

UNCLASSIFIED

SEP-25-2001 17:49

P.01/03

RELEASED IN FULL



Facsimile Cover Sheet

To: Mr Jim Hergen
Organisation: EAP
Phone: 647 1177
Fax: 647 1191

From: Christopher Lim
First Secretary (Political)
Phone: 1 202 797 3230
Fax: 1 202 797 3027

Date: 25 September 2001

Pages including this
cover page: 3

Subject: Bougainville

Dear Jim

As discussed, following are the points I discussed with Terry Ureese today.

Regards

A handwritten signature in cursive script that reads 'Lim'.

Christopher

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: DONALD A. JOHNSTON
DATE/CASE ID: 29 JUL 2002 200201273

UNCLASSIFIED

23

BOUGAINVILLE: CLASS ACTION AGAINST RIO TINTO

A. THE SEARCH FOR A PEACEFUL SETTLEMENT TO THE BOUGAINVILLE DISPUTE HAS BEEN A LONG AND DIFFICULT TASK, OFTEN SUBJECT TO SETBACK. IT HAS HAD TO TAKE INTO ACCOUNT THE CULTURAL AND POLITICAL SENSITIVITIES OF BOUGAINVILLEANS TOWARDS NEGOTIATIONS WITH THE NATIONAL GOVERNMENT. AT THE SAME TIME IT HAS ALSO HAD TO ACKNOWLEDGE THE CONCERNS OF THE NATIONAL GOVERNMENT TOWARDS MAINTAINING NATIONAL UNITY, INCLUDING THROUGH ATTRACTING FOREIGN INVESTMENT WHICH UNDERPINS PAPUA NEW GUINEA'S ECONOMIC AND SOCIAL DEVELOPMENT.

B. PROGRESS OVER THE LAST EIGHT MONTHS HAS BEEN IMPRESSIVE. A FINAL SETTLEMENT IS NOW IN SIGHT. BOTH SIDES HAVE REACHED AGREEMENT ON ISSUES OF FUNDAMENTAL IMPORTANCE INCLUDING THE ACCEPTANCE OF A REFERENDUM IN TEN TO FIFTEEN YEARS ON THE POLITICAL FUTURE OF BOUGAINVILLE, INCLUDING THE CONCEPT OF INDEPENDENCE. OTHER AGREEMENTS HAVE FOLLOWED ON A WEAPONS DISPOSAL PROGRAM AND THE RESPONSIBILITIES OF AN AUTONOMOUS GOVERNMENT OF BOUGAINVILLE. THESE AGREEMENTS CULMINATED IN THE SIGNING OF A COMPREHENSIVE BOUGAINVILLE PEACE AGREEMENT ON 30 AUGUST 2001.

C. THE TASK AHEAD IS TO FOCUS ON THE RESTORATION AND RECONSTRUCTION OF BOUGAINVILLE SOCIETY AND ADMINISTRATION. AT THE SAME TIME THE LEGISLATION TO AMEND THE NATIONAL CONSTITUTION AND TRANSFER POWERS TO BOUGAINVILLE WILL HAVE TO PASS THE NATIONAL PARLIAMENT. THE CONSTITUTION OF THE AUTONOMOUS BOUGAINVILLE WILL NEED TO BE DRAFTED AND THE ELECTION OF THE FIRST AUTONOMOUS BOUGAINVILLE ASSEMBLY HELD. THESE MAJOR TASKS ARE EXPECTED TO BE COMPLETED BY THE END OF 2002.

D. AUSTRALIA HAS SUPPORTED AND ENCOURAGED THIS PROCESS. WE HAVE INVESTED HEAVILY IN EFFORTS TO REACH A SETTLEMENT. WE ARE CONCERNED TO ENSURE THAT THIS VITAL PROCESS MOVES FORWARD.

E. IN THIS ENVIRONMENT, THE CONTINUATION OF THE COURT CASE WOULD BE AN UNSETTLING AND UNSTABILISING EVENT IN CIRCUMSTANCES WHERE THE NEED FOR STABILITY AND CERTAINTY ON THE ISLAND IS PARAMOUNT.

F. IF THE PEACE PROCESS WERE TO BE DISRUPTED OR WERE TO BREAK DOWN AS A RESULT OF THE TENSIONS AND EXPECTATIONS CAUSED BY THIS COURT CASE THE WELFARE OF THE PEOPLE ON THE ISLAND WOULD SUFFER, ATTEMPTS AT PROMOTING RECONCILIATION WOULD BE JEOPARDISED AND THE PROSPECTS OF ACHIEVING A FINAL SETTLEMENT WOULD DIMINISH.

G. PAPUA NEW GUINEA IS CURRENTLY EXPERIENCING DIFFICULT ECONOMIC CONDITIONS AND THE IMMEDIATE OUTLOOK IS FAR FROM CERTAIN. PAPUA NEW GUINEA NEEDS OVERSEAS INVESTMENT, ESPECIALLY IN ITS RESOURCES SECTOR, AND THE CONFIDENCE OF THE INTERNATIONAL COMMUNITY AND ITS FINANCIAL SECTORS IF IT IS TO RESTORE GROWTH AND PROGRESS. THE BOUGAINVILLE CONFLICT HAS SEEN THE DEATH OF AN ESTIMATED 15,000 TO 20,000 PEOPLE. AT THE TIME THE MINE CLOSED IT WAS GENERATING 44 PER CENT OF THE COUNTRY'S EXPORT EARNINGS.

H. THE RESUMPTION OF VIOLENCE WOULD LIKEWISE BE A MAJOR SETBACK TO REGIONAL STABILITY IN AN AREA ALREADY SUFFERING THE IMPACT OF THE UPRISING ON THE SOLOMON ISLANDS AND THE AFTERMATH OF THE COUP IN FIJI.

I. THE SOUTH PACIFIC IS UNDERGOING CONSIDERABLE CHANGE AND ADJUSTMENT. STABILITY IS ESSENTIAL. IF THESE CHANGES TO POLITICAL AND ECONOMIC MANAGEMENT ARE TO SUCCEED. A RETURN TO VIOLENCE ON BOUGAINVILLE CREATED BY THE TENSIONS OF THIS COURT CASE WOULD NOT BE IN THE INTERESTS OF ANY MEMBER STATE OF THE ISLAND REGION.

J. IT IS ESSENTIAL TO AUSTRALIA'S NATIONAL INTEREST THAT STABILITY BE RESTORED QUICKLY TO THIS REGION. WE HAVE INVESTED CONSIDERABLE DIPLOMATIC EFFORT TO PROMOTE REGIONAL SECURITY. THIS EFFORT HAS BEEN SUPPORTED BY A VERY LARGE CONTRIBUTION FROM OUR AID PROGRAM. THE RETURN TO VIOLENCE OR INSTABILITY ON BOUGAINVILLE WOULD BE A MAJOR SETBACK TO THESE EFFORTS, AS WOULD THE RESULTANT DRAIN ON THE RESOURCES OF THE NATIONAL GOVERNMENT AS IT TRIED TO MANAGE THE CONSEQUENCE OF A BREAKDOWN OF THE PEACE PROCESS. THE FRAGILITY OF THE PEACE PROCESS MAY BE EXPOSED TO POTENTIALLY SERIOUS STRAIN FROM THE LEGAL PROCEEDINGS CURRENTLY UNDERWAY IN THE UNITED STATES.

TOTAL P.03