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THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

24 JUL 1976

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Your Meeting with Australian Prime Minister Fraser, 27 July 1976

Prime Minister Malcolm Fraser is a kindred spirit whose basic policies give us little to complain about. However, there are three defense-related items worth stressing during your talks with him.

Perceived Erosion of U.S. Will to Act. Mr. Fraser believes that the Vietnam War and the Watergate episode have so undermined America's self-confidence and sense of purpose that our determination to cope with the worldwide Soviet challenge is in doubt. He sees the Executive-Legislative conflict (the War Powers Act and Angola) as prima facie evidence supporting his viewpoint. He has expressed this view to foreign leaders. I urge you to:

- Assure him that our national will is intact, that we have come out of Watergate, and that he can count upon the U.S. to act responsibly and forcefully to protect its interests and alliances.
- Point out the progress being made in convincing Congress and the public of the need to increase our defense budget.
- Provide your assessment of the War Powers Act and the roles of the President and Congress in the national security field.

Worldwide Military Balance. Mr. Fraser is preoccupied with the state of the worldwide military balance. He sees the Soviet Union as an expansionist power willing to use force directly or through surrogates if possible. Furthermore, he believes that adverse trends in the U.S.-USSR military equation cast doubt on our capability to act vigorously to oppose the Soviet Union.

You should let Fraser know that:

- Soviet defense growth causes us real concern.
- The adverse trends in defense spending of the past five years have not yet put us in an inferior position because of:

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EXECUTIVE ORDER 11652. AUTOMATICALLY DOWNGRADED
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-- The continuation of the Sino-Soviet split which does absorb substantial Soviet military resources.

-- U.S. technological superiority (witness Viking) which the Soviets are striving to overcome.

- The adverse trends are changing, that our defense budget will show real growth of six to seven percent in FY 1977, and growth should continue in FY 1978.

- You as President are determined to do everything possible to keep the situation turned around.

Increased Defense Cooperation with the U.S. Mr. Fraser's decision to allow the resumption of nuclear powered warships (NPW) visits to Australian ports further improved our excellent defense relations. Mr. Fraser is also eager to assure us that Australia will do its part in supporting our global role in their region, particularly the Indian Ocean. The Australians are now internally exploring areas for increased defense cooperation. You should make these points:

- Australia plays an important role in regional security and in assisting us to maintain the global balance.

- We understand the domestic political difficulties associated with Fraser's NPW decision and we appreciate his forthright and courageous stand.

- We believe our defense relations are excellent. We are prepared to explore further ways to deepen our defense relations if the Fraser government so desires.

- One example may be to cooperate in a maritime surveillance effort in the Indian Ocean, perhaps through Singapore. You should tell Fraser:

-- We have approached the Government of Singapore in a low-key way to raise the idea of staging P-3 surveillance aircraft through Singapore.

-- Prime Minister Lee suggested that getting the Australians to endorse the U.S. requirement for these P-3 flights would be more palatable politically than a direct American request.



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-- We would like to know if the GOA would support our requirement for P-3 staging, or be willing to perform a portion of Indian Ocean reconnaissance through Singapore themselves, or both. .

- If so, we should formally instruct our people to explore these and other possibilities. You may want to discuss this further with the Secretary of State and the Secretary of Defense.

- We should approach any exploration of this matter quietly until we have a good picture of what is feasible and politically supportable in the area.

TAB A contains a background paper.

A handwritten signature in dark ink, appearing to read "D. M. R. Jell".

Attachment



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22 July 1976

INFORMATION PAPER

SUBJECT: Bilateral Defense Cooperation with Australia

At present our defense relations with Australia are excellent.

- Exchanges and Exercises. The services have active and adequate exchange programs, including meetings at the service chief level. The Australians would like to see expanded exchanges, but they too are fund limited. Regarding exercises, they are frequent. While U.S. funding limits and other priorities are limitations, and while the Australians would like a greater level of U.S. play, DoD judges the current tempo as appropriate. Kangaroo II, a combined ANZUS exercise in October including a U.S. carrier task group, will highlight this year's activity.

- U.S. Facilities in Australia. We have two U.S.-manned and two jointly manned defense facilities in Australia. These facilities are very important to us and cause no significant problems for the Australians.

- Foreign Military Sales (FMS) Program. Over the years Australia has ranked first among Pacific countries in FMS. All sales are in cash. Recent purchases include two guided missile frigates, eight P-3 aircraft, and twelve C-130 aircraft. A major new Australian FMS program may result when they select a fighter aircraft to replace their aging Mirages (a final decision may be made by the fall of 1977).

The Australians are interested in increasing defense cooperation between our two countries.

- Resumption of Nuclear Powered Warship (NPW) Visits. The Australians suspended NPW visits in 1971, ostensibly to study safety and liability considerations. Last month Mr. Fraser announced his decision to allow the resumption of NPW visits. He made this decision as a pro-American gesture to signal the world that Australia was committed to the maintenance of a power balance in the Indian Ocean. A nuclear submarine (USS Snook) will visit Cockburn Sound Naval Base on 14-18 August 1976. (Other allied navies have been invited to use the naval facility. Its remote location in Southwest Australia is a major drawback to U.S. use under current operating tempos.) The Australians are reviewing a request for a second NPW visit to a port on the east coast of Australia.



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- Maritime Surveillance Support. During the U.S.-Australian Defense Officials Consultations (10-12 May 1976), the Australians indicated an interest in increasing defense cooperation with us. A joint surveillance project in the Indian Ocean was singled out as the most promising possibility from a political viewpoint.

-- Although an Australian surveillance program would not be a total substitute for U.S. P-3 operations, due to their limited assets and the employment of less responsive equipment, their participation in parts of the Indian Ocean could contribute significantly to meeting U.S. intelligence requirements.

-- As a result of the Thailand drawdown, we are seeking alternate bases for our P-3s. Singapore is an excellent location and we have approached the government there. In responding, Prime Minister Lee introduced the idea that an Australian proposal to the GOS that endorsed the U.S. requirement for the use of Singapore airfields for P-3 flights would be far more palatable politically for him than a direct American request. This then becomes an ideal project that Australia could help us with--either by politically supporting the staging of U.S. P-3 aircraft through Singapore, or by initially stationing their own maritime air patrols from Singapore under the provisions of the Five Power Defense Agreement and then seeking permission for us to join them there.



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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

23 JUL 1976

INTERNATIONAL
SECURITY AFFAIRS

In reply refer to:
I-23319/76

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT: President's Meeting with Australian Prime Minister Fraser--
ACTION MEMORANDUM

I recommend that you sign the attached memorandum for the President suggesting an approach he might take in discussing key security issues with Prime Minister Fraser.

Eugene V. ...
Eugene V. ...
Assistant Secretary of Defense
International Security Affairs

Attachment

Coordination:
State - R.H. Miller, EA,
22 Jul 76

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