

PREM 19/1587

TOP SECRET

MT

PART ONE

Confidential Filing

Visits to Britain by the New Zealand
Prime Minister, Robert Muldoon.

& Mr David Lange.

NEW ZEALAND

PART ONE:

May 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
14.5.79		22.11.83					
25.5.79		9/12/83					
11.6.79		12.12.83					
23.2.79		30.12.83					
11.9.79		6.1.84					
24.9.79		24.1.84					
20.6.80		20.2.84					
11.8.80		21.2.84					
4.5.81		27/2/84					
27.5.81		15.8.84					
17.6.81		8.8.84					
14.6.81		30.8.84					
30.6.81		12.9.84					
21.7.81		30.9.84					
19.5.82		2.10.84					
24.5.82		29.1.85					
2.6.82		18/2/85					
4.4.83		28/2/85					
13.4.83		4/3/85					
9.5.83							
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Subject as master

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*file LPOABIK⁴.
cdv P. Casok*

10 DOWNING STREET

From the Private Secretary

4 March 1985

PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF NEW ZEALAND, AT 1030 ON 4 MARCH 1985 AT 10 DOWNING STREET

The Prime Minister met Mr. Lange for an hour this morning. The New Zealand High Commissioner was also present.

European Community

After some discussion of economic matters, Mr. Lange said that he wanted to repeat his Government's thanks to the Prime Minister for having settled New Zealand's problems with the European Community over butter and sheepmeat. There should be no need to talk about them again for some time. The Prime Minister said that we had not got all we wanted - one never did in the Community - but a reasonable outcome had been secured. No matter what happened, Britain would continue to fight for New Zealand's interests in the European Community and elsewhere.

*Passage deleted and retained
under Section 3(4)*

*Wayland
20 May 2014*

Passage deleted and retained under
Section 3(4). Wayland
20 May 2014

Ship Visits

Mr. Lange said that he did not anticipate the same difficulties arising over RN ship visits as had happened with the United States. There would never be the same assumptions about RN ships as about American vessels. The strategic imperatives were different. He recognised that the Prime Minister had taken a consistent attitude in refusing to answer questions on whether RN ships carried nuclear weapons or not. He did not expect her to abandon this policy. He would be going back to talk to his Cabinet about the whole concept of strategic zones and would subsequently be in touch with the United Kingdom High Commissioner. It was unacceptable - and politically damaging - in New Zealand to engage in public questioning of the United Kingdom.

The Prime Minister said that she did not want there to be any misunderstanding. Our ships had to be prepared to assume NATO tasks or duties in the Gulf at a moment's notice and be appropriately equipped for them. She could not guarantee that ships which visited New Zealand would not have nuclear weapons aboard; and there was no question of our either confirming or denying it. Mr. Lange said that Britain was New Zealand's oldest ally and it was inconceivable that Britain would overtly fly in the face of the New Zealand Government's policy. There would be an implicit assumption that RN ships visiting New Zealand were not carrying nuclear weapons. In effect it would be a solution for the UK on the lines of that found for the United States by Japan. In that case, a whole liturgy of assumptions were made which might or might not be justified.

The Prime Minister said that this made matters difficult for her. She could not have it said that any RN ship which we sent to New Zealand would not be carrying nuclear weapons. The High Commissioner said that the essence of the solution would be that New Zealand would have its policy and the United Kingdom their policy. No questions would be asked of the United Kingdom and permission for visits would be granted. The Prime Minister pointed out that this was not exactly what Mr. Lange had said. It seemed that he would say publicly that the United Kingdom would not embarrass New Zealand by flouting the South Pacific Nuclear-free Zone. Mr. Lange said that RN vessels operating in that part of the world would be assumed not to have the same capability as American vessels. His line would be: if an RN ship was supposed to be in a state of Al NATO preparedness, what the heck would it be doing in

Auckland anyway? He did not want to get into an awful struggle about this. He would return to New Zealand and consult his colleagues. He thought he could get into the position described by the High Commissioner. The Prime Minister said that she shared Mr. Lange's wish to avoid a public dispute. But she must make clear that it was possible that some ships which might visit New Zealand would be nuclear armed. She would have to be able to say publicly that the United Kingdom had not changed its position.

Nuclear Weapons and Deterrence

The Prime Minister said that she and Mr. Lange had very different views on these issues. She found it intellectually intolerable to hear it argued that nuclear weapons were morally indefensible, with the implication that other sorts of weapons were morally acceptable. Mr. Lange said that the particular proposition debated at the Oxford Union was a direct quotation from President Reagan, speaking in the context of the Strategic Defence Initiative.

You will wish to brief our High Commissioner on the outcome of this discussion. Mr. Lange showed evident signs of wishing to get off the hook on ships' visits and to be feeling his way towards a solution. But his thinking is still muddled. He seems to hope to get to a position where his Government could say that RN ships visiting New Zealand were manifestly not the sort of vessels likely to be nuclear armed. There is thus scope for continued misunderstanding which the Prime Minister insists be avoided. Any proposition which Mr. Lange may put following his return to New Zealand will therefore have to be scrutinised very carefully and our High Commissioner will want to be cautious in his reception of it.

I am copying this letter to Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

CHARLES POWELL

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.



Prime Minister Foreign and Commonwealth Office

London SW1A 2AH

2 March 1985

Charles Powell, Esq.,
No. 10 Downing Street.

Despite what this letter says, he does take issue with the need for a nuclear deterrent in Europe, since he argues that deterrence enhances insecurity.

CJP
2/8.

Dear Powell,

CALL BY NEW ZEALAND PRIME MINISTER, 4 MARCH 10.30 a.m.

As an addition to the briefing for Mr. Lange's call I attach a copy of the text from which he spoke in the Oxford Union debate on 1 March, the motion being that "Nuclear weapons are morally indefensible". The Times of 2 March carried a summary of the text, but the debate itself attracted very little notice in the British press.

There are no new points of substance in the speech. Mr. Lange is careful not to take issue with the need for a nuclear deterrent in Europe, and expresses his understanding of that need (middle of second page). He goes on to say, and the Times did not print this, that "I do not argue here or anywhere else for unilateral disarmament".

Mr. Lange's contention is that New Zealand and the South Pacific can be protected without nuclear weapons and that a Nuclear Weapon Free Zone will remove from both the fear and insecurity which nuclear weapons have bred in Europe. The contention is based on a number of simplistic assumptions:

- (a) New Zealand is under no nuclear threat;
- (b) a Nuclear Free Zone is an effective bar to the deployment of nuclear weapons;
- (c) conventional conflicts will not arise in the South Pacific and can be regarded with equanimity.

I am copying this letter and attachment to Richard Mottram.

Yours ever,

Peter Hunt

Resident Clerk

c.c. Mr. Richard Mottram, Private Secretary, S.of S for Defence.

EMBARGOED AGAINST DELIVERY: 10 P.M. FRIDAY 1 MARCH (G.M.T.)
11 A.M. SATURDAY 2 MARCH (N.Z.T.)

SPEECH NOTES

RT HON DAVID LANGE

CHECK AGAINST DELIVERY

PRIME MINISTER

"NUCLEAR WEAPONS ARE MORALLY INDEFENSIBLE"

(ARGUMENT FOR THE AFFIRMATIVE, OXFORD UNION, 1 MARCH 1985)

There is no moral case for nuclear weapons. The best defence which can be made of their existence and the threat of their use is that they are a necessary evil, an abhorrent means to a desirable end.

I hold that the character of nuclear weapons is such that their existence corrupts the best of intentions; that the means in fact perverts the end. I hold that their character is such that they have brought us to the greatest of all perversions, the belief that this evil is necessary when in fact it is not.

I make my case against nuclear weapons the more vigorously because I distinguish between them and all other forms of

coercive or deterrent power. I have no case to make against the policeman's truncheon. I accept that the state must arm itself with military force to protect its citizens against aggression or to defend the weak and helpless against aggression.

I do not accept that the state must for those reasons arm itself with nuclear weapons. That is a case I do not easily or lightly make in Europe where governments have held it their duty to arm themselves with nuclear weapons. I do not doubt for one moment the quality of the intention which led to that decision.

I freely acknowledge that the nuclear deterrent is maintained in good conscience with the honourable intention of preserving the life and freedom of the people of

Western Europe. Those governments are faced with the close presence of an alien and relentlessly oppressive regime and feel it their duty to prepare for their own defence by membership in a nuclear alliance. That is an assessment I understand and respect. I do not argue here or anywhere else for unilateral disarmament.

If I make that acknowledgement, I must then deal with the argument that it is the intention which determines the moral character of the action. My contention is that the character of nuclear weapons is such that it is demonstrably the case that they subvert the best of intentions.

There is a quality of irrationality about nuclear weapons which does not sit well with good intentions. A system of

defence serves its purpose if it guarantees the security of those it protects. A system of nuclear defence guarantees only insecurity. The means of defence terrorise as much as the threat of attack. In Europe, it is impossible to be unaware of the intensity of military preparedness. In New Zealand, the visitor must make an effort to find a military installation or indeed any sign of military activity, although it exists. There is no imperative in New Zealand to prepare for war; the result is that I feel safer in Wellington than I ever could do in London or New York.

Europe and the United States are ringed around with nuclear weapons, and your people have never been more at risk. There is only one thing as terrifying as the nuclear weapon pointed in your direction and that is the nuclear weapon pointed in your enemy's direction: the outcome of their use

would be the same in either case, and that is the annihilation of you and all of us. That is a defence which is no defence; it is a defence which disturbs far more than it reassures. The intention of those who for honourable motives use nuclear weapons to deter is to enhance security; they succeed only in enhancing insecurity. The machine has perverted the motive. The weapon has installed mass destruction as the objective of the best-intentioned.

The weapon has its own relentless logic, and it is inhuman. It is the logic of escalation, the logic of the arms race. Nuclear weapons make us insecure, and to compensate for our insecurity we build and deploy more nuclear weapons ... we know that we are seized by irrationality, and yet we persist.

We all of us know that it is wholly without logic or reason to possess the power to destroy ourselves many times over; and yet in spite of that knowledge the nuclear powers continue to refine their capacity to inflict destruction on each other and all the rest of us. Every new development, whatever its strategic or tactical significance, has only one result, and that is to add to an arsenal which is already beyond reason.

There is an argument in defence of the possession of nuclear weapons which holds that the terror created by the existence of nuclear weapons is in itself the fulfilment of a peaceful purpose: that the fear they inspire will prevent their use. I pass over here the preparations which are constantly being made for the winnable or even survivable nuclear war; I would ignore those and wholeheartedly embrace the logic

of the unthinkable war if it could be established that the damage which would result from the collapse of that logic would be confined to the nuclear weapon states. Unfortunately and demonstrably it would not. We in New Zealand used to be able to think that we could sit comfortably while the rest of the world destroyed itself; now we know that if the nuclear winter comes we shall join all the rest of you. It is a strange and dubious moral purpose which holds the whole world to ransom.

There is another assertion of the good moral character of nuclear weapons which holds that they are the armour of good against evil. It is the argument of the Crusaders: the evil which cannot be defeated by persuasion or example is to be subdued by threat of annihilation. The obvious difficulty

here is that evil has declined to be subdued; it will not accept annihilation; every attempt to subdue it strengthens its resolve to arm itself further. The will of the good is corrupted by the terrible force of the weapon into the will of the evil.

All of us everywhere, wherever we are, whatever we believe, live in fear of nuclear weapons. That is a community of interest which binds us all; it is common ground enough for all of us to wish to see the elimination of all nuclear weapons; yet nuclear weapons proliferate. They govern us. Their existence diverts attention from the fact that there are other ways of resolving the difficulties and tensions which will always abound in the world. Nuclear weapons are not needed. All the arguments which can be brought forward in support of

this evil come to nothing in the fact of its ultimate irrelevance. I do not make that assertion because I have some simple answer to the existence of nuclear weapons: all of you in Europe know that negotiating an end to nuclear weapons could hardly be more difficult, just as all of you know that we cannot negotiate control of them while the nuclear powers embrace the logic of escalation.

In New Zealand it is easy to accept that there is no need for nuclear weapons: The collisions and confrontations which take place in Europe are very far away from us. New Zealand is remote; it faces no threat; our close neighbours are like-minded states. We have been to war several times in this century, but never because we were attacked. It makes no sense for a country which faces no threat to seek to

surround itself with nuclear weapons. It makes no sense for that country to ask its allies to deter enemies which do not yet exist with the threat of nuclear weapons. It makes no sense for a region which is the most stable in the world to allow itself to become a strategic arena for the nuclear powers. Having considered all this, the people of New Zealand reached a straightforward conclusion: the nuclear weapons which defended them caused them more alarm than any which threatened them, and it was accordingly pointless to be defended by them.

In the South Pacific, it is not difficult to achieve the balance of force which allows you cheerfully to dispense with nuclear weapons. If you remove the nuclear weapons of your friends and allies you put all the nuclear powers on

the same footing. The South Pacific is not the North Atlantic. Nuclear weapons cannot be removed from Europe simply by dismantling the NATO arsenal; do that, and the other nuclear arsenal will still be here. But in the South Pacific there is at this moment the chance to turn away from the inhuman logic of nuclear weapons, to stand aside from the irrationality of the arms race and the doctrines of nuclear confrontation.

The government of New Zealand has excluded nuclear weapons from New Zealand; more than that, I hope that it and other governments in the South Pacific will shortly ask all the nuclear powers to honour a South Pacific Nuclear Zone. New Zealand has done that while honouring its longstanding commitments to the conventional defence of the South Pacific; to the economic and social development of the South Pacific; and to the security of South East Asia.

What has happened to New Zealand since the Labour Government was elected last year and began to implement its long-established policy is itself a commentary on the way in which nuclear weapons have assumed a moral life of their own.

New Zealand is not and has never been part of the strategic defences of the West. The nuclear weapons which our allies have in the past brought to New Zealand are tactical weapons. It is our view in New Zealand that being part of somebody else's tactical nuclear battle is as undesirable as being part of somebody else's strategic nuclear battle; but my point is that the decision of the New Zealand Government in no way weakened the deterrent power of the Western alliance. Yet we have been accused of undermining the West and giving comfort to the Soviet bloc. We have been told by ^{Soviet} officials in the United States Administration that our decision is not,

as they put it, to be cost-free; that in fact we are to be made to pay for our action. Not by our enemies, but by our friends. We are to be made an example of; we are to be ostracised and anathematised until we are compelled to resume our seat in the dress circle of the nuclear theatre. We have been told that because others in the West carry the fearful burden of a defence which terrorises as much as the threat, we too must carry that burden. We are actually told that New Zealanders cannot decide for themselves how to defend New Zealand but are obliged to adopt the methods which others use to defend themselves.

Lord Carrington, the Secretary-General of NATO, made a case in Copenhagen recently against the creation of nuclear weapon free zones. He argued that if the people of the United States found themselves bearing the burden alone, they would

tire of bearing it. That is exactly the point. Genuine agreements about the control of nuclear weapons do not cede the advantage to one side or the other: they enhance security, they do not diminish it. If such arrangements can be made, and such agreements reached, then those who remain outside those arrangements might well and truly tire of their insecurity. They will reject the logic of the weapon and assert their essential humanity. They will look for arms control agreements which are real and verifiable.

There is no humanity in the logic which holds that my country must be obliged to play host to nuclear weapons because others in the West are playing host to nuclear weapons. That is the logic which refuses to admit that there is any alternative to nuclear weapons, when plainly there is.

It is self-defeating logic, just as the weapons themselves are self-defeating: to compel an ally to accept nuclear weapons against the wishes of that ally is to take the moral position of totalitarianism, which allows for no self-determination. Any claim to a moral justification for the West's possession of nuclear weapons is thereby eliminated. We are no better than they are.

The great strength of the West lies not in force of arms but in its free and democratic systems of government.

That is why, in spite of all the difficulties New Zealand has got into with our friends and allies, I am not disheartened. I came to Great Britain by way of the United States, where I

put my case to the American people through the news media without any kind of hindrance from the United States Administration. Members of Her Majesty's Government have made it plain to me that they do not hold the views I hold, but nonetheless I am here and I can say freely whatever I please; just as any member of Her Majesty's Government would be welcome in New Zealand to expound any line of argument in any forum. That is the true strength of the West.

It is a strength which is threatened, not defended, by nuclear weapons. The appalling character of those weapons has robbed us of our right to determine our destiny and has subordinated our humanity to their manic logic. They have subordinated reason to irrationality and placed our very will

to live in hostage. Rejecting the logic of nuclear weapons does not mean surrendering to evil; evil must still be guarded against. Rejecting nuclear weapons is to assert what is human over the evil nature of the weapon; it is to restore to humanity the power of decision; it is to allow true moral force to reign supreme.

