1989. U.S. exports to Australia were \$8.5 billion in 1990, representing a 2.2 percent increase over 1989. Australia was the United States' eleventh largest export market in 1990. U.S. imports from Australia totaled \$4.4 billion in 1990, a 13.7 percent increase over 1989.

MAJOR TRADE ISSUES

Broadcasting restrictions

Television programming: On January 1, 1990, the Australian Broadcasting Tribunal (ABT) implemented new standards for Australian television programming which effectively establish local content requirements. These standards require that a certain portion of total television programming between 6:00 a.m. and midnight be of Australian origin. The programming quota is set at 40 percent for 1991, and is scheduled to rise to 50 percent by 1993. The U.S. film industry is concerned that its Australian sales will be adversely affected when the programming quota reaches 50 percent.

Television commercials: Under program standards that took effect in 1986, the ABT requires that all television advertisements have a minimum of 80 percent Australian content. In addition, the ABT prohibits broadcasting of foreign-produced animated commercials. The ABT's restrictions have had demonstrable commercial effects on U.S. interests.

The ABT will revise these regulations effective January 1, 1992, to require that 80 percent of all commercials be of Australian origin. In other words, the new regulations will establish a 20 percent quota for foreign-produced commercials. This quota will also apply to foreign-produced animated commercials.

As a result of these restrictions, we placed Australia on the Special 301 priority watch list in April 1991. We are currently pressing Australia to include commitments to liberalize these restrictions in its services offer in the Uruguay Round.

Copyright issues

Exclusive rental rights for sound recordings: The current Australian copyright law fails to provide any rights to record producers or composers to control the commercial rental of sound recordings. In July 1990, the Australian record industry proposed that the law be amended to provide such a right. In July of this year, Australian Attorney-General Michael Duffy announced that he was rejecting this proposal.

- 3 -

The U.S. recording industry reports that video shops in Australia have begun to expand their rental business to include compact discs, and that CD-only rental shops are also emerging. The industry is concerned that the Attorney-General's announcement will lead to a dramatic increase in the number of such rental shops, threatening \$150-200 million in annual U.S. sales of sound recordings in Australia. We are seeking a provision to protect rental rights in the Uruguay Round TRIPS negotiations.

Parallel imports: The Australian Parliament is considering a bill to amend Australia's Copyright Act to permit parallel imports of foreign books. The U.S. publishing industry is seeking an exemption from this bill for textbooks. Most U.S. books are distributed in Australia through British publishing houses. College textbooks, on the other hand, are generally shipped directly from U.S. publishers in response to requests from instructors who have committed to use them in their courses. U.S. publishers are concerned that allowing parallel imports of textbooks into Australia will open the market to low-quality editions of textbooks that they sell at concessionary prices to developing countries. The industry estimates current U.S. exports of textbooks to Australia at around \$20 million annually.

Procurement

Australia is not a signatory to the Government Procurement Code. We included Australia in our Title VII report to Congress last year, citing Australian offset requirements on certain civilian procurements in the form of local content or joint venture commitments. Partially as a result of Australia's inclusion in the Title VII report, Australia held consultations with us in the fall of 1990 as part of an information-gathering exercise on the possible benefits of Code membership.

This past spring, Australia took some steps to trim back offset requirements at the federal level. Nevertheless, Australian officials have indicated that they intend to postpone a decision on whether to join the Code pending the outcome of the current Code negotiations, as they believe that membership in the current Code would offer few benefits to Australian firms.

- 4 -

U.S. agricultural policies

The U.S. EEP program remains a politically contentious issue in Australia. In an effort to defuse domestic tensions over EEP, an Australian delegation met with a team from USDA in August in order to present Australia's perspective on the current world market situation for wheat and seek greater sensitivity to Australia's trade interests. Australian officials have expressed interest in holding followup talks in Canberra in early 1992.

Australian officials have been somewhat sensitive to our arguments that the EC holds the primary responsibility for the current agricultural subsidy war, and have made public statements condemning EC export subsidies. In addition, an Australian delegation met with EC agricultural officials early this fall to highlight the effects on Australian exports of subsidized EC wheat sales. Nevertheless, the EEP program remains a volatile political issue in Australia.

1991 National Trade Estimate Report on

FOREIGN TRADE BARRIERS

Office of the United States Trade Representative



AUSTRALIA

In 1990 the U.S. trade surplus with Australia was \$4.1 billion, \$347 million lower than in 1989. U.S. merchandise exports to Australia were \$8.5 billion, rising \$188 million or 2.2 percent compared to 1989. Australia was the United States' 11th largest export market in 1990. U.S. imports from Australia totaled \$4.4 billion in 1990 or 13.7 percent higher than in 1989.