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1587</i> (one piece/item number)	Date and sign
Extract/Item details: <i>Minute from Cradock to Powell dated 1 March 1985, with attachment</i>	
CLOSED FOR YEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>20 May 2014 AWJ/land</i>
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NUMBER NOT USED	



10 DOWNING STREET

From the Private Secretary

Prime Minister

Meeting with Mr. Lange.

Mr. Lange is proposing to

come with just his High

Commissioner. Are you content to

see him alone, with just me

present?

Yes Mr

CDP
28/2.

File



cc: Sir P. Cradock

10 DOWNING STREET

From the Private Secretary

18 February 1985

MR. LANGE: SPEECH AT THE OXFORD UNION ON NUCLEAR WEAPONS

Thank you for your letter of 15 February enclosing a draft telegram of instructions to Wellington designed to bring home to Mr. Lange the implications of speaking in favour of a motion at the Oxford Union against nuclear weapons.

The Prime Minister has approved the instructions over the weekend, and your Resident Clerk was informed of this.

I am sending a copy of this letter to Richard Mottram (Ministry of Defence).

Charles Powell

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

(1)



Foreign and Commonwealth Office

Prime Minister

London SW1A 2AH

Agree instructions?

15 February, 1984^{5?}

CDP. 16/2.

Yes

Dear Charles,

Mr Lange: Speech at the Oxford Union on Nuclear Weapons

As you know, Mr Lange, the New Zealand Prime Minister, is coming here on a private visit early next month. He is calling on the Prime Minister on 4 March and will also be having an audience of The Queen on 1 March.

While here, Mr Lange has been invited to speak at the Oxford Union. We now know that he is to propose the motion that: "All nuclear weapons are immoral".

The New Zealand MFA have taken the line with our High Commissioner that Mr Lange will studiously avoid saying anything which could be construed as damaging to the Western Alliance. Nevertheless, the Foreign Secretary is greatly concerned about the implications of Mr Lange speaking in favour of a motion on the lines apparently agreed. Anything said is likely to be given great publicity, particularly coming so soon after the public row between the Americans and New Zealand over ship visits and ANZUS. The subject chosen goes to the heart of a major political difference between the Government and Opposition. Although Mr Lange may possibly attempt to put his arguments in the context of multilateral disarmament, it seems inconceivable that his words will not be seized upon by the unilateral nuclear disarmament lobby. Furthermore, his speech is likely to be seen as an attack on NATO; as undermining the Western position on arms control; as adding to the difficulties on INF faced by some European countries; and as gratuitously offensive to the Americans. (The ANZUS row will be one of the subjects discussed during the Prime Minister's visit to Washington next week).

As a Commonwealth Prime Minister, Mr Lange is obviously free to come to this country and speak in the Oxford Union if he so wishes. There is a danger that, if we seek to dissuade him, this fact will deliberately be leaked in New Zealand. It could be portrayed as an attempt to "muzzle" Mr Lange and possibly attributed to American pressure. Any press stories of this sort in New Zealand would add fuel to the controversy already raging over ANZUS.

/Despite

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Despite these considerations, Sir Geoffrey Howe thinks it is essential that Mr Lange should be told quite clearly of the implications and dangers of coming to speak at the Oxford Union in favour of a motion on nuclear weapons being immoral. He proposes to do so on the lines of the attached telegram of instructions to our High Commissioner at Wellington and would be grateful for the Prime Minister's agreement for instructions to be issued in this sense.

I am copying this letter to Richard Mottram (MOD).

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

OUT TELEGRAM

	Classification and Caveats CONFIDENTIAL	Precedence/Deskby IMMEDIATE 172300Z
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ZCZC GRS CLASS CAVEATS DESKBY FM FCO PRE/ADD TEL NO	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	ZCZC GRS CONFIDENTIAL DESKBY 172300Z FM FCO FEBRUARY 85 TO IMMEDIATE WELLINGTON TELEGRAM NUMBER INFO IMMEDIATE WASHINGTON, CANBERRA AND PRIORITY MODUK (FOR FEWTRELL) YOUR TELELETTER OF 15 FEBRUARY TO CHICK (NOT COPIED ELSEWHERE): OXFORD UNION SPEECH BY MR LANGE 1. Thank you for these details of Mr Lange's programme, including the text of the motion he intends to propose at the Oxford Union on 1 March. 2. We note what the MFA have said about Lange avoiding anything which might be damaging to the Western Alliance. Nevertheless, Ministers are very concerned about the implications of Lange proposing a motion that quote <u>All</u> <u>nuclear weapons are immoral unquote</u> . It goes to the heart of <u>a major difference of policy between HMG and the Opposition</u> . Furthermore, with the row over <u>ANZUS</u> , anything said by Lange at the Oxford Union will be given great publicity. This will make it more difficult for Lange to change tack (if he finally decides to do so) and also make it correspondingly
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NNNN ends telegram	BLANK	Catchword harder
File number	Dept Private Office	Distribution Ltd SPD Defence D ACDD News D PS PS/Lady Young PS/Mr Renton PS/PUS Sir W Harding Mr Goodall Mr Weston Mr Wilson
Drafted by (Block capitals) PETER RICKETTS		
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Copy to No 10

OUT TELEGRAM (CONT)

Classification and Caveats

CONFIDENTIAL

IMMEDIATE

Page

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1 >>>>

2 harder for the US government to keep the dispute within bounds.
 3 3. Obviously, Lange as a Commonwealth Prime Minister is free
 4 to take part in Oxford Union debates if he so wishes and to say
 5 what he likes. In pointing out to him the dangers of what he
 6 proposes we must avoid, if possible, any suggestion being
 7 made in the press that we have tried to quote muzzle unquote
 8 him. Rather than speak to the Acting High Commissioner here
 9 therefore we think it better that you should speak to Lange
 10 personally and to impress on him Ministerial concern about
 11 what he apparently intends.

12 4. In speaking to Lange you should say that ^{the} Prime Minister
 13 and Ministers are looking forward to seeing him here early next
 14 month. They understand that he will also be speaking at the
 15 Oxford Union. He is of course perfectly at liberty to do so
 16 and to speak his mind. However, Ministers are very concerned
 17 that, by speaking in favour of the motion proposed, he will be
 18 involving himself directly in a subject which is a major point
 19 of dispute between the Government and Opposition here. The
 20 press are likely to represent what is said as an attack on
 21 NATO: as detrimental to the Western position on arms control:
 22 and as adding to the difficulties on INF already faced by some
 23 European countries. (He should know that demonstrations have
 24 already resumed here in the UK with preparations for the second
 25 Cruise missile site). Ministers are anxious to do whatever
 26 they can to ensure that the current difficulties within ANZUS
 27 are resolved sensibly and without acrimony. They consider
 28 that the sort of press publicity likely to be generated by
 29 Mr Lange proposing a motion on the lines apparently chosen will
 30 make this task a great deal harder. It will be virtually
 31 impossible for Ministers here to avoid commenting on what
 32 Lange has said, which would mean that we should be dragged into
 33 the dispute.

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34 5. If necessary you should make clear that there have been no

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OUT TELEGRAM (CONT)

	Classification and Caveats CONFIDENTIAL	IMMEDIATE	Page 3
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1 >>>>

2 (no) discussions with the Americans about Lange's speaking
 3 engagement here. The views expressed arise solely from the
 4 concerns of UK Ministers at the damage which this action
 5 would do to British and Alliance interests.
 6 6. We are not clear whether Lange has publicly announced
 7 his visit and the Oxford Union speech. If not, we hope that
 8 he will avoid doing so until he has reflected on the Ministerial
 9 views above.

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11 HOWE
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NNNN ends telegram	BLANK	Catchword
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CONFIDENTIAL

PLC SH



cc: SPC

10 DOWNING STREET

From the Private Secretary

29 January, 1985

Visit by the New Zealand Prime Minister

BF
Thank you for your letter of 28 January about the private visit to the United Kingdom of Mr. Lange. The Prime Minister agrees to see Mr. Lange at 1030 on 4 March. I should be grateful for a brief by 4 p.m. on 3 March.

C. D. POWELL

P. F. Ricketts, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

JK

1030 4 March

CONFIDENTIAL

ARC
①



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

It would be difficult
not to see him as an
old Commonwealth PM, though 28 January 1985

I don't think there is any need
to entertain him this time.
Dear Charles, we can fit him in the
diary on 4 March.

Agree to
see him?
Yes not CDP
207

Private Visit by the New Zealand Prime Minister: Possible
Call on the Prime Minister

The New Zealand Prime Minister, Mr Lange, will be visiting the UK from 27 February to 4 March. His main purpose is to speak in a debate at the Oxford Union on nuclear weapons. From London he will go to Geneva where he will speak to the Committee on Disarmament. Mr Lange has asked whether he might call on the Prime Minister during his visit.

Mr Lange has now been in office for six months. A key element of the policies pursued by his Labour administration has been to reduce the use of subsidies in the management of the New Zealand economy. Our own relations remain very close. But a continuing problem which affects the Americans in particular but also the Western alliance in general, is that Mr Lange, although showing signs of greater realism since taking office, has not yet demonstrated any serious disposition in public to alter the policy his party adopted before the elections on the exclusion of nuclear armed or nuclear powered ships. We have been working on both the New Zealanders and the Americans in an attempt to get this policy changed so that ships' visits from both the UK and the United States can go ahead as before and Western strategic interests in the Pacific not be seen to suffer a setback.

The Prime Minister last saw Mr Lange when he was here in September. There are a number of subjects which could usefully be discussed with him including that of ships' visits. Mr Lange would be available at any time on Thursday 28 February or on the morning of Monday 4 March. If the Prime Minister was not able to receive him on this occasion, Sir Geoffrey Howe would be happy to do so: Mr Lange expressed the wish to see Sir Geoffrey if a call on the Prime Minister was not possible.

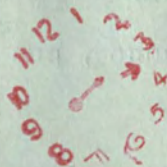
Yes
Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

28 JAN 1985





Prime Minister

(6)

C.D.P.
3/K.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No: T.167^b/84

Prime Minister
Wellington
New Zealand

cc MASTER
ops

2 October 1984

The Rt. Hon. Margaret Thatcher, FRS, MP
Prime Minister
10 Downing Street
LONDON SW1

Dear Mrs Thatcher

On the eve of my departure from the United Kingdom I am writing to thank you for the generous hospitality extended to me and my party during our visit.

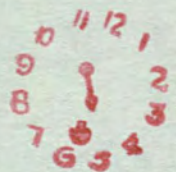
I was most grateful for your kind invitation to luncheon at Chequers, particularly as it was on one of the few days you could have kept free of engagements.

The opportunity to have discussions with you and some of your Ministers early in my Prime Ministership was most valuable.

Yours sincerely

David Lange

- 3 OCT 1984



SPRINGFIELD
MASSACHUSETTS
FEBRUARY 1984

VISIT OF THE PRIME MINISTER OF NEW ZEALAND AND MRS LANGE

27 SEPTEMBER - 3 OCTOBER 1984

ADMINISTRATIVE PLAN

Arrival

The following members of the greeting party will assemble in the Hillingdon VIP Suite prior to the arrival of the Prime Minister of New Zealand and Mrs Lange:

Sir John Stow, Special Representative of the Secretary of State for Foreign and Commonwealth Affairs

His Excellency The Honourable William L Young, New Zealand High Commissioner and Mrs Young

Mr B M Brown, Deputy High Commissioner

Miss M A M Lawrence, Deputy Secretary, Government Hospitality

Group Captain R Thomson, Government Hospitality Escort Officer

When the aircraft has landed a representative of the British Airports Authority will accompany the greeting party to the aircraft. The greeting party will welcome the Prime Minister and Mrs Lange and return with them to the VIP Suite where the Prime Minister will present the members of his official suite.

Transport

Cars are provided for the Prime Minister and Mrs Lange and the members of the official suite and car seating plans are shown at Annex 1.

Participation of official suite in Prime Minister's programme

Friday 28 September

Meeting with High Commission staff

The following will also be present :

Mr Norrish
Mr Richardson
Mr Green
Mr Vintiner

/Luncheon

Luncheon given by Foreign Press Association and Diplomatic
and Commonwealth Writers Association

The following will also attend :

High Commissioner
Mr Norrish
Deputy High Commissioner
Mr Vintiner

Reception given by His Excellency the High Commissioner for
New Zealand and Mrs Young

The Prime Minister will be accompanied by Mrs Lange and all
members of his official suite.

Sunday 30 September

Luncheon hosted by the Prime Minister at Chequers

The following will accompany the Prime Minister and Mrs Lange :

n/c
The Honourable F D O'Flynn
His Excellency The Honourable William L Young and Mrs Young
Mr M Norrish
Mr K L Richardson
Mr G K Ansell

Meeting with the Rt Hon Michael Jopling at the Hotel

The following will also be present :

The Hon F D O'Flynn
Mr Norrish
Mr Green
Deputy High Commissioner
Mr Ansell
Mr Thompson

Monday 1 October

Heads of Mission Conference

The following will also be present :

Mr Norrish
Mr Richardson
Mr Green
Mr Vintiner

/Luncheon

Luncheon given by London Chamber of Commerce and Industry

Subject to confirmation the following will also attend:

High Commissioner
Mr Norrish
Mr Richardson
Mr Vintiner

Meeting at Marlborough House

The following will also be present :

High Commissioner
Mr Norrish
Mr Richardson
Mr Green
Deputy High Commissioner

Dinner given by His Excellency the High Commissioner and Mrs Young

The following are also invited :

Mr Norrish
Mr Richardson

Participation of official suite in programme of Deputy Minister of Foreign Affairs

Friday 28 September

Meeting with New Zealand Apple and Pear Marketing Board

Mr Ansell
Mr Thompson
Mr Payton

will also be present.

Luncheon given by Foreign Press Association and Commonwealth Writers Association

Mr Ansell is also invited.

Meeting with New Zealand Wool Board and Meeting with New Zealand Dairy Board

Mr Ansell
Mr Thompson

will also be present.

/Reception

Reception given by His Excellency the High Commissioner and
Mrs Young and Theatre Visit

Mr Ansell
Mrs Thompson
Mr Payton

will accompany Mr O'Flynn

Saturday 29 September

Cabinet War Rooms

Mr Ansell
Mr Thompson
Mr Payton and two members of the High Commission staff

will accompany Mr O'Flynn

Monday 1 October

Heads of Mission Conference

Mr Ansell
Mr Thompson
Mr Payton

will accompany Mr O'Flynn

Luncheon given by London Chamber of Commerce and Industry

Subject to confirmation Mr Ansell and Mr Thompson and a member
of the High Commission staff will accompany Mr O'Flynn.

June H. W. Reid

June H W Reid
Visits Section
Protocol Department
Foreign and Commonwealth Office

25 September 1984

CAR PLAN

Arrival of the Honourable F D O'Flynn MP - Heathrow to Howard Hotel

Car 3 The Hon F D O'Flynn MP
 Mr Ansell
 Wing Commander Cody

Mr Payton will travel from Heathrow in a High Commission vehicle, accompanying the luggage

Arrival of the Prime Minister and Mrs Lange - Heathrow to Howard Hotel

Car 1 The Prime Minister
 His Excellency the High Commissioner
 Group Captain Thomson

Car 2 Mrs Lange
 Mrs Young
 Mrs Davidson

Car 4 Mr Norrish
 Mr Green
 Mr Vintiner

Mr Richardson will travel from Heathrow in a High Commission vehicle, accompanying the luggage.

The above will form the basis of the car allocation during the visit. The Minister of State and Deputy Foreign Minister's Suite, from the morning of 28 September until late afternoon on 1 October, will be provided with an additional car - number 5.

Car plan for journey to and from Chequers

The Prime Minister and Mrs Lange will travel to the Chequers vicinity in a High Commission vehicle where they will meet up with the New Zealand delegation travelling from London.

Arrival at Chequers

Car 1 Group Captain Thomson

High Commission Car Prime Minister
 Mrs Lange

Car 3 The Hon F D O'Flynn MP
 His Excellency the High Commissioner
 Mrs Young

Car 4 Mr Norrish
 Mr Richardson
 Mr Ansell

Chequers to The Howard Hotel

Car 1 Prime Minister
 Mrs Lange
 Group Captain Thomson

Car 3 The Hon F D O'Flynn MP
 His Excellency the High Commissioner
 Mrs Young

Car 4 Mr Norrish
 Mr Richardson
 Mr Ansell

Distribution :

10 Downing Street

Private Secretary (2)
Press Office (2)
Mr Joce (1)

New Zealand High Commission

Foreign and Commonwealth Office

Private Secretary (2)
PS/Mr Renton
PS/PUS (1)
Sir William Harding (1)
Mr D C Wilson (1)
Mr J Chick (1)
SPD (Mr Sands) (3)
Protocol Department (6)
News Dept (6)
Resident Clerk (1)
Miss Lothian

CONFIDENTIAL

bc PC

JR



cc MASTER 857

10 DOWNING STREET

From the Private Secretary

30 September 1984

Dear Peter,

PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF
NEW ZEALAND ON 30 SEPTEMBER 1984 AT CHEQUERS

The Prime Minister entertained the Prime Minister of New Zealand and Mrs. Lange to lunch at Chequers today. Mr. O'Flynn, the Minister of State for Foreign Affairs and Defence, and a number of New Zealand officials were also present.

After lunch the Prime Minister had a brief tete-a-tete discussion with Mr. Lange. In the course of this the Prime Minister raised the question of New Zealand's vote on the Falklands Resolution at the United Nations and urged Mr. Lange not to change it. Mr. Lange said that he had seen President Alfonsin in New York. He had not been impressed with Alfonsin's view of self-determination for the Falklands which seemed to amount to whatever Argentina determined to be good for them. If the Resolution remained on the lines of the draft which he had seen early last week, New Zealand would vote against it. But he expected amendments to be made and was not willing to commit himself as to exactly how New Zealand would vote on an amended Resolution. The Prime Minister had the impression that he may have given a commitment to President Alfonsin to abstain on a more moderately worded Resolution.

The Prime Minister also raised the subject of nuclear ships visits. Mr. Lange said that he had made certain public commitments to which he must adhere. The Prime Minister commented afterwards that it was clear that Mr. Lange had not thought through all the implications and had not been fully informed of the accommodations which the United Kingdom had reached with a number of other countries. But she thought that he would find it difficult to go back on the commitments he had made.

Mr. Lange had seen Mr Gromyko in New York and found him totally rigid. In the Prime Minister's view, the meeting had had a useful educational effect on Mr. Lange.

There was also some discussion of political developments in Australia and the various accusations of corruption. Mr. Lange said that it was not the first time that Mr. Hawke had resorted to public tears as part of an election campaign.

During his toast at lunch, Mr. Lange referred with evident sincerity to New Zealand's gratitude to the United Kingdom for its support in Brussels for New Zealand interests. He said that New Zealand's support for Britain during the Falklands conflict would have been as assured under a Labour Government as from Sir Robert Muldoon. He committed his Government to maintain the closest possible links with Britain.

I am sending copies of this letter to Ivor Llewelyn (MAFF) and Richard Mottram (Ministry of Defence).

yours sincerely,
Charles Powell

(C.D. POWELL)

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

JKRAGP

Mr. Powell

LIST OF GUESTS ATTENDING THE LUNCHEON TO BE GIVEN BY THE
PRIME MINISTER IN HONOUR OF THE PRIME MINISTER OF NEW ZEALAND
AND MRS. LANGE ON SUNDAY, 30 SEPTEMBER 1984 AT 12.30 PM FOR 1.00 PM

The Prime Minister

The Hon. David Lange, MP
and Mrs. Lange

The Hon. F.D. O'Flynn, QC, MP Minister of State and Deputy
Minister of Foreign Affairs

His Excellency the High Commissioner for New Zealand
and Mrs. Young

Mr. M. Norrish Permanent Secretary, Ministry
of Foreign Affairs

Mr. G.K. Ansell Deputy Secretary, Ministry of
Foreign Affairs

Mr. K. Richardson Senior Private Secretary to the
Prime Minister

Rt. Hon. Michael Heseltine, MP
and Mrs. Heseltine

Rt. Hon. Michael Jopling, MP
and Mrs. Jopling

Rt. Hon. Baroness Young
and Dr. Geoffrey Young

Dr. D.S. Mitchell Director, Aero Engines, Rolls
and Mrs. Mitchell Royce

Mr. L.A. Sanson Corporate Marketing Director,
and Mrs. Sanson British Aerospace

Sir Antony Acland

Mr. Charles Powell
and Mrs. Powell

DRAFT SEATING PLAN FOR LUNCH AT CHEQUERS ON SUNDAY, 30 SEPTEMBER 1984

Mr. K. Richardson

Mrs. Powell

Mr. L.A. Sanson

Dr. D.S. Mitchell

Mrs. Jopling

HE High Commissioner for
New Zealand

Sir Antony Acland

Rt. Hon. Baroness Young

Mrs. Young

THE HON. DAVID LANGE

Rt. Hon. Michael Heseltine

PRIME MINISTER

MRS. LANGE

Mr. F.D. O'Flynn

Rt. Hon. Michael Jopling

Mrs. Heseltine

Mr. G.K. Ansell

Mr. M. Norrish

Mrs. Mitchell

Dr. Geoffrey Young

Mr. Charles Powell

Mrs. Sanson

ENTRANCE

PRIME MINISTERVISIT OF NEW ZEALAND PRIME MINISTER

Mr. and Mrs. Lange will arrive shortly before 1230 having driven cross country from a private visit, to give time for them to tidy up.

Other guests are invited for 1230 for 1300 hrs.

You will probably want to take Mr. Lange off for a private talk after lunch, deciding there and then whether you want note-takers present.

I attach the briefs, together with a card. The main subjects for you to raise are Falklands, nuclear ships visits and CHOGM on which you will want to enlist support for your views on length etc. He will want to mention New Zealand/EC, East/West, disarmament and economic relations.

You will want to read the telegram reporting Geoffrey Howe's talk with him in New York (Flag A).

Finally I attach a card with notes for a toast.

C.D.P.

28 September, 1984



Prime Minister Foreign and Commonwealth Office
Useful background London SW1A 2AH
if this subject comes
up in default with Mr. Lange

28 September 1984

CJP
28/9.

Dear Charles,

Briefing for Prime Minister's Meeting with Mr Lange:
Nuclear Ships' Visits

You asked for the background to the reference in paragraph 11 of UKMis New York telno 903, attached to the briefing sent over yesterday, which refers to accommodations which the UK has reached with the Australians, Scandinavians (i.e. Danes and Norwegians) and Canadians over nuclear ships' visits. The position is that the authorities of these four countries do not permit nuclear weapons on their soil in peacetime. However, since, technically, a visiting vessel would not be "on the soil", the prohibited circumstances does not arise, and alongside visits are thus possible. (The trouble that arose over the visit of Invincible to Sydney in December 1983 had a special origin. Invincible needed dry-docking for repairs and this raised the question of whether drydock constituted Australian soil.)

In the cases of India, Sweden, Finland and the Seychelles, the national governments have declared that they will not accept nuclear ships' visits. But the governments concerned do not in fact implement this policy. They refrain from seeking statements from us when we approach them about ships' visits.

All of these arrangements, particularly thos in the preceding paragraph, are sensitive.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

V. sorry this is so late.

Foreign Office

London SW1V 2AH

28 SEP 1984



CB



Foreign and Commonwealth Office

London SW1A 2AH

*Prime Minister
You may like to
add a reference
to this to your
toast*

28 September 1984

*CDP
20/9.*

Dear Charles,

Visit by the Prime Minister of New Zealand

Before she sees Mr Lange on Sunday, the Prime Minister will want to have seen the attached message to her from Lord Jellicoe.

*Yours ever,
Colin Budd*

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

RESTRICTED

DESKBY 280900Z

FM WELLINGTON 280408Z SEP 84

IMMEDIATE FCO

TELEGRAM NUMBER 317 OF 28 SEPTEMBER

AND TO IMMEDIATE BCG MELBOURNE, AUCKLAND

FOR SPD. PLEASE PASS FOLLOWING TO NO. 10

FOR PRIME MINISTER FROM LORD JELlicoe

1. I UNDERSTAND DAVID LANGE IS LUNCHING WITH YOU AT CHEQUERS ON SUNDAY.

2. I AM AT PRESENT IN NEW ZEALAND AS LEADER OF A MAJOR BOTB MISSION WITH SENIOR REPRESENTATIVES FROM: BRITISH AEROSPACE, BRITISH ELECTRICITY INTERNATIONAL, DAVY CORPORATION, GEC, HAWKER SIDDELEY, JAGUAR CARS, LLOYDS BANK, ROLLS-ROYCE (CIVIL ENGINE GROUP), S G WARBURG.

3. WE HAVE BEEN GIVEN A VERY WARM WELCOME AND WE HAVE HAD VALUABLE AND EXTREMELY CONSTRUCTIVE DISCUSSIONS WITH MINISTERS CAYGILL, TIZARD, PREBBLE, COLMAN, MOORE AND NEILSON, WITH A WIDE RANGE OF SENIOR NZ OFFICIALS AND WITH LEADING MEMBERS OF THE NEW ZEALAND BUSINESS COMMUNITY.

4. I HAVE BEEN GREATLY IMPRESSED BY:

A) THE APPRECIATION BY NZ MINISTERS, OFFICIALS AND BUSINESSMEN OF THE FIRM SUPPORT WHICH WE GIVE NZ IN THE BRUSSELS ARENA:

B) THE HIGH COMPETENCE OF THE MINISTERS (SOME IN THEIR MIDDLE THIRTIES) IN THE NEW GOVERNMENT WHOM WE HAVE MET:

C) THEIR EXPRESSED DETERMINATION TO LIBERALISE AND OPEN UP THE NZ ECONOMY:

D) THE OPPORTUNITIES WHICH THE NEW INDUSTRIALISING NZ PRESENTS, IF VIGOROUSLY PURSUED, FOR BRITISH EXPORTERS AND INVESTMENT.

5. I BELIEVE THAT A LOT OF USEFUL NEW BUSINESS FOR THE UK COULD RESULT FROM OUR MISSION.

MESSAGE ENDS.

O'LEARY

RESTRICTED

pa.
2/279.



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

28 September 1984

You may like to look at this before you see Mr. Lange.

Dear Charles,

ms.

Visit of New Zealand Prime Minister

Mr Lange spoke today (28 September) at the Foreign Press Association, and I enclose a copy of the text of his speech, which covers the visits of nuclear vessels to New Zealand ports and waters, and New Zealand's attitude to sporting contacts with South Africa.

CDP
20/9.

On the former, Mr Lange spoke in very robust terms of his government's intention to ban nuclear vessels from New Zealand. His position seems to us to have hardened since he spoke in New York earlier this week.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

RESTRICTED



NEW ZEALAND

NEW ZEALAND HIGH COMMISSION NEWS BULLETIN

EMBARGOED TO 28 SEPTEMBER 1984, 13.00 HOURS

SPEECH NOTES

THE HON DAVID LANGE

PRIME MINISTER OF NEW ZEALAND

Address to the Diplomatic and Commonwealth Writers Association and the Foreign Press Association on 28 September 1984 at 1 pm at the Foreign Press Association, Carlton House Terrace, London.

Thank you for the opportunity to speak to you today. I want to talk to you about two topics in international relations which are important to New Zealand, which have attracted attention outside New Zealand, and on which my views, the views of the New Zealand government and the state of public opinion in New Zealand have sometimes been misrepresented.

Those issues are New Zealand's exclusion of nuclear weapons and New Zealand's record of sporting contact with South Africa.

You are people of influence and I am going to make it plain to you where I stand. I have some evidence about public opinion in New Zealand and I am going to rebut some of the nonsense which has been written by foreign observers about opinion in New Zealand, not so much about sporting contact with South Africa but certainly about nuclear weapons.

Let me say to begin with that I am not here to contest opinion which is critical of New Zealand's decision to exclude nuclear weapons and nuclear vessels from our ports and waters. The government knew when it assumed office that its policy would prompt a critical response from those among its friends and allies who did not share its views, and it is ready to meet that criticism in a reasoned manner. What I intend to contest today are statements made about our policy outside New Zealand which are positively misleading.

There are two common misconceptions. The first is about my view of nuclear weapons. Some overseas commentators have chosen to draw parallels between the Labour governments of New Zealand and Australia. The Hawke government does not share the view of the left among the Labour caucus and allows nuclear armed and powered vessels to visit Australian ports. That is Australia. New Zealand is different. Last month, however, the Economist newspaper suggested that I should in what it called 'Hawkeish style' convince my party of the truth of the Australians' warning that no ships meant no ANZUS alliance.

The inference was, and it is a point which has been plainly made by other commentators, that in barring nuclear weapons from New Zealand I am a captive of the left of the Labour Party, and that I am planning to loosen my bonds.

The commentators are wrong. I tell this audience now, in case you ever again have any doubt, that there will be no nuclear weapons in New Zealand as long as I am Prime Minister and that is from the heart.

I am not going to persuade the Labour Party to change its mind about nuclear weapons because they and I are of the same mind. Any foreign commentator who bases his or her analysis on a perception of a difference about nuclear weapons between me and the Labour Party is starting from a false premise.

The second misconception about New Zealand's attitude to nuclear weapons suggests that our exclusion of them is some sort of political whimsy, a minority view imposed on the mainstream of political thinking, the left let loose on middle New Zealand. This is the view which holds that there is no intellectual depth or commitment in New Zealand's exclusion of nuclear weapons.

Shortly before the Labour Party held its annual conference last month the US Information Service brought a professor of political science to New Zealand to lecture the public about the necessity of New Zealand's playing host to nuclear weapons. He described the government's policy as an 'almost flippant whim'. It was he said out of the blue and off the wall. Our proposal for a nuclear free South Pacific was a form of escapism. The Economist in the article I mentioned a moment ago said in its Eurocentric fashion that 'New Zealand is a lot further away from almost anywhere than Australia is. It may be easier for vague ideas to take hold there about alliances....'

We have been accused of a lot worse than having vague ideas but what I want to dispute here is the suggestion that there is any element of capriciousness in the New Zealand government's approach. The exclusion of nuclear weapons was an issue during this year's election campaign. It was deliberately made an issue by the National Party government which set out to convince New Zealanders that a refusal to accept nuclear armed ships would leave New Zealand defenceless.

New Zealanders did not buy that argument. The National Party received 36 per cent of the vote. The rest of the vote was divided between three parties, two of which had defence policies a great deal more radical than Labour's. The only party which wanted nuclear weapons in New Zealand got a caning.

There were other issues in the election, but the election result is not the only evidence that New Zealanders are determined to exclude nuclear weapons. Over ninety local authorities in New Zealand have declared themselves to be nuclear free zones. Those zones cover more than 60 per cent of the population.

An authoritative public opinion poll was conducted in New Zealand in August which asked the respondents if they agreed or disagreed with government policy on the exclusion of nuclear weapons from New Zealand. This poll was taken after George Shultz had visited New Zealand and stated his view that a ban on nuclear vessels was incompatible with ANZUS. Seventy-six per cent of those polled did not want nuclear weapons brought into New Zealand. Sixty per cent thought that New Zealand should renegotiate ANZUS - a term which in New Zealand essentially means a desire to broaden the scope of the alliance to de-emphasise its military nature.

The New Zealand Labour Party has been consistent over the years in its opposition to nuclear weapons. Nuclear weapons were not brought to New Zealand in 1972-75 while it had a Labour government.

I am satisfied that in implementing its policy of excluding nuclear weapons from New Zealand the government is expressing the opinion of the majority of New Zealanders. This is not a flight of radical fancy. Those of you who have been to New Zealand will know how conservative a country it is on moral and social issues. It is that conservative country which wants to exclude nuclear weapons. We know that we are taking a step which is serious. We know we face opposition. We have thought about the issues because they have been forced on our attention. But we still want to exclude nuclear weapons, and if you are writing about events in New Zealand you should not underestimate the seriousness and determination of our purpose.

The other topic I wished to raise is New Zealand's sporting contact with South Africa. I talked about misrepresentation and here I would make it clear that most of the misunderstanding starts in New Zealand. We seem to talk about South Africa in many different voices.

The former National Party government was a signatory to the Gleneagles agreement. It undertook by that agreement to discourage contact between sportspeople representing New Zealand and sportspeople representing South Africa. In its 1975 election manifesto the National Party said that if the Springboks were invited to New Zealand it would make them welcome. After it had signed the Gleneagles agreement it had to alter its rhetoric. Nonetheless, it allowed the Springboks to tour New Zealand in 1981.

That was a painful time in New Zealand. There were points of principle at issue on both sides of the argument. I reserve my condemnation for the National Party government which allowed that argument to be conducted in the streets of New Zealand. It did that for a cynical political advantage - to make sporting contact with South Africa an issue in a general election which is eventually won by a narrow margin.

Sporting contact with South Africa was not an issue in the general election of 1984, although the National Party tried hard at times to make it run.

The Labour government's view is clear enough. It is implacably opposed to sporting contact with South Africa and will remain so until the day when apartheid is dismantled and South African teams are wholly representative. We will not issue visas to enter New Zealand to any team representing South Africa.