The stock of U.S. foreign direct investment in Australia was \$14.5 billion in 1989, \$1.2 billion higher than in 1988. U.S. direct investment in Australia is largely concentrated in petroleum and manufacturing industries, and in particular chemicals.

1. IMPORT POLICIES

Tariffs

On a trade-weighted basis, Australian duties on manufactured goods average slightly less than 8 percent. This is higher than the average tariff levels for other industrialized countries (e.g., less than five percent for the United States and the European Community).

Australia's tariff profile is characterized by significant "peaks" protecting sensitive domestic industries. In addition, only a relatively small percentage of Australia's tariff rates are GATT-bound--approximately 25 percent compared to 99 percent for the United States.

Product sectors of particular U.S. export interest which high tariff rates protect include: apparel (up to 55 percent), carpets and other textiles (up to 35 percent), torque wrenches (21 percent), vinyl-coated fiberglass (15 percent), aluminum screening (18 percent), and printed commercial material including decals, telephone directories, calendars, and postcards (15 percent).

Other products subject to higher tariffs are wood and upholstered furniture (24 percent), plywood (19 percent), paper products (5 to 10 percent), forged aluminum vehicle wheels (23 percent), leather goods (15 percent), stencil marking ink (15 percent), pacemakers (15 percent), aluminum mill products (up to 13 percent), wine (11 to 13 percent), almonds (10 percent), and chocolate (17 percent).

Australia uses tariff quotas to protect domestic textile, apparel, and footwear manufacturers.

On May 25, 1988 Australia announced a comprehensive program of economic reforms. The program includes reductions in assistance for agricultural and manufacturing industries. The chief changes are abolition of tariff quotas and accelerated tariff rate reductions. Undertaken unilaterally, these changes indicate:

Australia

- Tariffs greater than 15 percent on July 1, 1988 will be reduced in five stages to 15 percent by July 1, 1992; and
- Tariffs greater than 10 percent, but at or below 15 percent, will be phased down to 10 percent by July 1, 1992.

Tariff levels for automobiles, textiles, apparel, and footwear will remain above the 15 percent general maximum tariff level. The tariff rate on automobiles, which is currently 37.5 percent, will be reduced to 35 percent on January 1, 1992. The Australian government is currently reviewing assistance arrangements for automobiles after 1992. Similarly, tariffs on light commercial and four-wheel drive vehicles were reduced from 35 percent and 25 percent respectively to an 18 percent rate. They will be phased down to 15 percent by 1992.

Under the Manufacturers' Content Program for Automobiles, automobile manufacturers are assessed a 37.5 percent duty on imported components exceeding 15 percent of automobile content by value. Automobile exporters may, however, earn up to 15 percent local-content credit, plus an additional five percent (valued at 50 cents on the dollar) for exports of automobiles.

Tariff rates applying to the base quota for apparel and footwear are also being reduced. The tariffs on these products will be reduced five percentage points in cases where they were higher than 35 percent on March 1, 1989.

Australia estimates these tariff reductions are equivalent to a 30 percent cut in average protection levels for manufacturing industries.

These Australian measures will improve access for U.S. exports. Nevertheless, Australia's average tariff level will remain above comparable levels for other industrialized countries and continue to be largely unbound. The average tariff level (including agriculture) is projected to fall to a trade weighted average of approximately 5.5 percent by 1992. However, high tariffs in some product areas will continue to impede the export growth of some U.S.-made items.

The United States intends to pursue further reductions in tariff levels and a substantial increase in the number of tariff bindings within the context of the Uruguay Round negotiations on market access.

Customs Valuation

On July 1, 1989 Australia amended its Customs and Excise Legislation Law (CELA). The United States believes that the CELA is inconsistent with the GATT Agreement on Customs Valuation in its treatment of royalties and buying commissions. The treatment of royalties and buying commissions under the CELA could lead to certain impermissible additions being made to the dutiable value of merchandise.

Australia

The CELA also amends the treatment of the dutiability of inland freight charges by increasing the amount of inland freight charges that can be included in the dutiable value. While not inconsistent with the GATT Agreement on Customs Valuation, the amended Australian law may impair or nullify tariff concessions on products that are exported on an ex-factory basis. In accordance with its offer to consider requests to review valuation arrangements that significantly raise protective levels, Australia agreed on October 11, 1989 to lower the duty on soda ash to offset the increase in the dutiable value.

The value of U.S. trade loss due to this practice is unknown.