The government cannot prevent New Zealand sportspeople, whether organised in teams or otherwise, from leaving New Zealand to play in South Africa, but it will use every reasonable means of persuasion at its disposal to make the case against going.

You may know that the All Blacks are due to tour South Africa next year and that will be the first test of our resolution.

Public opinion in New Zealand is divided on the merit of that tour. There are many people in New Zealand who have exactly the same opinion as the government but if they are in the majority I think it would be a small one.

I think that the reason for the continuing strong support for sporting contact between New Zealand and South Africa is quite simple - love of rugby. It is hard to explain to outsiders how important rugby is in New Zealand. It is an essential part of the New Zealand culture and probably only white South Africa shares that.

The New Zealand advocates of sporting contact with South African can muster a range of libertarian argument in support of their case but in the end it is the love of the game which drives them. It is not love of South Africa. It is love of rugby as played in South Africa.

I am certain that if the dialogue between the New Zealand government and the New Zealand rugby union is conducted in moral or philosophical terms that I can make the better case. If it comes down to a discussion of the impact of sporting ostracism as opposed to the advantages of contact I am confident in my argument. The real difficulty will lie in overcoming the desire to play the game, a desire so overwhelming it blinds its adherents to all other considerations.

I intend to draw those considerations to the attention of the New Zealand rugby people. I shall ask them to weigh them carefully against the game.

Whatever the outcome I hope that you will understand what is going on in New Zealand. The government will be trying to stimulate a shift in public opinion which will ensure that a sporting tour to South Africa is as unthinkable in New Zealand as the presence of nuclear weapons.

There is a mood for change in New Zealand. I hope some of you will have the opportunity to examine it for yourselves. The new government of New Zealand is part of that mood - not imposing change but encouraging it as we seek to redefine our view of ourselves and the world.



Foreign and Commonwealth Office

London SW1A 2AH

27 September 1984

Dear Charles,

Death of former Governor-General of New Zealand

When she meets Mr Lange at Chequers on Sunday, the Prime Minister may like to say to him how sorry she was to read of the recent death of Sir Denis Blundell, Governor-General of New Zealand from 1972-77 and before that High Commissioner in London from 1968-72. I enclose as background a copy of The Times obituary.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

Prime Minister

CDP
27/9.

RC

cutting dated.....2.5 SEP 1984.....19

SPD
PCD

SIR DENIS BLUNDELL

Sir Denis Blundell, GCMG, GCVO, KBE, OBE, QSO, who died yesterday in Australia where he was on holiday, at the age of 77, was Governor-General of New Zealand from 1972 to 1977, and was a former New Zealand High Commissioner in London. He was also one of the foremost members of the legal profession in New Zealand.

Edward Denis Blundell was born in Wellington in 1907 and educated at Waitaki Boys' High School, Oamaru, South Island; and Trinity Hall, Cambridge. A distinguished cricketer he gained his Blue for the University in 1928 and 1929 and he was later to represent New Zealand in 1936-37. After the war he was prominent in cricket administration as president of the New Zealand Council, 1957-60.

He was called to the Bar by Gray's Inn in 1929 and in that year, too, he was admitted barrister and solicitor of the Supreme Court of New Zealand as a member of a prominent Wellington legal firm where he became senior partner.

During the Second World War he enlisted as a private in

the New Zealand Army and was sent to Europe with the 2nd New Zealand Division. Here he distinguished himself in service during the campaigns in Greece, Crete, the Middle East and Italy rising to lieutenant-Colonel and commanding the division's 23rd Battalion. He was appointed OBE (mil) in 1944.

After the war he continued with his legal career, being president of the New Zealand Law Society from 1962 to 1968 and when in the latter year he was appointed New Zealand High Commissioner in London it was the first time that this appointment had been made from outside the ranks of politicians. During his period in London Blundell was active in trying to mobilize British public opinion in an attempt to stiffen the British Government's resolve in the direction of protecting New Zealand's position in the negotiations to join the EEC.

At the end of his time in London he was appointed Governor-General of New Zealand. He had been created GCMG in 1972 and GCVO in 1974. He was also appointed a Companion of the Queen's Service Order of New Zealand.

Av. Sands

Europa

RS
7/12

~~RS~~

Auslu

AP

RR/S

HC

TX

Mr. Bridges

(6)

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

12 September 1984

Visit to the UK by Mr. David Lange, New Zealand
Prime Minister and Foreign Minister

I wrote to you on 30 August about the arrangements for this visit.

The Prime Minister has now confirmed that she would prefer to have a strictly private meeting with Mr. Lange without other Ministers and officials present. We are therefore arranging for Mr. and Mrs. Lange and the other guests to be invited at 1230 for 1300, and the Prime Minister will take Mr. Lange off for a private chat after lunch.

You will wish to ensure that the briefs are written in a way appropriate for the sort of meeting now envisaged. It will be for Departments concerned to brief their Ministers on any specific points which they should raise with Mr. O'Flynn.

I am sending copies of this letter to Richard Mottram (Ministry of Defence), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food) and Stewart Eldon (Foreign and Commonwealth Office).

Charles Powell

Peter Ricketts Esq
Foreign and Commonwealth Office.

CONFIDENTIAL

MJJAET
APC

PRIME MINISTERMeeting with the Prime Minister of New Zealand

You have invited the new Prime Minister of New Zealand for lunch and talks at Chequers on 30 September. He will be accompanied by his wife, his Deputy Foreign Minister (he is his own Foreign Minister) and two or three officials. At present he is invited for 1200.

The options for handling the meeting are:-

- A) Stick to 1200: you have a strictly private meeting with him from 12-1230 while other Ministers you have invited look after Mrs. Lange and the other New Zealand guests. No delegation talks.
- ✓ B) Slip the invitation to 1230 for 1300. You take him off afterwards for a private chat, leaving other Ministers to talk to the Deputy Foreign Minister and officials.
- C) Wider talks before or after lunch including Mr. Jopling, Mr. Heseltine and Lady Young on our side and the Deputy Foreign Minister and officials on theirs.

Since it is the first meeting, and occasion for you to get to know Mr. Lange and there are no pressing business problems I would favour (B). Agree?

C.D.P.

Yes
ms

11 September 1984



FILE

R7

B/C: P.G.

CC M/D

10 DOWNING STREET

From the Private Secretary

30 August, 1984

VISIT TO THE UK BY MR. DAVID LANGE, NEW ZEALAND

PRIME MINISTER AND FOREIGN MINISTER

Thank you for your letter of 29 August about Mr. Lange's visit.

The Prime Minister agrees that Mr. and Mrs. Lange and Mr. O'Flynn be accorded Guest of Government status. She also agrees that Mr. O'Flynn should be included in the guest list for the Chequers lunch.

You ask about attendance at the talks. I suspect the Prime Minister would prefer these to be very relaxed and principally an opportunity for her to get to know Mr. Lange. It is quite likely therefore that she will wish to see Mr. Lange alone. However, Mr. Jopling and Lady Young have also been invited to the lunch and would therefore be available to take part in discussions. As this implies, preparation of the guest list for the lunch is already in hand.

(C.D. Powell)

P. Ricketts, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

CST.

cc PC
①

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister.

1. Agree to give Mr. & Mrs. Lange
& Mr. O'Flynn Guest of 29 August 1984
Government status?2. Agree to add Mr. O'Flynn to the
Dear Charles, lunch? C.D.P. 29/8.Yes
mfVisit to the UK by Mr David Lange, New Zealand Prime
Minister and Foreign Minister

We have already been in touch about the visit to the UK of Mr and Mrs Lange, from 27 September to 2 October. The Prime Minister has invited Mr Lange to Chequers on 30 September for talks followed by lunch.

We now learn that Mr Lange will be accompanied by Mr Frank D O'Flynn, his Deputy Foreign Minister and Associate Minister for Overseas Trade and Marketing, who will be here from 27 September to 1 October.

Sir Geoffrey Howe recommends that Mr and Mrs Lange and Mr O'Flynn be accorded Guest of Government status. They are the first Ministerial visitors from the new New Zealand Cabinet and their visit offers an excellent opportunity to demonstrate goodwill towards the new Government. The New Zealand Government normally accord visiting British Ministers Guest of Government status, the most recent example being Lady Young, who will be visiting New Zealand in October.

I would be grateful to know whether the Prime Minister agrees. It would also be helpful to have an idea of which other Ministers the Prime Minister would wish to be at the talks on 30 September. This will help us to compile a suggested guest list for the lunch. Sir Geoffrey will probably be returning that morning from his visit to Central America and the UN General Assembly, where he will already have met with Mr Lange, and would therefore be content for Lady Young to represent the FCO, if the Prime Minister agrees.

Already agreed.

The New Zealand High Commission have also asked if it would be possible for Mr O'Flynn to be included in the invitation to Chequers for 30 September. We endorse their request and should be grateful if it too could be put to the Prime Minister.

Yes

(P F Ricketts)
Private Secretary

Peter Ricketts

C D Powell Esq
10 Downing Street

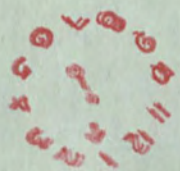
New Zealand

POSTAL AND COMMUNICATIONS DEPARTMENT

May 79



VISIT OF NZPM



29 AUG 1984



New Zealand High Commission

New Zealand House
Haymarket
London SW1Y 4TQ
Telephone 01-930 8422
Telex 24368

Prime Minister

CDP
29/8

2

Reference:

28 August 1984

Dear Prime Minister

We have received the following cabled message for you from the Prime Minister, the Hon. David Lange, MP:

mt

"Dear Mrs Thatcher,

It was most kind of you to invite my wife and me to lunch at Chequers during our forthcoming visit to the United Kingdom. I greatly look forward to meeting you on that occasion.

I would like also to take this opportunity to thank you for the firm support we received from you personally and from your colleagues, including especially Michael Jopling, during the recently concluded round of access negotiations for our butter and lamb exports to the Community. Happily we now face a period of relative stability in this vital aspect of our export trade although I gather that you too are concerned, like us, about the European Commission's recent decision to attempt to dispose of a major part of the Community's butter surplus in world markets. I hope, however, we can have the opportunity to discuss, at least briefly, a wider range of international issues of concern to both our countries.

With warm personal regards,

Yours sincerely,

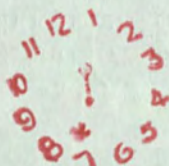
David Lange."

We shall send you the original text when we receive it by bag.

for High Commissioner

The Rt. Hon. Margaret Thatcher, FRS, MP
Prime Minister,
10 Downing Street,
LONDON SW1.

28 AUG 1984



PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T147A/84



SUBJECT

cc Master
OPS

Prime Minister

Prime Minister
Wellington

New Zealand

CCPC
②
CDP
6/9

27 August 1984

Rt Hon Margaret Thatcher
Prime Minister
Downing Street
LONDON

Dear Mrs Thatcher

It was most kind of you to invite my wife and me to lunch at Chequers during our forthcoming visit to the United Kingdom. I greatly look forward to meeting you on that occasion.

I would like also to take this opportunity to thank you for the firm support we received from you personally and from your colleagues, including especially Michael Jopling, during the recently concluded round of access negotiations for our butter and lamb exports to the Community. Happily we now face a period of relative stability in this vital aspect of our export trade although I gather that you too are concerned, like us, about the European Commission's recent decision to attempt to dispose of a major part of the Community's butter surplus in world markets. I hope, however, that we can have the opportunity to discuss, at least briefly, a wider range of international issues of concern to both our countries.

With warm personal regards.

Yours sincerely

David Lange

New Zealand 5779
visits by

htē ea

PRIME MINISTER

LUNCH FOR NEW ZEALAND PRIME MINISTER

I understand that Sir Geoffrey Howe will not be able to attend the lunch at Chequers on 30 September for Mr Lange, since he will be travelling back from Costa Rica.

The Minister with responsibility for New Zealand is Lady Young.

Agree to invite Lady Young and Dr Young in place of the Howes?

DB.

8 August 1984

N. 2 . PM



File
CPC ✓
DB ✓

10 DOWNING STREET

From the Private Secretary

6 August 1984

Visit of the Prime Minister of New Zealand

The New Zealand High Commission have been in touch with us direct about the likely visit of their Prime Minister to London in late September. Given that it is desirable to settle this before the Prime Minister departs on holiday, I have consulted her about it.

The Prime Minister would be ready to see Mr Longe for a talk followed by lunch at Chequers on Saturday 29 September. The talk would be at 12 o'clock. The Prime Minister would like to keep the occasion small and informal.

I should be grateful if you could put this to the New Zealand High Commission, and put in hand the necessary briefing nearer the time.

C D Powell

Colin Budd, Esq.,
Foreign and Commonwealth Office



10 DOWNING STREET

MR BARCLAY

You will wish to note
this and let Vera know.

I should guess that
in the end it will be lunch
for 10 or 12.

em

Have spoken
to Vera.

dms
6/8

6 August 1984

PRIME MINISTERVISIT OF THE PRIME MINISTER OF NEW ZEALAND

The New Zealand High Commission have been in touch to say that their new Prime Minister will be passing through London on his way back from the United Nations General Assembly, and would very much like to call upon you. He is arriving on the evening of 27 September and leaving on 2 October.

This is not, of course, at all a convenient time. You do not get back from your visit to South East Asia until the night of 27 September, and you will probably want a full day to catch up on Government business. Monday, 1 October is already set aside for the two Seminars and it would be very hard to change this.

The only possibility, therefore, seems to be a meeting followed by lunch at Chequers on either 29 or 30 September. Both are free in your diary.

Agree to see him on one of these days?

C.D.P.

Yes
ms

3 August 1984

Subject

CONFIDENTIAL



cc Master

ke v2
Sir P.C.

10 DOWNING STREET

From the Private Secretary

15 May 1985+

Dear Sir,

VISIT OF THE NEW ZEALAND PRIME MINISTER

Sir Robert Muldoon called on the Prime Minister at 1700 hours this afternoon. He was accompanied by the New Zealand High Commissioner, Mr. Hensley and Mr. Groser. Sir Crispin Tickell was also present.

The Prime Minister said that she understood that the Irish were still blocking the arrangements for exports of New Zealand butter to the European Community. It was unlike Dr. Fitzgerald to be ungenerous in a situation of this kind where he had already obtained a satisfactory settlement on milk. Sir Robert Muldoon said that he had believed that he had an understanding with the Taoiseach to the effect that if the Irish obtained their requirements on milk he would not obstruct a solution for New Zealand butter. He had written to Dr. Fitzgerald but had received no reply. He was inclined now to remind the Irish that a reply was awaited. Meanwhile, the Commission were inviting New Zealand to say what its minimum requirements were. It was important that New Zealand should secure an arrangement lasting for five years. But he was chary of a recent suggestion that he should accept a five year arrangement with no quantities being allocated for the later years. This might lead the Irish and others to argue later that, on completion of the five year period, there should be no special arrangement for New Zealand. There was no logical case for a five year system unless quantities for each year were specified. The Prime Minister agreed. As she recalled, New Zealand had only accepted reduced quantities in order to secure a five year arrangement. There was no point in including years for which no specific quantities were laid down. Nor should New Zealand put it into the minds of others that the fifth year might mark the end of special arrangements for New Zealand. Despite the recent agreement to limit milk production, there would still be substantial surpluses in future years.

/ Sir Crispin

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- 2 -

Sir Crispin Tickell asked whether France had made any suggestion as to solving the present problem. Sir Robert Muldoon said that it had not. New Zealand was receiving more cooperation from M. Rocard than any previous French Minister of Agriculture. Although he was going to Paris tomorrow for the OECD meeting he was not at present planning to raise this matter with the French Government because it was not clear that they could do anything at the moment. The Prime Minister suggested, however, that President Mitterrand might be able to persuade the Taoiseach to move. Sir Robert Muldoon said that he would consider this idea.

With regard to sheepmeat, both France and Ireland still wanted the "sensitive area" provisions. But apparently Ireland did not regard these as sufficiently valuable to make a move on butter. The French wanted to get the sheepmeat problem out of the way before the European elections because of political problems in sheep-farming areas in France.

New Zealand was sending 160,000 tonnes of lamb this year to Iran which was also taking New Zealand butter and wool. Clearly, this was a very vulnerable market, so he was careful to avoid any public criticism of Iran.

Turning to the world economic situation, Sir Robert Muldoon said that he had attended last week an interesting and valuable meeting in Washington. Mr. Brock of the US Administration had invited Ministers from 12 major trading nations to discuss the problems of GATT. They had been virtually unanimous (Japan excepted) that GATT needed more political input. It was desirable that there should be an annual Ministerial meeting with a political mandate to seek progress. GATT had accepted its mandate on manufactured goods but had done nothing on, for example, agricultural products or services.