2. STANDARDS, TESTING, LABELING, AND CERTIFICATION

A nonsignatory to the GATT Standards Code, Australia maintains restrictive standards requirements and design rules for automobile parts, electronic equipment, medical equipment, and machinery parts and equipment. Imported products must also comply with individual state packaging regulations. Livestock imports, with the exception of horses, are limited under quarantine regulations to breeding animals and reproductive material. Restrictive plant health regulations prohibit or limit the entry of many fruits, including U.S. grapes, apples, pears, cherries, and avocados.

The United States will continue to encourage Australia to accede to the GATT Standards Code as an initial step toward alleviating these problems.

3. GOVERNMENT PROCUREMENT

Australia has not signed the GATT Government Procurement Code. However, Australia is reviewing its position and has conducted international discussions on this issue. Australia held procurement talks with the United States in October 1990.

Australia requires producers of equipment sold to Telecom Australia to meet local content, production, and export requirements under temporary industry development arrangements (IDA) and/or offset requirements. The IDA expires June 30, 1993.

Offsets

Australia implemented an offsets policy which imposes a 30 percent offset requirement on the cumulated imported value of products for most government contracts awarded any one firm exceeding A\$2.5 million in any one year, whenever the imported content of the purchased products exceeds 30 percent.

This policy has been devised to gain Australian access to export markets and encourage development of export-oriented, internationally competitive industries that provide technology transfer, training, research and product development, and overseas marketing assistance. Exceptions to this requirement are granted in return for a seven-year government-approved

Australia

arrangement, in which the foreign exporter agrees to work with, or invest in, research and development or an export-oriented industry with an Australian firm.

Sectors affected by the offsets policy include defense equipment, civil information technology, communications, motor vehicles, heavy industrial equipment, medical and scientific equipment and, indirectly, pharmaceuticals. The offsets policy also applies to most statutory civil authorities including Telecom Australia, Overseas Telecommunications Commission, Australian and Ansett airlines, Qantas, and Aussat. It is expected that privatization in the telecommunications and aviation sectors will lead to changes in this policy for those sectors.

State Preferences

Most Australian states maintain 20 percent preferences for their procurements, which place foreign suppliers at a competitive disadvantage. Victoria abolished its preference margin on November 1, 1990.

The United States will seek liberalization of Australia's offset procurement policies within the context of Uruguay Round negotiations. As a step in this direction, the United States will continue to urge Australia to join and adhere to the GATT Government Procurement Code.

4. EXPORT SUBSIDIES

Export Incentives

Australia maintains several programs intended to enhance Australian exports. These include:

Export Market Development Grants Scheme (EMDG): This program aims to encourage Australian exporters to seek out and develop overseas markets for goods, services, industrial property rights, and technology substantially of Australian origin. Grants are available as reimbursements to Australian residents who have incurred eligible expenditures while developing overseas markets for Australian products or services. Grants are determined on a maximum basis of 50 percent of eligible expenditures exceeding A\$15,000 up to a maximum reimbursement of A\$250,000 in any one grant year. Claimants with export earnings exceeding A\$25 million, or who have received eight previous grants, are not eligible. Grants received are taxable as income.

International Trade Enhancement Scheme (ITES): Support available under the ITES program is primarily directed toward the market establishment or sales expansion of specified goods and services in specified markets. Under the scheme participants may receive financial support up to a total of A\$750,000.

Support may be in the form of concessional loans or the direct provision of the Australian Trade Commission (AUSTRADE) services relating to product development, export management, establishing an overseas market presence, market research, and other AUSTRADE-approved

Australia

activities. A total of A\$55 million has been committed to this program, which has been extended until mid-1994.

Australia has signed the GATT Subsidies Code and joined with the United States in GATT negotiations to limit export subsidy use.

5. INVESTMENT BARRIERS

Limits on Foreign Investment

All new foreign direct investments in the media, civil aviation, and urban real estate sectors are subject to Foreign Investment Review Board (FIRB) approval. In other sectors, new foreign direct investment worth more than A\$10 million is also subject to FIRB review, but is generally approved automatically unless judged contrary to the national interest.

Legislation passed in December 1990 reduced the aggregate foreign ownership that may be held in commercial radio and television stations from 49 percent to 20 percent in indirect interests. The restriction on direct interests remains at 20 percent. The legislation also stipulates that no more than 20 percent of the directors of a broadcasting licensee company may be foreign nationals. Direct and indirect ownership by individual foreign providers of broadcasting services may not exceed 15 percent under the new law.