With regard to the international debt problem, he was convinced that a major collapse would occur unless more effective action was taken by the international community. The arithmetic showed that in the next two or three years when, as it inevitably would, the US economy went into a period of down-turn, the principal debtor countries would be forced to seek fresh loans. He recalled a period earlier this year when Argentina was within 24 hours of default and had been bailed out by four Latin American countries. Sir Crispin Tickell pointed out that the US had guaranteed this loan.

/ Sir Robert

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VSCAAW

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- 3 -

Sir Robert Muldoon said that in Argentina Alfonsin was now questioning his obligation to pay the debts incurred by the military regime. It was difficult to point out to him, when he was under such pressures, that if he defaulted Argentina's credit would be completely exhausted.

Lord Lever, with whom he had discussed these matters, was a far greater pessimist than he himself. The fact was that the main debtor countries could only meet their commitments if they reduced their deficits. But it was not clear which countries would go into deficit when the debtor countries moved into surplus.

The Prime Minister stated that if Argentina were to default, the domino effect would be very serious. Sir Robert Muldoon said that there would be a major loss of confidence in leading US banks. Even Mr. Regan began talking recently about an international monetary conference but he (Muldoon) now did not think that such a conference would be effective. Something smaller was needed.

If major US international banks got into difficulties, the US system would not be able to handle the situation. Some \$4.5 billion had had to be raised recently in an attempt to salvage Continental Illinois. In 1984 the private banks would have to contribute an extra \$20 billion to get the main debtor countries through their difficulties. This was all a question of confidence. He recalled the day in 1929 when confidence finally collapsed. This could occur again now. The Prime Minister said that the US inevitably had to play the major role. She believed that the US Administration would ensure that the leading American banks remained liquid. It was not clear what action Sir Robert Muldoon envisaged as an alternative to the action taken in the last year or two. Sir Robert Muldoon said that there was a need for the international community to do more. The Prime Minister said that the international community frequently took action through the IMF.

Sir Robert Muldoon then said that he hoped this issue would be on the agenda of the Economic Summit. It was necessary for Western leaders to realise that the deficit countries could not move into surplus because other countries would not go into deficit. The Prime Minister said that we must take care not to finance the debtors in ways which encouraged them to repeat the mistakes of the past. Sir Robert Muldoon said that last year Mexico had reduced the standard of living of its poor by some 25%. He believed that they could do this only because of the oppressive nature of the regime. But Mexico would not

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- 4 -

surmount the next crisis. The measures it had taken were not sufficient to move it back into balance let alone surplus. The Prime Minister commented that Brazil had done rather better than we had expected. There was no one formula which would solve these problems.

Sir Robert Muldoon observed that Saudi Arabia was, like most of the oil rich Arab states, now in deficit. The "band-aid" operations of the last two years were inadequate. More effective international action was necessary.

The discussion ended at 1815.

I am copying this letter to David Peretz (HM Treasury), Ivor Llewelyn (MAFF) and to Richard Hatfield (Cabinet Office).

Jan eve

John Cole.

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

VSCAAW



Foreign and Commonwealth Office

London SW1A 2AH

15 May, 1984

Dear John,

Call by New Zealand Prime Minister

Sir Robert Muldoon, who will be calling on the Prime Minister today (Tuesday) at 5.30 pm, addressed the Overseas Development Institute earlier today on international economic problems. The Prime Minister may care to glance at the enclosed summary of Sir Robert's speech.

Yr ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

C.P.C.

MR 15/5.



Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's
Private Office

John Coles Esq
10 Downing Street
London SW1

14 May 1984

Dear John

... I understand that the Prime Minister is to see Sir Robert Muldoon tomorrow. My Minister saw Sir Robert this afternoon, and I enclose a note of their meeting, together with a copy of the brief provided for the occasion.

*Yours Sincerely
C I Llewelyn*

C I LLEWELYN
Private Secretary



NOTE OF A MEETING BETWEEN THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD AND THE PRIME MINISTER OF NEW ZEALAND: 14 MAY 1984

Present: Minister of Agriculture, Fisheries and Food
Mr Andrews
Sir Robert Muldoon - Prime Minister
Mr Hensley } Prime Minister's Dept
Mr Groser }
NZ High Commissioner
Mr Brown (NZ High Commission)

Sir Robert Muldoon said that he had been very disappointed by the line taken by Ireland at the last Agriculture Council on the question of access to the Community of New Zealand butter. This had not accorded with an assurance he had been given by Mr Fitzgerald in February, that once a settlement had been reached on the supplementary levy Ireland would not block agreement. He had written to Mr Fitzgerald on this point, but had yet to receive a reply. The Minister commented that assurances from the Irish always had to be treated with a certain caution.

Sir Robert went on to say that the Commission proposal on access for New Zealand butter was just acceptable. The quantities proposed were unsatisfactory, but the suggested duration of five years would at least enable the industry to plan ahead with some confidence. Any proposal to reduce the duration of the agreement was, therefore, unwelcome. Nor would he be happy with a five year agreement that left the quantities for the last two years open for a subsequent decision, particularly if such an agreement could be presented as being a final one, for five years and no more. Despite these reservations, Warren Cooper (the New Zealand Minister for External Trade) believed that if Ireland would not move, New Zealand would have to be ready to look for some compromise proposal.

The Minister said that at the last Council it had been left that the Commission would hold discussions with New Zealand. He asked whether they had yet approached New Zealand. Mr Groser replied that the Commission had been in touch informally and at a relatively low level; they had explained what the position was, but had not yet started discussions on any possible compromise. The Minister commented that he would be inclined to let the Commission make the first move (Sir Robert indicated assent); in his view the Commission would take the French and German proposals to fix quantities for a three year period, possibly with a commitment for a further two years, as a starting point and then seek to establish what Ireland on the one hand and New Zealand on the other would settle for. Any compromise was likely to involve either reduced quantities or a shorter duration.

The Minister went on to say that at the Council the question of voting had arisen, and he had also heard the idea of voting suggested when he was in New Zealand. He did not feel that it would be at all wise to move away from Protocol 18 (which required unanimity) as the legal basis for



continued access of New Zealand butter, even if by doing so the matter could be subject to majority voting. Sir Robert agreed.

Sir Robert asked whether France had been showing any anxiety about the voluntary restraint arrangements for sheepmeat. He added that Rocard had told him that it would be politically important to obtain an extension of the New Zealand VRA before the European elections. However, since it would now be clear to France that New Zealand was unlikely to sign the VRA before the elections, this issue had lost some of its value as a negotiating counter. Nevertheless, this was a point which continued to concern the Irish as well. The Minister pointed out that the French Presidency had altered the date of the next Council, which would now take place after the elections. They were clearly resigned to the fact that there was no possibility of agreement on the VRA before the elections. Mr Andrews agreed that this issue seemed now to have less significance for France, although in the longer term they remained concerned. For the June Council, we would have to make a judgement nearer the time whether it would be wise to seek to discuss New Zealand butter, given that the current roll-over did not expire until the end of July.

Sir Robert then went on to discuss the situation on the world market for dairy products. He hoped that the Community would keep disposals on the world market under strict control this year; any repetition of last year's excessive increases in export refunds would be most unfortunate. It was important for both New Zealand and the Community to keep the prices high on the world market. The Minister commented that co-operation with New Zealand in the dairy sector was a key point in favour of continued access for New Zealand butter for many member states, in particular the Dutch and the Danes. He reminded Sir Robert that the Community was now making serious efforts to cut back its own level of production; preliminary indications, in the UK at least, were that this was succeeding.

e/h

C I LLEWELYN
Private Secretary
14 May 1984

Distribution

- Private Offices
- Mr Andrews
- Mr Dixon
- Mr Hadley
- Mr Wentworth
- PS/Foreign Secretary
- Mr Coles, No.10
- Mr Williamson, Cabinet Office

MINISTER'S MEETING WITH THE PRIME MINISTER OF NEW ZEALAND : 14 MAY 1984

POST 1983 ACCESS FOR NEW ZEALAND BUTTER

BACKGROUND

1. Definitive arrangements for EC access for New Zealand butter expired on 31 December 1983. In October 1983 the Commission proposed new arrangements for 1984-88, the main elements of which were:-
 - a) Imports for 1984 would be set at 83,000 tonnes, declining by 2,000 tonnes annually to reach 75,000 tonnes in 1988;
 - b) These quantities could be temporarily reduced by the Council, acting by qualified majority, to prevent serious disturbance of the UK market, in particular in the event of a substantial drop in direct UK butter consumption;
 - c) The special levy would be fixed at 25 per cent of the intervention price;
 - d) New Zealand butter would be brought within the framework of arrangements for the consumer butter subsidy on Community butter and in consequence there would be no bar to the sale of New Zealand butter for use other than direct consumption.
2. Since it proved impossible to reach agreement on this proposal before the end of 1983 the Council adopted an interim arrangement which took on board the provisions at 1b, c and d above but provided for the import of only 13,833 tonnes of butter (ie two-twelfths of the quantity proposed for 1984) in the first two months of 1984.
3. The Commission has maintained its original proposal but it has been impossible so far to agree more than short-term extensions. At the Agriculture Council on 7/8 May Ireland continued to oppose any agreement which fixed quantities for a five year period. While the principle of a five year agreement might be agreed quantities would have to be negotiated annually or, at the most be set for the first

two years. While recognising the risk of repercussions of this in the sheepmeat sector (where New Zealand is withholding agreement to voluntary restraint arrangements until satisfied on butter) the Irish Minister said that since Ireland had "nothing but goodwill for New Zealand" common sense would prevail and there would be no reprisals by New Zealand.

4. The Minister strongly criticised the Irish position arguing that the Commission's proposal was the only approach to follow. The Netherlands also have unqualified support and all other Member States were ready to accept the Commission's five year proposal.

5. France and Germany came forward with compromise proposals. France suggested a three year agreement based on the Commission tonnages to end 1986. Germany suggested a similar arrangement to end 1986 with a firm political commitment by 9 Member States to accept the Commission tonnages for the remaining 2 years of a five year agreement. Ireland, however, would be able to question the tonnages for 1987 and 1988. The sheepmeat arrangements would apply to France for the full five years, but for Ireland only to end 1986 in the first instance. Ireland continued to resist both the French and German ideas. Under pressure Ireland was prepared to agree figures for New Zealand imports up to March 1986 at the latest.

6. A number of other Member States were unhappy with the German proposal on legal grounds (it was not clear how it could be given binding expression since Council declarations have no legal force) and on political grounds since it would not constitute an agreement by the whole Council. The Minister strongly opposed it and resisted a Presidency attempt to vote on it receiving strong support from the

Dutch. The only proposal he was prepared to accept was the Commission's original one. Any informal discussions the Commission cared to have with New Zealand in the light of the debate was for the Commission to decide and they could report back accordingly.

7. The Commission throughout maintained their original proposal and pointed to the difficulties in negotiating anything else with New Zealand. They resisted pressure from the Chair to seek to negotiate a shorter term arrangement. They reserved their right, however, to hold further discussions with New Zealand under their own authority and to report back to the Council with such new proposals as might be appropriate.

8. A two month extension of the temporary arrangements to 31 July was agreed to give the Commission time for further talks. The interim arrangement therefore now provides for the import of 48,416 tonnes during the first seven months of 1984 (ie seven-twelfths of the 83,000 tonnes proposed by the Commission for 1984).

NEW ZEALAND'S VIEWS

9. When Mr Warren Cooper met Mr Jopling on 1 May he indicated that anything less than a five year arrangement would be disappointing to New Zealand. In particular a three year scheme would expire at an electorally difficult moment for New Zealand. He hoped that Ireland and France would grasp that milk was at least as important to the New Zealand economy as to the Irish economy.

10. New Zealand have pointed out that the reduction in the intervention price for butter agreed for 1984/85 milk year will result in a significant fall in their net returns from the UK market. To preserve the net return at its current level it would be necessary to change the basis

of the calculation of the levy from its current level of 25 per cent of the intervention price to about 15 per cent. However other Member States would almost certainly argue that if Community producers' returns on butter are falling there is no justification for maintaining the returns to New Zealand. Nor is the Commission particularly sympathetic, arguing that New Zealand has been quite ready to accept increases in her return resulting from past increases in the intervention price. She should now be prepared to accept the consequences of a reduction in the intervention price. We have pointed out that the position of the New Zealand producer is different from that of the EC producer in that, for the latter, the reduction in the butter price is compensated for by an increase in the price of skimmed milk powder; no such compensatory effects apply to New Zealand. Nevertheless we would agree with the Commission's view that negotiations on access can only be made more complicated and more acrimonious by introducing this issue. Both we and the Commission would prefer to see the access question settled first and take up later the question of the New Zealand levy.

LINE TO TAKE

11. The Minister will wish to assure Mr Muldoon that we have continued to urge upon our European Partners the need to stand by the Community's commitment to New Zealand. We recognise that New Zealand is clearly dependent on her butter exports to the UK and will continue to resist any weakening of the Commission's proposal. It is encouraging that in the most recent discussions there has been no pressure to reduce the proposed quantities. It is simply the duration which is under attack by the Irish. The Minister might point out that the patience of the Agriculture Council may begin to weaken and further extension of the arrangements beyond July could become difficult if there is no sign

of an agreement. Given the Irish position and the reactions of the Council to the French and German ideas it is probably now doubtful whether the Commission's original proposal can be adopted unchanged, although we shall certainly maintain our support for it if Mr Muldoon judges that the Irish (who will be in the Presidency in the latter part of the year) can be eventually made to back down.

12. In discussion of any possible modification to the Commission proposal the Minister may wish to point out that the readiness of the Germans to go for a shorter definitive agreement and the acquiescence of many in the Council in the idea of a three year measure will make it more difficult to see a full five year agreement being adopted. If anything less than the present proposal has to be agreed eventually it is essential that the scope for any review of the figures should be strictly limited so that the Irish cannot effectively question them every year. It is also highly desirable to keep to a calendar year basis. To go to a marketing year basis (April/March) as sought by the Irish would make unhelpful linkage with the annual price fixing virtually inevitable.

13. If Mr Muldoon raises the question of returns for butter from the UK market the Minister can tell him that we have raised the matter with the Commission. We have in the past argued that discussion of this issue should be kept separate from that on definitive access arrangements. ~~But~~ New Zealand may wish to consider whether to press for some improvement in the levy rate in any new proposal the Commission might make. But it has to be recognised that some members of the Agriculture Council might react adversely

to a new element being introduced into the negotiations.

Milk and Milk Products
Division I
11 May 1984



Foreign and Commonwealth Office

London SW1A 2AH

14 May 1984

Dear John,

Visit of the New Zealand Prime Minister

I enclose briefing for the Prime Minister's talk with Sir Robert Muldoon on 15 May at 1730, together with a personality note.

Sir Robert, who was last here and saw the Prime Minister in February, will be coming to London prior to attending the OECD Ministerial meeting in Paris as in previous years.

During his visit, Sir Robert will address the Overseas Development Institute and attend a meeting of the Commonwealth Consultative Group on international trade and payments problems. A bilateral meeting with the Secretary of State has been arranged for Thursday 17 May in the margins of the OECD meeting.

Sir Robert has not indicated the topics he wishes to raise; but the latest developments on access to EC markets for New Zealand butter (Brief No 1) must be near the top of his agenda. Other items on it are probably the progress of the Commonwealth Consultative Group on international trade and payments problems (Brief No 2), and prospects for the London Summit in June (also in Brief No 2). He may refer to the question of the Olympics (Brief No 5) and to sporting contacts with South Africa (Brief No 6).

Sir Robert may touch on the security of small states (Brief No 3) a topic which Sir Geoffrey Howe raised with the New Zealand Foreign Minister on 1 May. In a South Pacific context Sir Robert could also mention the proposed Single Regional Organisation for the South Pacific (in Brief No 4). The Prime Minister might mention our commitment to the area. A background note on bilateral relations is at Brief No 7.

Sir Robert's National Party Government will be facing a general election this year (the New Zealand Parliament's three-year term expires in November). Although he remains the dominant figure on the political scene, at the end of April the Labour Opposition edged their way to a 3% lead over the

/Government

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Government in a major opinion poll. Parliamentary debates in Wellington have been generally without interest and there is little sign as yet of the parties moving, in an election year, to identify the main issues that divide them.

As on previous occasions, Sir Robert may talk freely to the press about his conversations with the Prime Minister. He will, however, respect confidentiality where he sees the need, or when specifically asked.

Sir Robert will be accompanied by the High Commissioner (Mr Young), the Permanent Head of the Prime Minister's Department (Mr Hensley) and the Advisory Officer in the Prime Minister's Department (Mr Groser). We agreed that Sir Crispin Tickell will also attend.

*Yours ever,
Peter Ricketts*

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

P R E S S R E L E A S E : For immediate release

15 May 1984

WORLD'S MAJOR COUNTRIES LACK IMAGINATION ABOUT INTERNATIONAL ECONOMIC PROBLEMS

Sir Robert Muldoon, Prime Minister of New Zealand, told an Overseas Development Institute meeting today that the world's major industrial countries lack imagination in their approach to the problems of the interdependent world economy. Speaking about the problems of trade and finance to be discussed at the London summit of the seven major industrial countries in June, the Prime Minister said he was acutely aware of the practical difficulties of getting agreement to take action. 'However, the plain fact is that every time a Summit is held, one or other of the members is facing an election'. But a new examination of the structures of the international monetary system was overdue. 'What we need to do', he said, 'is to construct quite deliberately a mechanism for looking at these issues that will not get out of control; that will take account of political and economic realities'.

This could not be achieved by global negotiations based on a one-country, one-vote system. 'The complex issues involved must be examined by a manageable number of countries. Large countries such as the United States need to have a seat of their own. Smaller countries like New Zealand would need to organise themselves into constituencies where one representative speaks on behalf of all the countries in the group'. The basic work would be done by people of the highest technical ability, and then submitted to governments for their consideration. On the agenda, in the context of the theme of economic interdependence, would be issues such as trade, financial flows and problems of external debt, the role and policies of the major international institutions and structural adjustment.

On the linkage between trade and debt, Sir Robert Muldoon stressed the need to arrest the drift away from commitment to an open international trading system, which is fundamental to the process of development. He set out a two-fold strategy, in the short term to maintain a reasonable net flow of capital into these countries and in the longer term to begin the difficult task of trade liberalisation.

The problem of lack of confidence in developing country prospects, crucial to the resolution of the finance issue, might be resolved, he believed, if the international community were to commit itself to a long term programme of genuine trade liberalisation.

Echoing one of the conclusions of a recent ODI study of the IMF and developing country balance of payments policies, the Prime Minister reaffirmed the need for IMF conditionality but called for the process of economic adjustment to be spread out: 'Once the speed of the adjustment threatens the political stability of the country, then matters are moving too fast'.

On another issue, a way had to be found to put aid on a more assured political footing, perhaps by issuing special drawing rights to countries in greatest need - what is called the SDR link proposal.

'What I am looking for in the London summit', Sir Robert concluded, 'is a sign that the world's political leaders have grasped the need to set in train a comprehensive examination of the closely linked structural difficulties facing the world's trade and payments system'. 'If these underlying structural difficulties were not tackled soon, we might be forced to do so in much less propitious circumstances'.

Ends

Note to Editors

Further details, including the full text of the speech, are available from

Peter Gee,
Publications and Press Officer,
Overseas Development Institute,
10-11 Percy Street,
London W1P 0JB

tel: 580 7683

file
da



bc Caroline

10 DOWNING STREET

From the Private Secretary

1 May 1984

Visit of New Zealand Prime Minister

Thank you for your letter of 27 April.
The Prime Minister could see Sir Robert
Muldoon at 1730 on Tuesday 15 May.

A J COLES

R.B. Bone, Esq.,
Foreign and Commonwealth Office.

BM7

010 .

RESTRICTED

①



Prime Minister.

Foreign and Commonwealth Office

Agree to see Sir
Robert Muldoon at
17.30 on Tuesday, 15 May?

London SW1A 2AH

27 April 1984

A. J. C. 1/5.

Yes Sir

Yes Sir

Visit of New Zealand Prime Minister

Sir Robert Muldoon, the New Zealand Prime Minister, who will be visiting the United Kingdom from Sunday 13 May to Wednesday 16 May, prior to attending the OECD Ministerial meeting in Paris, has asked to see the Prime Minister.

His other principal engagement is to attend a meeting of the Commonwealth Consultative Group on International Economic Issues on 16 May. Sir R Muldoon leaves London later that day by air for Paris.

New Zealand House are not yet able to say what topics Sir R Muldoon might wish to discuss, but we may safely assume that butter and sheepmeat will be on his agenda. He may wish to speak further about the international economic situation, which will be discussed at the Commonwealth Consultative Group meeting.

Would you let me know whether the Prime Minister would like to see Sir Robert, and if so when the most convenient time - if possible on 15 May - might be?

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

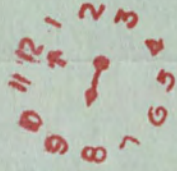
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Foreign and Commonwealth Office

London SW1A 2AH



27 APR 1984



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Mr. Gales (K)

In New York

PRIME MINISTER
WELLINGTON, NEW ZEALAND

27 February 1984

The Right Hon. Margaret Thatcher, M.P.
H.M. Prime Minister,
10 Downing Street,
LONDON, S.W.1

Prime Minister.

5/3
mb

Dear Margaret,

I am writing to thank you for making time available to meet with me during my recent visit to the United Kingdom.

Meetings of this kind usually develop with useful exchanges of views and I found this to be the case on this occasion not only with you but also with the other senior Ministers I had discussions with during my stay. It was of value to maintain our brief on our countries' trading and economic problems which I look forward to continuing from time to time in the future.

May I in conclusion also thank you for attending my dinner which was much appreciated by me in view of the heavy demands that I know are made upon your time.

With all good wishes,

Yours sincerely,

Robert Muldoon

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T34 A / 84

SUBJECT
cc OPS
cc Master

File mJ



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T33A/84

10 DOWNING STREET

THE PRIME MINISTER

21 February 1984

Dear Rob,

It was a great pleasure to see you yesterday, both for our talks in the morning and again in the evening.

Denis and I greatly enjoyed your delightful Dinner Party - please give my very warm thanks to Lady Muldoon.

My best wishes for the remainder of your travels and for a safe return home.

The Right Honourable Sir Robert Muldoon, C.H., G.C.M.G., M.P.

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10 DOWNING STREET

From the Private Secretary

20 February 1984

Visit of the Prime Minister of New Zealand

Sir Robert Muldoon called on the Prime Minister this morning. I enclose a record of the conversation.

I am copying this letter and enclosure to John Kerr (HM Treasury), Ivor Llewelyn (MAFF), Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

A. J. COLES

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

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E.R.

SUBJECT

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cc MASTER

RECORD OF CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRIME MINISTER OF NEW ZEALAND AT 1000 HOURS ON MONDAY 20 FEBRUARY 1984 AT 10 DOWNING STREET

Present:

- | | |
|---------------------|-------------------------------|
| Prime Minister | Sir Robert Muldoon |
| Sir Crispin Tickell | New Zealand High Commissioner |
| Mr. Coles | Mr. G.C. Hensley |
| | Mr. E.A. Woodfield |
| | Mr. D.S.S. Kerr |

* * * * *

In response to an enquiry by the Prime Minister about the prospects for elections in New Zealand, Sir Robert Muldoon said that a poll published today showed that the Government was still ahead. The ratings of the new Leader of the Opposition had fallen from 35% to 13% in twelve months. Sir Robert Muldoon's rating remained at about 35% which was satisfactory. This would not be a bad year in New Zealand and the economy was expected to improve a little. So he expected to survive the elections though he recalled that he had said this in 1972 and then lost by a landslide.

With regard to European Community issues, Sir Robert Muldoon said that the Commission had put forward over a week ago a tough proposal on butter and sheepmeat. But after consideration, New Zealand had felt that they should go along with it, principally because the proposal on butter, which envisaged a quota of 83,000 tonnes declining to 75,000 tonnes five years later offered valuable certainty over a five year period. With regard to sheepmeat, the Commission had envisaged that there would be no change in the existing quota. This was very important for New Zealand. It had not in the last year taken up its full quota of 245,000 tonnes. This was largely because 144,000 tonnes had been exported to Iran. But that was a very uncertain market which could be destroyed by a single public comment to which the Iranians took exception.

With regard to those countries within the EC for whom sheepmeat imports were sensitive, it was envisaged that France would

/ take

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take 3,500 tonnes, with a 10% increase per annum; and Ireland 50 tonnes. Ireland did not like this proposal but appeared ready to accept it. On the other hand, they were adamantly opposed to the Community's proposal on butter. Dr. Fitzgerald said that he would agree to nothing unless Ireland was exempted from any super-levy on milk. President Mitterrand had appeared more receptive. In a private conversation he had said that he thought the Commission's proposal reasonable and that he would discuss it with M. Rocard.

The Prime Minister asked whether Ireland would permit a roll-over arrangement. Sir Robert Muldoon said that he thought they would but this would mean continuing uncertainty for New Zealand.

Mr. Woodfield said that other elements of the dairy package at present under consideration by EC Agriculture Ministers would cause New Zealand \$28 million this year. The Prime Minister commented that she was doubtful whether the Community would sort out its internal problems at the March European Council.

Sir Robert Muldoon said that the 80,000 tonnes or so of New Zealand butter seemed unimportant when the Community had a surplus of 800,000 tonnes. But it was good to note that American farmers were now being given incentives to slaughter cattle. At least the United States appeared to recognise that agricultural surpluses on the present scale could not continue. For New Zealand, butter remained very important. It sold some to Iran, about 20,000 tonnes to the Soviet Union, a little to the United States and quantities to other small markets. He was currently worried about the Philippines which was a big market for reconstituted New Zealand milk. This market was under threat at present. He was also concerned that United States aid might destroy various small markets, for example Jamaica. He hoped to secure American confirmation later this week that they would continue to show restraint.

With regard to the European Community, the level of New Zealand butter exports was now 50% of the level of 10 years ago. New Zealand producers were now having to duplicate plants so that they could switch from product to product as necessary.

The Prime Minister said that she thought that Ireland would be the main difficulty. The European Community was trying to cut

/ milk

milk production. But Dr. Fitzgerald was maintaining that he could not do this, that he wished to expand Irish production and that he could not accept a super-levy.

Sir Robert Muldoon observed that Dr. Fitzgerald claimed that Ireland, when it entered the EC, had deliberately sacrificed its secondary industries in order to expand its farming industry. The Prime Minister said that that was not true, though the effect of Ireland's entry had been to achieve what Dr. Fitzgerald claimed was a matter of deliberate intention. Ireland would tie New Zealand's demands to its own. Sir Robert Muldoon said that New Zealand argued that it should not be involved in internal EC matters. But both Ireland and France stated openly that New Zealand was one of the few weapons they possessed.

The Prime Minister enquired about the nature of the link between butter and sheepmeat. Sir Robert Muldoon said that the Commission had made a link in their proposal in the sense that both problems would be dealt with together. Originally, he had not been in favour of a link but now that France and Ireland appeared to be willing to envisage a settlement, the fact of a link did not worry him. He did not mind giving up 50 tonnes of sheepmeat exports to Ireland if this would bring them round. But it was very important that New Zealand should not be asked to accept a less favourable arrangement on butter. The Prime Minister said that she well understood that point. Dietary habits were changing and this might lead people to eat less butter. Sir Robert Muldoon commented that the French made much of this point and argued that one should talk in terms of market percentages. But he believed that price was more important than dietary factors in affecting butter consumption. He also observed that the income from butter of New Zealand farmers was under 50% of that of their European counter-parts.

He also wished to mention in passing the problem of factory farming. Europe was importing feedstuffs and putting them through cows in order to produce "sanctified" European milk. All this entered into the surplus stocks. It was an extraordinary arrangement.

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Turning to Commonwealth matters, the Prime Minister said that she had not been surprised to see that the Commonwealth Secretary General had been unable to make progress with his ideas for Commonwealth assistance to Grenada. Agreeing, Sir Robert Muldoon said that New Zealand had offered to help initially but had since taken a back seat.

As regards the Commonwealth Study on International Trade and Payments Problems, he had had meetings in London over the weekend, including one with Mr. Gemayel of Tanzania who was a member of a non-aligned committee dealing with the subject; and another with a representative of a committee of 11 which was meeting in New York and which included representatives of non-G77 countries such as the United States, Canada and France. He had found that the approach of these people was not too distant from that of the Commonwealth group. But the two committees to which he had referred had concluded that further work should be done by a body roughly the size of the Interim Committee of the IMF. This would give adequate weight to the big countries. The thinking was that this committee would be charged with looking at the various problems, that where it could agree it would put forward a proposal, and that where it could not agree it would put forward options. Then a wider conference would look both at the proposals and the options.

However, Mr. Gemayel had said that the non-aligned were not prepared to accept a process which did not begin with a major conference. It seemed, however, that the non-aligned might eventually drop this demand.

The Prime Minister said that all this concerned a system - but what was the thinking about content? She hoped that the non-aligned committee included countries like Saudi Arabia and Kuwait and was not exclusively limited to countries who were seeking aid. She had recently seen an interesting paper by Sir Alan Walters who had pointed to the anomaly whereby banks included in their assets sums lent to developing countries, however unreliable these debts were. Sir Robert Muldoon commented that he did not believe that the countries with the biggest debts would be able to get out of their difficulties simply by trading. For example, he thought

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/ that Mexico

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that Mexico would not escape its current problems for at least a decade. Sir Crispin Tickell drew attention to the entry of some British merchant banks into "viabilities" markets. Sir Robert Muldoon further observed that he did not believe that the problems of many countries, including most of Latin America, could be solved simply by rescheduling debts. And their problems were being exacerbated by a massive flight of private capital. This had gone largely unremarked. The world community had to take some steps. Ad hoc methods of dealing with these problems would not work. The Prime Minister said that she did not believe that there was a universal formula for dealing with these problems. We were now having to take the lead with regard to Nigeria's massive debt. Sir Robert Muldoon suggested that this was another case of a country which could not get out of its difficulties by trade. The Prime Minister said that that would much depend on the state of the oil market. An escalation of the situation in the Gulf could be very relevant. But she did not wish to make it easy for countries to be badly managed and to be profligate. Sir Robert Muldoon stated that the remedy for this was IMF disciplines. He believed that the manpower resources of the IMF would have to be extended; it had been reported to him that the staff were under considerable strain.

The absurdity of the present situation could be demonstrated by the case of the Maldives. The Soviet Union had made a straight financial offer for the facilities at Gan. President Gayoom had refused this offer on the grounds that he was a member of the Commonwealth. But the United States had recently reduced the quota of woollen sweaters exported by the Maldives to the United States. What would it cost the US in defence terms if the Soviet Union acquired the Gan facilities?

The Prime Minister said that she was much concerned by protectionist tendencies in the United States. 1984 might be the worst year with regard to protectionism for some time. Sir Robert Muldoon said that a heartening feature was that President Reagan and his immediate associates were taking courageous steps against protectionism. He instanced again the incentives to American farmers to slaughter cattle. New Zealand was very fortunate to

/ have as

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have as the American Ambassador a Californian associate of President Reagan.

Turning to defence matters, the Prime Minister asked whether New Zealand was still planning to purchase the Australian Sky Hawk. We were able to make an interesting offer involving refurbished Jaguars. She understood that people in the New Zealand defence establishment were interested in this. Sir Robert Muldoon said that he did not know the technical details but he had not heard for some time of the British interest. There had earlier been difficulties with Australia which had offered Sky Hawk at nearly twice its actual value. But there was now a 90% likelihood of the Australian Sky Hawk being purchased. A private American company was also advocating the merits of the F20. He noted what the Prime Minister had said about possible New Zealand interest in the Jaguar and would look into it.

Sir Robert Muldoon said that he had recently discussed with Mr. Feldstein the prospects for US recovery. Feldstein had not been prepared to dispute his view that US recovery could be jeopardised next year by the level of the deficit. Mr. Sprinkel, who was present, had expressed unconvincing optimism.

It was not certain whether the dollar would fall, though he (Muldoon) tended to believe it would. The Prime Minister commented that if there were another international political crisis, the money would probably again go to the United States. She was disconcerted to see America in so much difficulty in the Lebanon.

Sir Robert Muldoon said that New Zealand was worried about the Gulf situation. It was on good terms with Iran but only because it took great care with every word uttered. New Zealand sold Iran a lot of lamb, some butter and quite a lot of wool. With regard to the Gulf war, Khomeini's stopping point might be the fall of Saddam Hussein. The Prime Minister commented that she did not believe that fanatics had a stopping point. A combination of fundamentalism and nationalism was very disturbing.

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/ She hoped

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She hoped that Sir Robert Muldoon would let us know the results of his talks with President Reagan. Sir Robert Muldoon replied that the principal problem which he would be discussing with the President was American pressure upon New Zealand to remove by the end of next year its incentives for exports to the United States. He recognised that the President was under domestic pressure in this respect. There would also be discussion of certain defence issues.