In September 1990 the Australian Parliament authorized the Australian government to partially privatize its telecommunications and aviation sectors. Australian Satellite (Aussat), the government-owned telecommunications interest, will be sold to a foreign competitor, which will be allowed to compete with the government-owned Telecom/Overseas Telecommunications Commission in Australia's telecommunications sector. In the aviation sector, the sale of up to 100 percent of Australian Airlines and 49 percent of Qantas will be permitted.

In the mining sector, foreign direct investment exceeding A\$10 million must normally contain at least 50 percent Australian equity. Exceptions can be made if Australian capital is not available. New investment in uranium projects, whether by foreign or domestic interests, is prohibited.

In January 1988 new oil and gas development projects were exempted from the 50 percent equity and control guidelines. Projects worth more than \$A10 million are now approved unless judged contrary to the national interest.

Under Australia's Foreign Takeovers Act, acquisition of 15 percent or more of an Australian corporation requires FIRB approval. The FIRB reviews proposals to determine whether they accord with the national interest. However, in practice the government does not intervene if total business assets of the corporation involved are less than A\$5 million.

Australia

Local Content Requirements

Australia recently replaced its 85 percent local content requirement for passenger vehicles produced in Australia with a protective tariff system and tariff reductions on inputs conditioned on local content. However, Australia continues to maintain local content incentives for cigarette leaf produced in Australia. To qualify for a relatively low duty on imported tobacco, cigarette manufacturers have agreed to use at least 57 percent domestic leaf. This local content requirement is scheduled to be eliminated in 1995.

The United States will pursue liberalization of this requirement within the Uruguay Round negotiations on market access and trade-related investment measures.

6. SERVICES BARRIERS

Local Content Requirements for Broadcasting

Except for New Zealand productions, not more than 20 percent of an advertisement shown on Australian television can be produced by non-Australians. Advertising shot entirely outside Australia or New Zealand can be shown only if an Australian "ghost crew" is hired and kept, usually overseas, to meet Australian content requirements. Foreign-produced animated advertising is totally banned.

The Australian Broadcasting Tribunal (ABT), the independent statutory authority which determines television standards, has recently proposed replacing these restrictions with a requirement that 80 percent of all advertisements shown by each commercial television station be of Australian origin.

In January 1990 a regulation was adopted which phases in local content in prime time television broadcasting. By 1993, 50 percent of such broadcasts must be Australian as determined by a complicated point system which takes into account production control as well as program content.

Segments of the U.S. industry claim the ABT's local content requirements cost U.S. advertising firms an estimated \$72 million a year based on 15 percent of the total market. The U.S. motion picture industry believes that the eventual 50 percent local content requirement for programming will severely restrict their access to the Australian market.

The United States will pursue elimination of these restrictions in the Uruguay Round services negotiations. We have also held several rounds of bilateral consultations with Australia on this issue.

Australia

7. OTHER BARRIERS

Bounties

Bounties (production assistance) let domestic manufacturers maintain or increase their market share through price discounting. The use of bounties limits foreign competition at competitive market prices.

Bounties are now in place on the following products (scheduled expiration dates are indicated in parentheses): metal working machine tools and robots (June 30, 1991); coated photographic film (December 31, 1992); bed sheeting (February 28, 1993); books (December 31, 1993); shipbuilding, printed fabrics and textile yarns (June 30, 1995); and computers (December 31, 1995).

Bounty assistance increased from A\$224 million in 1988-89 to A\$291 million in 1989-90.

Discriminatory Sales Taxes

A discriminatory sales tax protects Australia's fruit juice industry from import competition. Noncarbonated drinks containing less than 25 percent Australian fruit juice are subject to a 20 percent sales tax. There is a 10 percent tax for such drinks with 25 percent or more local content. The discriminatory tax treatment of foreign and domestic juices is scheduled to expire on July 1, 1991.

U.S. industry claims Australia's discriminatory tax costs U.S. firms a significant amount of lost sales each year.

Curt Felt - Carol

AUSTRALIA NOTES

From Australia in Brief:

Trade: Australia ranks about 20th in the world in international trade.

Flag: The flag of Australia is the only one to fly over a whole continent. The Union Jack in the upper left corner represents the historical link with Britain; the large seven-point star represents the six states and the territories, and the small stars form the Southern Cross -- a prominent feature of the southern hemisphere night sky.

Colors: Green and gold; adopted in 1984.

Coat of Arms: Australia's coat of arms -- the official emblem of the Australian Government -- was granted by King George V in 1912. The arms consist of a shield containing the badges of the six states. The supporters are native Australian fauna -- a kangaroo and an emu. A yellow-flowered native plant, wattle, also appears on the design.

(NSEW points) From Wyndham to Whyalla, from Bunbury to Bundaberg...

Encyclopedia notes:

-- Much attention and support (public and private) have been given to the expression of distinctively Australian qualities in all art forms.

-- Quote these literary figures: Henry Kendall, Henry Kingsley, Marcus Clarke, Fergus Hume, Rolf Boldrewood (aka Thomas Alexander Browne), Adam Lindsay Gordon, Andrew Barton "Banjo" Paterson, Henry Lawson (the best to quote)

-- Poetry quotables: Robert David Fitzgerald, Kenneth Slessor, Judith Wright

Movies: Mad Max

Stars: Mel Gibson, Paul Hogan

Music: the Bee Gees, INXS, Olivia Newton-John, Helen Reddy

From Bartlett's

Sir Thomas Browne: "When we desire to confine our words, we commonly say they are spoken under the rose."

Adam Lindsey Gordon: "Question not, but live and labour till yon goal be won, Helping every feeble neighbor, seeking help from none; Life is mostly froth and bubble, Two things stand like stone -- Kindness in another's trouble, courage in your own."

From USIS:

Us-Australia Historical References...

-- In May, 1836, President Jackson appointed J.H. Williams as the first American Consul in Australia. Mr. Williams arrived from Boston on January 10, 1837. The Colonist, a newspaper of the day, said...

"We welcome his arrival with unfeigned goodwill, regarding it as a pledge of increasing intimacy between the two countries, from which mutual advantages may be expected to flow."

-- Upon entering Sydney Harbor via ship, Mark Twain was asked by a local citizen what he thought of it. "I said it was beautiful - superbly beautiful. Then by a natural impulse I gave God the praise."

-- Sydney: Mark Twain said, "A person ought to see Sydney in the summertime if he wanted to know what warm weather is; and he ought to go north ten or fifteen hundred miles if he wanted to know what hot weather is. they said that away up there toward the equator the hens laid fried eggs."

-- Aussie/US military history: In September 1918, Australian and American troops fought alongside each other in the main attack on the Hindenburg Line which ended WWI, a battle experience to be shared again in WWII, Korea, and Vietnam.

-- In 1969, Australia's radio telescope at Parkes was used in conjunction with another 210 foot antenna in the US to carry the historic television pictures of the first manned landing on the moon. The picture everybody remembers -- Neil Armstrong's leg searching for the surface of the moon -- was first seen in the briefing room of the Honeysuckle Creek tracking station near Canberra. As a compliment to Australia, NASA in 1971 named Apollo 15 "Endeavour" after Captain Cook's "Endeavour".

Sports: Greg Norman-golf, Rod Laver-tennis, Dawn Fraser-swimmer, John Landy-running.

Author: Colleen McCullough "The Thorn Birds"

Other notable Aussies:

Rupert Murdoch--media guru

Jim Wolfensohn--chairman at Kennedy center

Patrick Oliphant--cartoonist at WPost

State's Office of the Historian

Highlights in relations between the US and Australia

May 1, 1982, Bush as VP visited Australia to commemorate the 30th anniversary of the ANZUS Treaty

June 24-27: PM Hawke made his 5th visit to W,DC to meet w/ GB.

Australia Overview

Bilateral relations are excellent, but Australian concerns over US trade policies have caused problems. We are working closely in the GATT Uruguay Round to resolve trade issues. On issues of major importance to the US, we can count on Australian support.

The US and Australia are important trading partners, with 2-way trade exceeding \$12 billion in 1990. From that trade, the US enjoyed a surplus of about \$4.1 billion. US investment in Australia totals over \$30 billion. Australia's investment in the US is about \$15 billion. The US is Australia's second largest investor and second largest export market.

Australia was quick to condemn the Iraqi invasion of Kuwait, to endorse economic sanctions, and to send naval forces (3 ships) to participate in the multinational force in the Gulf. Australia also sent 4 military medical teams and a specialized team of divers.

Concerned that European economic integration and the US-Canada Free Trade Agreement could lead to diminution of Australian markets overseas, Hawke took the lead in organizing the first APEC (Asian-Pacific Economic Cooperation) ministerial conference in November 1989. APEC's goal is to promote economic cooperation among Pacific Rim market economies, including the US.

Australia National Anthem

Australians all let us rejoice, for we are young and free;
We've golden soil and wealth for toil, our home is girt by the sea.
Our land abounds in Nature's gifts, of beauty rich and rare;
In hist'ry's page, let ev'ry stage advance Australia fair.
In joyful strains then let us sing, "Advance Australia Fair."