The Prime Minister recalled that she had warned the US Government that a collapse in domestic opinion might cause a crisis for them in the Lebanon. Within 10 days this had come to pass. Sir Robert Muldoon said that such events had an important effect on public opinion even in New Zealand. People tended to ask what the value of ANZUS was. And of course the opponents of the United States had a field day. The Prime Minister concluded by saying that the activities of such groups did immense harm to international relations.

The discussion ended at 1104.

A.J.C.

20 February 1984

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JAGUARS FOR NEW ZEALAND

Notwithstanding the statement in the recent New Zealand Defence White Paper that the Australian A4 Skyhawks would continue to be the preferred solution for New Zealand's fighter attack aircraft, British Aerospace believe that they might still be able to persuade New Zealand to purchase a fleet (16 aircraft) of refurbished Jaguar aircraft. These Jaguar aircraft would be bought back from BAe by the RAF when the RAF no longer have a requirement for them and would then be refurbished and resold to New Zealand. Under these circumstances, they would have a further life of up to 18 years; the contract follow-up for 16 such aircraft would be approximately £100M.

2. During recent weeks, British Aerospace has been attempting to interest New Zealand in this possibility. They believe they have now established a bridgehead - in particular with their suggestion that it may be possible to put together a very attractive offset package in the tourism field. In their approaches to the New Zealand Government, they have been advised that it would be very helpful if the Prime Minister could mention the Jaguar possibility to Mr Muldoon and ask him to have it examined.

3. Line to Take.

May I ask you to consider refurbished Jaguars from the UK to meet your follow-up fighter attack requirements. They are excellent aircraft, with considerable life left in them. British Aerospace have now put together a most attractive offset package in the tourism field; I believe your relevant Ministers have been informed. British Aerospace would now be grateful for a chance to present the total Jaguar package to your staffs.

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Ad/SPD
-w/ERD
-w/ECR(E)
-w/CRS
Sir W. Harding
Sir C Dickson
Mr Donald

00 FCO

00 PARIS

00 UKREP BRUSSELS

Record sent to
NAFF.

PS
PS/Lady Young
PS/Lord D.S.
(19)

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FM WELLINGTON 200230Z FEB 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 50 OF 20 FEBRUARY

AND TO IMMEDIATE PARIS, UKREP BRUSSELS

YOUR TELNO 49: SIR ROBERT MULDOON'S CALL: SHEEPMEAT AND BUTTER

1. IF POSSIBLE, IT WOULD BE HELPFUL FOR MR JOPLING TO HAVE ANY FURTHER INFORMATION ABOUT PM MULDOON'S TALKS WITH FRENCH, PARTICULARLY IN REGARD TO FRENCH REACTION TO SUGGESTED LINKING, BEFORE HE MEETS MINISTERS TOMORROW. WE HAVE SEEN TEXT OF PM'S INTERVIEW WITH NZPA WHICH GIVES NZ POINT OF VIEW.

2. SPECIFIC DETAIL OF COMMISSION'S SHEEPMEAT PROPOSALS, AS ACCEPTED BY PM MULDOON, WOULD ALSO BE USEFUL.

3. GRATEFUL REPLY DESKBY 202100Z.

STRATTON

NNNN

20 JAN 1984



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Foreign and Commonwealth Office

London SW1A 2AH

16 February 1984

Dear John,

Visit of New Zealand Prime Minister

/ I enclose briefing for the Prime Minister's talk
/ with Sir Robert Muldoon on 20 February at 10.00 am,
together with a personality note.

Sir Robert, who was last here in May, will be coming to London via Dublin following the OECD Conference on longer term Economic Performance. He goes on to Washington where he will have talks with President Reagan.

Sir Robert will also be calling on the Foreign Secretary (on 17 February); Mr Lawson and Mr MacGregor (vice Mr Jopling, currently in New Zealand). His programme also includes an investiture at the Palace and engagements with the Institute of Directors.

The New Zealand High Commission have told us that, when he sees the Prime Minister, Sir Robert will wish to discuss economic issues relating to the European Communities (Brief No 2) such as access for butter and sheepmeat. He also wishes to talk about international trade and payments problems (Brief No 3), including the Commonwealth study, and prospects for the London Summit in June. He may also refer to sporting contacts with the South Africans (Brief No 6) in the light of the possible decision by the English Rugby Football Union to tour South Africa.

Sir Robert's National Party Government will be facing a general election this year (the New Zealand Parliament's three-year term expires in November). He remains the dominant figure on the political scene and over the central question of managing the economy the Opposition have yet to show that they can mount an effective challenge to Mr Muldoon.

/We understand

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We understand that Mr Muldoon proposes to be accompanied by the New Zealand High Commissioner, Mr Gerald Hensley (Head of the Prime Minister's Department); Mr E A Woodfield (Deputy Secretary, Department of Trade and Industry) and Mr T Groser (Prime Minister's Department).

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

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TALKS WITH SIR ROBERT MULDOON

MONDAY 20 FEBRUARY

1000 AT NO. 10

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<u>Brief No:</u>	<u>Subject</u>
1.	UK/New Zealand bilateral relations.
2.	European Community issues.
3.	International Economic and Financial issues.
4.	South Pacific regional issues.
5.	Security of small states.
6.	Sporting contacts with South Africa.
7.	Personality note: Rt. Hon. Sir Robert Muldoon.



VISIT BY NEW ZEALAND PRIME MINISTER
UK/NEW ZEALAND BILATERAL RELATIONS

POINTS TO MAKE

1. Good to see members of our Governments travelling in both directions. Lord Hailsham, Mr Baker and Mr Jopling (currently in New Zealand) British visitors to New Zealand in 1984.

UK/NEW ZEALAND TRADE

2. Welcome effort to revitalise trading and investment links, the visit of a New Zealand High Level Trade Mission in October 1983.

3. UK has expertise to offer in information technology (visit of Mr Baker to New Zealand earlier this month).

4. Note that while steel contract went to Japanese and not Davy McKee, British firms later won railway electrification contracts.

DEFENCE SALES

5. Anxious to maintain our position with a valued customer.



VISIT BY NEW ZEALAND PRIME MINISTER
UK/NEW ZEALAND BILATERAL RELATIONS

ESSENTIAL FACTS

1. Anglo/New Zealand relations are close and in good repair. Robust support that New Zealand Government gave during the Falklands crisis enjoyed strong public support.
2. Regular bilateral contacts at all levels. Lord Chancellor attended Speaker's Conference in Wellington in January; Mr Baker just back from New Zealand; Mr Jopling now there. New Zealand Ministers, Messrs Birch (Energy) and Bolger (Labour), have visited UK this year as has Mr Lange (Opposition Leader). Mrs Sue Wood (President, National Party) and Major-General Williams (NZ CGS) are on the point of arriving.

NEW ZEALAND INTERNAL

3. Sir R Muldoon's National Party Government was elected to third consecutive term of office in 1981, has majority of one, and must face another general election before the end of the year. Continues to maintain an edge over Labour Party (and small Social Credit) opposition. A new New Zealand Party may attract National Party votes, but the Labour Party will have to overcome internal bickering if it is to make the most of the opportunity.

NEW ZEALAND/UNITED KINGDOM TRADE

4. Trade Statistics (£m)

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1982</u>	<u>1983*</u>
UK exports to NZ	312	250	235	323	322	286
UK imports from NZ	416	415	427	539	539	486

*provisional

5. New Zealand has traditionally enjoyed a surplus on visible trade with the UK, outweighed by a large deficit on invisibles which leaves the current account firmly in the UK's favour.
6. The UK's percentage share of New Zealand's trade has diminished steadily. We now account for less than 10% of NZ's imports compared with 56% in 1953, and our share of her exports has fallen at a similar rate.



DEFENCE SALES

7. New Zealand's current expenditure of £40-50m per year on defence equipment is severe limitation on amount of new equipment she can purchase. Despite recent separate purchases, Australia and New Zealand may in the future find political and military advantages in equipment standardization between the two countries. But there are still strong traditional British ties with New Zealand, a small but established market for defence equipment.

8. Only one major sale of naval equipment over past two years, covering: HMS BACHANTE in 1982 and HMS DIDO in July 1983, with MOU for ships' in-service support; 3 WASP helicopters and further equipment, stores and armaments (MK 46 torpedoes). Vosper Ship Repairers now refitting HMS DIDO, and Westlands will refurbish the WASPs. No major contracts currently under negotiation; but several naval opportunities exist for UK companies.

9. New Zealand and Australia plan to cooperate on submarine replacement. Australia is planning to replace its 6 Oberon submarines and is currently evaluating tenders from UK (VSEL as shipbuilder, Plessey and Ferranti as combat system specialists), France, Germany, Holland, Sweden and Italy. Final contract expected in 1985/86. New Zealand Navy might follow Australian lead.

10. Army: Delivery of 26 Scorpion tanks now complete (drive shaft problems overcome). 240 Land-Rovers already in service out of contract for 578 vehicles. New family of small arms will, and low level air defence equipment (principal contenders are Stinger and Javelin) may, be required in about 1985-6; likely that New Zealand Army will follow Australians' lead.

11. New Zealand Air Force has been considering modernisation or replacement of its remaining 12 ageing A4 aircraft. Recent NZ Defence White Paper announced decision to modernise. Several UK companies (BAe, Marconi and Racal Avionics jointly, and Ferranti) have submitted proposals which are currently being evaluated.



12. DEFENCE ISSUES

New Zealand continues to support the Five Power Defence Arrangements (FPDA) as a stabilising influence in the region and maintains an infantry battalion stationed in Singapore. Until recently its withdrawal was under consideration but whether or not as a result of US pressure, New Zealand have officially recognised the need to retain the battalion in Singapore albeit at a reduced strength, at least for the time being. Attempts continue to improve the operational effectiveness of the Integrated Air Defence System.

Foreign and Commonwealth Office
South Pacific Department
February 1984



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BRIEF NO: 2

VISIT BY NEW ZEALAND PRIME MINISTER

EUROPEAN COMMUNITY ISSUES

POINTS TO MAKE

POST-STUTTGART NEGOTIATIONS

1. Britain prepared to consider increase in own resources if better control exercised over Community expenditure and if financial burden is equitably shared.
2. Some progress on overall guideline for Community spending. Important that Commission, Council and Parliament bind themselves.
3. We are seeking lasting solution to Community's budgetary imbalance. Important to tackle both revenue and expenditure sides.
4. Failure to agree 1983 refund to UK would bring about major Community crisis.
5. We and French have put forward new proposals for completion of internal market and greater industrial collaboration.

NZ/EC RELATIONS

6. Will continue to give you our firm support in pressing for fair arrangements for New Zealand butter. Have resisted French linkage with sheepmeat issue, which is plain blackmail.
7. Important for you to press your case in other European capitals.
8. [If raised]. Will support your efforts for adequate and continuing access for sheepmeat to essential Community markets. Any progress with Commission?

European Community Department (Internal)
Foreign and Commonwealth Office
February 1984

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BRIEF NO: 2

VISIT BY NEW ZEALAND PRIME MINISTER

EUROPEAN COMMUNITY ISSUES

ESSENTIAL FACTS

POST-STUTTGART NEGOTIATIONS

1. Community Heads of Government decided in June last year on major negotiation to relaunch the Community. The negotiation was provoked by rapid approach of the 1% ceiling. The majority of our partners are seeking an increase in the ceiling, which can only be agreed by unanimity and with the approval of national Parliaments.

2. We have seen negotiation as a major opportunity for the Community to set itself on a sound basis and have said we will be prepared to consider an increase in own resources on two conditions:

- (i) provided that the Community takes steps to control the growth of agricultural and other expenditure and
- (ii) provided this is accompanied by measures to ensure an equitable sharing of financial burden.

Control of Expenditure

3. CAP spending grew by 30% last year. CAP now takes up nearly 65% of the budget. Milk production is at 125% of consumption. Cannot resolve these issues by uneconomic disposal of surpluses involving disruption of world markets. Nor can we take other action damaging to our trading partners eg the proposed Oils and Fats Tax or unilateral action to curb imports of cereal substitutes.

4. We need a two-fold approach:

- (i) a financial guideline to ensure that agricultural expenditure rises at a rate markedly lower than Community own resources base; and

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(ii) specific measures, such as rigorous price restraint and guarantee thresholds for products in surplus, or likely to be in surplus.

5. We have made some progress on issue of an overall guideline for Community spending, including agricultural spending. Major issue for us is to ensure that all three institutions responsible for the budget (Commission, Council and Parliament) bind themselves to observe the guideline, ie, it must be incorporated in the Community's budgetary procedures.

Budget Imbalances

6. UK ranks seventh in the EC in terms of ^{per head} GDP/~~but~~, together with the FRG (the wealthiest Member State) is the only net contributor to the budget (£1200 million in 1982 out of a total EC budget of £14 billion).

7. UK has had ad hoc rebates amounting to two-thirds of our net contribution between 1980 and 1983. But problems remains largely because UK, as net importer of food-stuffs, does not gain as much as other Member States from CAP. Nor, as was originally promised, have payments under the Regional and Social Funds compensated for the gap.

8. We now seek lasting solution, ie, one that will last as long as the problem it is designed to correct. This must take full account of our budget burden, ie excess levies and duties as well as inadequate receipts. It should also be implemented on the revenue side of the budget, ie in future excess contributions in one year would be deducted from VAT contributions in the next. This would get away from the artificiality of present refunds and annual haggling with the Parliament. Principal argument continues to centre on duration of budget mechanism and on the amount of our reliefs. We have made clear there can be no settlement unless we get a lasting settlement.

1983 refunds

9. Problem is complicated by fact that bulk of our refunds for 1983 (£435 million) is due to be paid by the end of March (ie, end of UK financial year). European Parliament has arbitrarily and

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/unilaterally



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unilaterally classified sum as reserve expenditure, which can only be released with the Parliament's agreement. They are linking their willingness to release the money to progress at the March European Council. We have made clear that failure to pay the money would bring a major Community crisis and that the UK would need to take steps to safeguard its position.

New Policies

10. UK not solely preoccupied with above issues though they do have major ramifications including for EC's relations with trading partners. But we also look to the future development of the Community and have put forward major proposals for new policies all of them cost-effective and many of them cost-free, particularly for completion of the Internal Market in goods and services. In addition, French have put forward proposals for greater industrial collaboration on Community-wide basis or among groupings of Community Member States. This proposal is attractive provided it is not protectionist in intent. There are clear advantages for Community in collective action, eg in new technologies.

NZ/EC RELATIONS

11. Commission has proposed a 5 year arrangement for New Zealand butter imports post- 1983, starting at 83,000 tonnes reducing by 2,000 tonnes annually to 75,000 tonnes in 1988 - less than New Zealand (or we) wanted, but too much for the French and Irish. In the absence of agreement to this proposal, Community agreed on 13 December to an interim arrangement for January/February of 13,833 tonnes (one-sixth of 83,000).

12. Agriculture Ministers on 6/7 February still unable to agree to Commission proposal. French in particular will not agree on butter until new sensitive area provisions in the arrangements for New Zealand sheepmeat imports (see below) have been agreed. Further Council discussion on 27/28 February.

13. New Zealand is Community's principal supplier of sheepmeat (mainly to the UK). Under voluntary restraint arrangements due for renewal by 1 April 1984, New Zealand can send up to 245,500



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tonnes a year but limits sendings to 'sensitive areas' ie France and Ireland. [Not for Use] We have heard unofficially that New Zealand has agreed the terms for renewal of the VRA with Commission including prolonging 'sensitive area' provisions for France - including a 14% annual increase in the limit on sendings - and Ireland, in return for continued Community access at present levels, and new concessions to New Zealand on imports of chilled lamb. But we are not supposed to know this - should not show knowledge to Sir R Muldoon.

European Community Department (Internal)
Foreign and Commonwealth Office
February 1984

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BRIEF NO: 3

VISIT BY NEW ZEALAND PRIME MINISTER

INTERNATIONAL ECONOMIC AND FINANCIAL ISSUES
POINTS TO MAKE

INTERNATIONAL MONETARY CONFERENCE

1. Do not believe in global intervention. Solutions should keep free market and not hobble it.
2. Flexible, pragmatic approach to resolving issues has worked well so far and will continue to do so. Should work for practical improvements to specific problems.
3. We do not believe problems will go away by themselves. Continued concerns about debt problems - bunching of maturities in 1986-1987, doubts about political and social sustainability of adjustment effort by debtors. May have to look at mechanism to alleviate this problem within free market framework.
4. Sustainable growth and expectation of increase in world trade will help by, eg, allowing debtor countries to rebuild confidence in their creditworthiness. But a lasting solution requires firm adjustment by debtors to retain confidence of banks and other creditors.
5. Recognise importance of lower interest rates: have made the point to the Americans about effect of continuing and large federal deficit on interest rates. May also wish to look at other mechanisms eg extending grace periods.
6. Want to see Commonwealth Consultative Group reflect this pragmatic, flexible line. Hope that group can achieve modest practical improvements within framework of existing institutions (IMF, GATT, IBRD, etc). Group should aim to come up with ideas which can be discussed further.