Beneath our radiant Southern Cross we'll toil with hearts and
hands;
To make this Commonwealth of ours renowned of all the lands;
For those who've come across the seas we've boundless plains to
share;
With courage let us all combine to advance Australia fair.
In joyful strains then let us sing, "Advance Australia Fair".

From Cities of the World (3rd Edition)

Geologically, Australia is one of the oldest continents; in
civilization, the most recent.

Its 16 million (1986 estimate) people enjoy a high standard of
living which is still in the process of developing its great
natural resources.

Canberra

Canberra: an aboriginal word meaning "meeting place". Often called
the "garden city" because of the millions of trees and shrubs which
enhance the parks and thoroughfares of the entire area.

Increasingly, Canberra is becoming the nation's political,
administrative, commercial, educational, and scientific hub.

Lake Burley Griffin (named after the architect of the city, Walter
Burley Griffin) is supplied annually with rainbow trout and brown
trout, which may be taken only with line and rod.

Canberra was chosen as the capital when the rival claims of Sydney
and Melbourne could not be satisfied after the unification of
Australia in 1901.

Sydney

Sydney is the capital of the State of New South Wales. It is
Australia's largest city and it is situated on the magnificent
harbor of Port Jackson. It was the first European settlement in
Australia, founded in 1788 as a penal colony.

Sydney was named for Thomas Townsend, the first Viscount Sydney,
secretary of the Home Department, who was responsible for colonial
affairs when New South Wales was established.

Sydney is in many ways like San Francisco. It has an international seaport with a scenic harbor, home of a world-famous opera house, old homes perched alongside modern apartment buildings on hills overlooking picturesque bays and coves. In other ways, the city resembles LA, with its pleasant climate and informal outdoor life.

Sydney grew rapidly with the arrival of free settlers; the establishment of wool raising and wheat growing in New South Wales; gold rushes; building of road and rail networks focusing on the harbor; and the growth of commerce, industry and banking. The development was largely unplanned, and the winding narrow streets and jumbled buildings which add to Sydney's charm also aggravate traffic problems.

Bushwalking (hiking) is very popular -- joke potential.

Melbourne

Melbourne was the capital of Australia until 1927, and several Commonwealth government departments and offices are still located here. It is a major port city and rail hub, as well as a principal center of industry, business, and finance. Major traffic problems here.

Australia's program of immigration has brought to Melbourne many "new Australians" from western and southern European countries. This has been especially noticeable since WWII. These people have injected a continental influence that is reflected in delicatessens, restaurants, and shops, and in sports, music, and cultural programs, as well as the frequency with which foreign languages are heard.

Australia's Commerce and Industry

Australia's economy is based on a combination of free enterprise and state-owned or-licensed monopolies (with considerable federal government authority) in banking, credit, and agriculture. Railroads and utilities are owned by state and federal governments. Telecommunications are a responsibility of the latter. Wages are determined by state and federal boards and, to some degree, by collective bargaining. Most major agricultural products are subject to marketing controls or stabilization arrangements.

Australia's economy was traditionally based on agricultural and mineral production, mainly for export. In recent decades, the economic structure has changed. The manufacturing sector's share of GDP rose after WWII, under the impetus of import restriction policies. More recently, finance, business services, and community services have accounted for an increasing share of the GDP, while the manufacturing share declined.

Important shifts in overseas trade patterns have occurred since WWII. The UK is now much less important in Australia as a trading partner than it once was. Asian countries and the European Communities have recently become prominent markets for Australian products. Japan is the nation's best export market, especially for wool. Japan also ranks first as a source of Australian imports.

Australia imports a wide range of goods from the US -- machines and machinery, transport equipment, scientific and professional instruments, and other business equipment. Exports to the US are mainly beef and veal, chemicals, ores and minerals, sugar, and seafood.

American Chamber of Commerce in Australia is located at 50 Pitt Street, Sydney, New South Wales 2000.

Australian Tourist Commission; 489 Fifth Avenue, NY, NY 10017
(212) 687-6300.

From ACT Tourism Commission/Australia's Natural Capital

Canberra can be described as a park with a city scattered through a park. No matter where you look, you see trees.

Seasons -- pink spring blossoms, sun-drenched summers, crisp orange autumns, and crystal blue winter skies.

"Get to know Canberra, go and visit it, spend a little time here to get to know your way around and you'll love it just as much as I do." -- Dame Pattie Menzies

Canberra, born in 1913, is the tailor-made national capital of Australia. Meticulously planned and carefully laid out, it is a world capital of undeniable beauty, merging with nature at every opportunity.

"The morning and evening lights at Canberra are wonderful. The shadows of the clouds and the mists as they cross the mountains are very beautiful indeed." -- Walter Burley Griffin, Canberra's designer

Nearly 70% of the ACT is national park or native bushland.

Population 300,000 "friendly souls".

From National Geographic, Feb 1988

Australia has always been a land of immigrants. Aborigines arrived from Southeast Asia at least 40,000 years ago. The British came in 1788, followed by Germans, Chinese, Italians, and Greeks.

By 1850, Australia had 400,000 people and 13 million sheep. Sheep still outnumber people, and Australia's wool exports were worth 2.7 billion US dollars in 1987.

The term "mate" arose on the goldfields, and, in the era of the bushman portrayed in the film "Crocodile Dundee", it remains the trademark term of address of the ordinary Australian.

In WWI, more Australians than Americans died in battle -- though America was 20 times more populous.

Pearl Harbor awoke Australians to the existence of Asia. The Japanese attack also pushed Australia closer to the US. With the Pacific world in shock, PM John Curtin told his nervous fellow Australians, "Without any inhibitions of any kind, I make it quite clear that Australia looks to America free of any pangs as to our traditional links or kinship with the United Kingdom." It was almost like a divorce and remarriage.

There are ten times as many jumbuck as people

How to speak Strine:

bonzer: great, terrific
bush: country away from the city
chook: chicken
dingo: Australian wild dog
dinkum, fair dinkum: honest, genuine
jumbuck: sheep
make a good fist: do a good job
ocker: basic, down-to-earth Aussie
outback: remote bush
Strine: what Aussies speak
tucker: food

Australia contains the oldest known fragments of the earth's crust, from the Jack Hills, at 4.3 billion years.

Literacy is virtually 100%

American influence is felt through the economy, popular culture, and technology, and is always in flux. "We are becoming Americanized only in the sense that we're becoming universalized," observed Tony Staley, a former cabinet minister. "It so happens that the US is at the forefront of many things; the whole world is going in that direction."

"What we want is not going to fall into our lap the way it did before. The obligation is to work together to get it."

-- PM Hawke

Photo caption: A "regular bloke" to voters who first elected him in 1983, PM Robert Hawke attributes his success to a strong Labor Party Platform and to his wife Hazel. A former Rhodes Scholar, and 1954 world beer-drinking champion, the now teetotaling Hawke has won enactment of a tax overhaul and opened the economy to foreign banks.

"There is a certain innocence about being an Australian," painter Sidney Nolan said years ago. Perhaps it stems from the youthfulness of the nation. Or perhaps it results from closeness to nature.

"Australia's lost its feeling that it could never do anything," said New South Wales environment minister, Bob Carr.

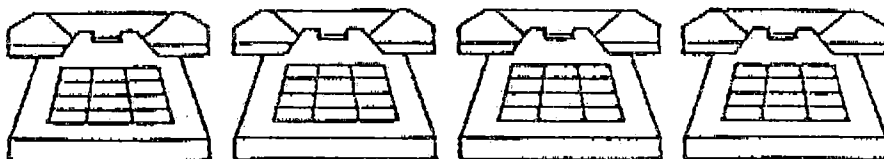
Despite skillful efforts at disciplined economic management by the Hawke government, economic crisis still shadows the face of Australia. Nothing can take away the unpleasant facts. The Australian dollar has lost 50% of its value against the Japanese yen in the past three years. Australia's foreign indebtedness is so huge that nearly a fifth of yearly export income goes to pay interest on it. Both the inflation rate (8.3%) and the unemployment rate (7.7%) are well above the average of Western industrialized nations. Savings are low, and business investment is even lower. In some realms the "lucky country", as Australia sometimes calls itself, seems out of luck. The farmers are in debt. Industry labors under the disadvantages of protectionism's lull, a small internal market, and high costs. Mining has not yet proved a panacea.

U.S. Department of State

EAP
FAXDate: 12/10/91TO: Carol Archus - White House Speech WritersFAX Phone Number: 456-6218Addressee's Phone: ? please provide!!!FROM: EAP/ANZ - Tom RobinsonFAX Phone Number: 202-647-7350; 647-4402Sender's Phone: 202-647-9690NUMBER of PAGES INCLUDING COVER SHEET 5

Remarks: Carol - These remarks to business community in Melbourne. Your domestic policy gurus probably have good points to add where I have the X. Embassy Canberra believes these remarks should focus on Admin. policy to support business, at home and abroad. Tom

UNCLASSIFIED ONLY



12/10 still in clearance process.

UNCLASSIFIED

MEETING WITH U.S. BUSINESSMEN IN MELBOURNE

SCENESETTER

PURPOSE

Your January 3 meeting with selected U.S. business executives in Melbourne is an opportunity to stress the following themes:

- You strongly support U.S. international business efforts, and appreciate its contribution to the U.S. economy.
- U.S. policies help the U.S. in international trade, and thus benefit the U.S. economy.
- The bilateral trade and investment relationship benefits both Australia and the U.S.

SETTING

The trade and investment relationship between the U.S. and Australia is extensive, with more than \$14 billion in U.S. direct investment in Australia and \$8 billion in U.S. exports last year. The bilateral trade balance is two to one in our favor. Many major U.S. firms operate in Australia, employing thousands of workers and generating billions of dollars in output and exports. These firms also benefit the U.S. by using U.S.-source parts, equipment and technology, using Australia as an export base for the region, and repatriating profits to the U.S.

Pool media coverage of this event is anticipated, offering you a chance to tell not only the business participants, but a larger audience about the Administration's domestic and international economic policies aimed at strengthening U.S. competitiveness, exports, and employment.

The participants will be approximately 40 senior executives of U.S. firms in Australia (U.S. and Australian nationals). They may express concern about the negative impact the EEP on the Australian economy. The meeting will take place in the World Congress Center in Melbourne, the site of your later luncheon speech on broader regional themes to a much larger and broader audience.

UNCLASSIFIED

UNCLASSIFIEDPOINTS TO BE MADE AT MEETING WITH BUSINESS EXECUTIVES

- I'm glad to have a few minutes to meet with you today. As you know, before entering politics I was active in business.
 - o I have a special appreciation for the important role you play and the kinds of problems you face.
 - The U.S. is more and more affected by world economic developments.
 - o We in Washington, both in Congress and the Executive Branch, need to be aware of how our actions affect U.S. business interests in the increasingly competitive global market place.
 - American investment in marketing and production here makes an important contribution to the Australian economy.
 - o These business relationships are a key factor in the strong partnership between the U.S. and Australia.
 - o Your efforts are also important for the U.S. economy in terms of exports, employment, and balance of payments earnings.
 - I am pleased particularly to see representatives of many of our leading-edge high tech firms here today.
 - o You are contributing to growth and competitiveness in both the U.S. and Australian
 - My administration is committed to maintaining a strong, dynamic, competitive American economy.
 - In the last three years we have taken a number of important initiatives in the U.S.:
 - o We have focussed attention on the need for excellence in education, since an educated workforce is the key to a productive society.
- 

UNCLASSIFIED

- 2 -

- o The competitiveness council led by Vice President Quayle has focussed on (WH to insert details.)
- o We have harnessed the Energy Department's famous research and engineering laboratories to advance technological education where it begins, in the nations primary and secondary classrooms.
- o Other initiatives - deregulation, investment and R&D tax credits for business? (WH to insert domestic business initiatives.)

(inputs from clearers welcome)

- 
- Equally important as these specific initiatives, we have sought to establish an overall economic climate conducive to economic success
 - o Inflation, the enemy of export competitiveness, has been kept firmly under control and is forecast at only () percent in 1992.
 - o Our balance of payments, long a problem area, is moving strongly in the right direction
 - o We have sought to reduce the capital gains tax in order to encourage savings and investment, and I will bring this proposal to Congress again this year
 - o We have pressed doggedly ahead in the Uruguay Round to open world markets for American goods and services, to better protect U.S. patents and trademarks, and to establish a fairer system of world agricultural trade, especially the elimination of export subsidies.
 - We in government serve best when we focus on creating a sound economic environment with clear rules fairly enforced.
 - o You in the business community have the challenge to develop and deploy technology, manage an educated workforce, produce and sell quality products at competitive prices.
 - We have a few minutes available, and I would welcome taking your questions, or hearing your views on how my administration can help your firms meet these challenges.

UNCLASSIFIED

Drafted: EAP/ANZ:Embassy Canberra/TRobinson
12/9/91 SEANZ 1870 x79690

Cleared: EAP/FO:JBecker, Acting
EAP/FO:RMoore, Acting
EAP/ANZ:SStanfield
P:MMcMillion
E:WWhyman/SAlexander
C:RWilson
T:RSherman
EB:PBlakeburn/SWickman
D:JWarlick
USTR:LAnderson
USDOC:SAltfeld
TREA:SRzemien