LONDON ECONOMIC SUMMIT

7. Looking forward to relaxed, workmanlike Summit, building on progress at Williamsburg. Interest will probably centre on consolidating recovery; developing country issues; international

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debt in medium-term context and strengthening the international trade and financial systems. As hosts, will meet need to keep non-participants informed of proceedings.

8. Expect to see endorsement of present strategy, including appropriate balance between prudent monetary and fiscal policy. US may well come under pressure over size of deficit. Essential to curb budget deficits and inflation. Need to support the international financial institutions. Summit should express recognition of and consider possible solutions to developing countries' problem, particularly debt. On protectionism, hope to see realistic and balanced outcome on need to halt and rollback protectionism. Must show we are prepared to resist protectionism.

IDA

9. [If raised]. Bretton Woods institutions help in maintaining stability in the world. IDA 7th Replenishment of \$9 billion not enough to meet needs of poorest countries. UK will therefore join with others in seeing what move can be done by way of supplementary financing. Naturally hope New Zealand will also agree to do more for IDA.

OECD CONFERENCE ON LONGER TERM ECONOMIC PERFORMANCE

10. [If raised]. Longer-term focus was right and useful. OECD Ministerial in May will be appropriate forum to give full consideration to short-term policies to develop and broaden recovery.

NEW ZEALAND ECONOMY

11. Reduction of inflation achieved through freeze is impressive. Will freeze continue beyond this month? If freeze is not to continue, how worried is New Zealand Government about resurgence of inflationary pressure?

12. UK experience shows that reducing budget deficit helps create conditions for sustained growth at low levels of inflation. Hard to see that New Zealand budget deficit of 9.5% of GDP for current fiscal year is compatible with restoring non-inflationary growth. How quickly will deficit be reduced in coming years?

Economic Relations Department
Foreign and Commonwealth Office
February 1984

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BRIEF NO: 3

VISIT BY NEW ZEALAND PRIME MINISTER

INTERNATIONAL ECONOMIC AND FINANCIAL ISSUES
ESSENTIAL FACTS

1. Sir Robert Muldoon has indicated that during his calls on the Prime Minister and Secretary of State he proposes to focus on EC economic issues (see separate briefs) and the international trade and payments problems. The latter will include international monetary issues with particular reference to the Commonwealth report "'Towards a New Bretton Woods'" and prospects for the London Economic Summit. Personal Representatives are meeting in London for the second time on 17-19 February to discuss possible themes for the Summit. These will include those covered in points 2-9 below.

CONSOLIDATING RECOVERY

2. OECD sees growth in 1984 picking up to 3.75%. Growth of 4-5% expected in US and Japan but only 1.5% in Europe. Consumer price inflation in major countries has fallen from over 12% in 1980 to 4.5% in year to December 1983.

3. US Federal Budget for fiscal year 1985 foresees 1985 budget deficit of \$180 billion or 4.6% of GNP. (1984: \$184 billion = 5.2% of GNP). Even with the Budget proposals deficit still estimated to remain at about \$180 billion over next 3 years. This remains a source of concern.

4. Although US interest rates have fallen from their record 1982 levels, they edged up again last year. Three-month interbank rate now 9½%, longer term rates about 12%. US dollar climbed to record effective exchange rate on 12 January. It has subsequently eased slightly, but is still well above its 1983 average. US merchandise trade deficit was \$69.4 billion in 1983. The size of the US trade deficit suggests that some depreciation of the dollar can be expected.

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DEBT PROBLEMS

5. Adjustment efforts by some debtor countries have been very successful (eg Mexico). In others (eg Brazil), the level required will be politically and socially difficult in view of forecast net outflows of financial resources. 1983 saw rescheduling of unprecedented sums, although rate of bank lending fell considerably. World economic recovery is beginning to benefit debtor nations in terms of commodity prices and increased trade. With the forecast resurgence of world trade, less developed countries' exports should grow rapidly. But import cutbacks will require effort to be sustained in medium-term. On particular countries, UK's overall contribution to Brazil stands comparison with all other major creditors except US, despite small UK market share. Short-term cover and existing medium-term offers still open. UK exposure in Nigeria twice as large as in Brazil: against delicate political background most important that an IMF agreement is reached soon. But a programme is unlikely to be in place before the summer. Have stressed necessity of achieving such an agreement. Meanwhile are pursuing possibility of Paris Club-style meeting of creditors.

INTERNATIONAL FINANCIAL ISSUES

6. G10 Deputies will meet in March to begin discussing a four-part agenda agreed by Ministers. It would be unrealistic to expect an early conclusion to the exercise, but it would be helpful if a progress report were available for the Economic Summit in June. Summit will need to give positive indication that G10 work is taking adequate account of the economic problems of developing countries.

7. Sir Robert Muldoon was at the forefront of calls for an international monetary conference (IMC) at the 1982 Commonwealth Finance Ministers' Meeting (CFMM) in London. The Working Group of experts set up there to look into the question presented its report 'Towards a new Bretton Woods' to the 1983 CFMM and CHOGM. Whilst commending much of the report's analysis, the UK was unable to support its central recommendation for an IMC.

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8. UK and New Zealand are both represented on the eight-country Consultative Group set up at CHOGM to promote consensus on the issues covered by the New Delhi Statement on Economic Action, including those raised by this report. Its first meeting last month at senior official level, concentrated on procedures. The Commonwealth Secretariat is now producing papers on the main immediate issues for discussion at future meetings. Three more meetings are scheduled (one, on 14-15 May, at Ministerial level) culminating in the presentation of the Group's report to the 1984 CFMM in Toronto. Proposals to use Sir R Muldoon's London visit as focus for second discussion likely to fail because other countries' Ministers, as well as the Chancellor, are unable to attend. A call on the Chancellor is being arranged. Some differences of approach within Group are becoming apparent. Indians see it as a forum for wide-ranging discussion on north/south lines, whilst UK and Canada see its work as a more limited and practical operation. Others, including New Zealand, undecided or somewhere in between.

TRADE

9. OECD Ministerial and Williamsburg Economic Summit in May 1983 made commitments to halt and reverse protectionism. Will be important to register progress at London Economic Summit. Subject will be of particular interest following Japanese proposal for a new GATT round. There are likely to be considerable differences of view, with the French wanting to minimise any commitment and the FRG and Japan being prepared to go much further.

IDA

10. The outcome of a meeting in Washington on 14 January was a seventh replenishment (IDA 7) totalling only US \$9 billion. That compares with \$12 billion agreed for IDA 6 covering 1981-83. The \$9 billion was disappointing and was dictated entirely by the USA's decision to contribute only \$750 a year, with a share of 25% (27% and \$1,080 a year under IDA 6).

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11. All donors other than the USA were prepared to contribute to a \$12 billion IDA 7, with a US share of 25%, as they considered the needs of the poorest countries could not be met by \$9 billion. IDA Management has therefore given a mandate to discuss ways of supplementing the \$9 billion. On 27 January, HMG announced their intention to participate in supplementary funding arrangements on the basis of fair burden sharing among donors, and subject to negotiation of satisfactory detailed arrangements. We hope that all other donors will be decided to join in, and that the United States will do so later.

OECD CONFERENCE ON LONGER TERM ECONOMIC PERFORMANCE

12. Sir R Muldoon will have attended the OECD Conference on longer-term economic performance in Paris on 13-14 February. Chief Secretary, Treasury, will have represented UK, making substantive contribution to public expenditure debate. The main themes of the conference are:

- the conflicting budgetary pressures on governments
- problems of unemployment, investment and new technology
- interaction of national and international policies, especially of trade issues.

NEW ZEALAND: ECONOMY

13. A combination of a freeze on most wages and restrictions on price rises, introduced in June 1982 and due to expire later this month, has succeeded in bringing inflation down from a peak of 17% (consumer prices) in the second quarter of 1982 to around 5% now. The Government has expressed its determination to maintain the reduction in real wages (which amounted to around 5% in the first twelve months of the freeze) after this month; it is possible that the freeze will be extended in modified form.

14. The large budget deficits which New Zealand has run throughout the period since the first oil price rise have been financed by large-scale overseas as well as domestic borrowing. One result has been a large increase in the burden of overseas debt service,

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which required (when repayments are included) over 12% of export earnings in the fiscal year ending last March. Despite this constraint and the growing budgetary costs of servicing debt, the Government's last budget, in July 1983, allowed for an enormous increase in the deficit, from 5.5% of GDP in 1982/83 to 9.5% in the current year. This reflects among other things the full-year effect of tax cuts introduced during 1982/83 in order to bolster real incomes during the freeze and the Government's persistence in a policy of large-scale public investment designed to reduce import dependence.

15. This expansionary fiscal policy has prevented GDP from falling by the large margin which the cut in real wages would otherwise have dictated: OECD estimates suggest that output rose by 0.5% in 1982/83 and will fall by only about the same amount in the current year. Unemployment has nonetheless risen to around 80,000 out of a workforce of 1.4 million. But the budget deficit may well impose strains on monetary policy and on inflationary expectations which will hinder the resumption of growth and the continued control of inflation once the freeze expires. If the Government adheres to its stated policy of monetary restraint, the burden of debt and debt servicing is likely to rise further and real interest rates, which have already risen sharply, are unlikely to fall.

16. Export earnings, dependent as always on the vagaries of lamb, wool and dairy markets, have grown in the past two years whilst imports have been depressed in line with domestic demand. As a result the trade surplus has increased. The current account deficit, which more than tripled in two years to \$NZ 1850 m (6% of GDP) in 1982, has fallen significantly but is still large and under pressure from growing debt interest payments. The large public investment projects may improve medium-term balance of payments prospects but in the next few years if domestic growth resumes and budget deficits remain high the balance of payments could emerge as a major constraint.

Economic Relations Department
Foreign and Commonwealth Office
February 1984

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VISIT BY NEW ZEALAND PRIME MINISTER

SOUTH PACIFIC REGIONAL ISSUES

POINTS TO MAKE

1. Share with New Zealand interest in retaining goodwill of South Pacific for the West, and in excluding influence of hostile powers.
2. Appreciative of New Zealand action. Eighty per cent of New Zealand's aid is concentrated on the region.
3. Record of Western policies to-date has been positive. But no reason to relax our guard. British policy is to maintain aid programmes in the region, with adjustments as independence settlements ^{are} drawn down, and a network of diplomatic missions.
4. No wish to see issues of nuclear testing, nuclear weapon free zones, or status of French dependent territories (eg New Caledonia) impose strains on the region's attachment to the West.



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BRIEF NO: 4

VISIT BY NEW ZEALAND PRIME MINISTER

SOUTH PACIFIC REGIONAL ISSUES

ESSENTIAL FACTS

GENERAL

1. We share an interest with New Zealand in maintaining good relations across the South Pacific and in retaining the goodwill of the islanders towards the West. Like New Zealand we work through a network of diplomatic missions in the region, an aid programme and membership of the South Pacific Commission.

UK AID

2. Unlike the USA and France, each of which has large commitments to non-self governing territories, Britain is a major aid donor with commitments spread over a range of independent territories, eg Vanuatu, Solomon Islands, Tuvalu. As generous independence settlements are drawn down over next two or three years, there will be a fall of about 25% in our total aid disbursements to South Pacific. But this is simply a consequence of timing of islands' independence. After change has been absorbed, we shall still be running programmes which will be significant in per capita terms. Establishment of British Development Division in the Pacific illustrates our commitment.

3. Current bilateral Pacific aid framework allocations and predictions are:

<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>	<u>1986/87</u>
£23.36m	£20.64m	£18.62m	£15 m

Provisions include budgetary aid for Kiribati, Tuvalu and Vanuatu (likely to continue for some years). Manpower: about 325 supplemented staff (OSAS) and 60 fully-funded (TCOs). United Kingdom contributes substantially to multilateral aid

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/in Pacific



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in Pacific - particularly through European Development Fund (our share of Lome: £15 million) and Asian Development Bank (over £3 million in each of last three years). World Bank group and the UN agencies (to which UK contributes) also finance projects in the region.

NUCLEAR TESTING IN THE PACIFIC

4. Nuclear testing in Pacific is a matter for French Government. We hope the visit of independent scientists to Mururoa has allayed South Pacific countries' fears. French Government have denied reports of radiation from Mururoa. We are satisfied there is no evidence of radiation leaks caused directly by venting from an underground nuclear test on Mururoa. As nuclear weapon state, dependent on nuclear deterrent for its security, we understand reasons for French tests. Nevertheless our policy is to seek an adequately verifiable Comprehensive Test Ban, to which we hope France will adhere.

SOUTH PACIFIC NUCLEAR FREE ZONE [if raised]

5. We support principle of Nuclear Weapon Free Zones provided all countries in region agree on proposal and region's security balance is not affected. We welcome South Pacific Forum decision to refer proposal for further consideration. We hope they will take into account all possible implications, including the legitimate Alliance and defence requirements of member states.

COMPREHENSIVE NUCLEAR TEST BAN (CTB)

6. We sympathise with widespread wishes to achieve early test ban. But the need to resolve verification first (detection and identification of low yield nuclear tests as distinct from natural seismic phenomena) cannot be sidestepped. Further work required. UK will continue to contribute fully to work on verification at Geneva Committee on Disarmament.

South Pacific Department
Foreign and Commonwealth Office
February 1984

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BRIEF NO: 5

VISIT BY NEW ZEALAND PRIME MINISTER

SECURITY OF SMALL STATES

POINTS TO MAKE

1. Glad it was agreed at CHOGM that the Commonwealth Secretary-General should study the special security needs of small states. The Grenada episode demonstrated their vulnerability to bids for power by small, unrepresentative groups. The Commonwealth provides an excellent context within which to pursue this problem.
2. We have been studying the issues involved but have not yet reached conclusions. However, the emphasis should certainly be on prevention rather than cure. This points to the importance of assistance of a non-military nature (aid and training).
3. Regional self-help seems to us an appropriate basis for efforts in this field, either through the strengthening of existing regional economic and security arrangements, or the establishment of new ones. Recognise that New Zealand already plays an important and positive role in the South Pacific and South East Asia; welcome establishment of Ready Reaction Force to cope with contingencies in the South Pacific.
4. Our officials can keep in touch on this subject as policies develop.

Planning Staff
Foreign and Commonwealth Office
February 1984

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BRIEF NO: 5

VISIT BY NEW ZEALAND PRIME MINISTER

SECURITY OF SMALL STATES

ESSENTIAL FACTS

1. At their meeting in New Delhi in November, Commonwealth Heads of Government invited the Secretary General to undertake a study, drawing as necessary on the resources and experience of Commonwealth countries, of the special needs of [small] states consonant with the right to sovereignty and territorial integrity that they shared with all nations'. The Commonwealth Secretariat hope to complete the study by mid-1985.
2. FCO Ministers are currently considering an analysis by officials with a view to determining what role the UK should play. This analysis suggests that:
 - (a) the emphasis of any policy should be on prevention rather than cure and on regional self-help;
 - (b) the means of improving the security of small states range from increased bilateral efforts in the fields of diplomacy, aid, training, information and cultural links to regional economic co-operation and regional security arrangements; and
 - (c) the UK already makes an extensive military contribution outside the NATO area and can legitimately look to its allies to bear extra burdens.
3. The analysis identifies as problem areas the extent to which outside states might legitimately intervene in the case of internal subversion (as opposed to external attack); whether security agreements need to be guaranteed by larger states (eg the UK and others in the Gulf and New Zealand and others in the South Pacific); and whether HMG is prepared to devote extra resources to bilateral assistance designed to increase the security of small states.

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4. New Zealand regards the promotion of security and stable development in the South Pacific as one of the main objectives of its defence policy. In its 1983 Defence Review, the New Zealand government announced that it proposed to establish a 'Ready Reaction Force' of around 1,000 men to support this policy. New Zealand is also a member of two multilateral security arrangements:

- (a) the 1951 ANZUS Treaty, under which Australia, New Zealand and the US agreed to consult in the event of threats against them in the Pacific;
- (b) the 1971 Five Power Defence Agreement, under which the UK, Australia, New Zealand, Malaysia and Singapore agreed to consult on measures to be taken in the event of an attack against Malaysia or Singapore.

5. Sir R Muldoon is therefore likely to be very receptive to any steps to strengthen the security of small states. His officials have already proposed that the issue be discussed at the annual intelligence meeting between senior UK, Australian and New Zealand officials, due to be held in Wellington in April.

Planning Staff
Foreign and Commonwealth Office
February 1984

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BRIEF NO: 6

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VISIT OF PRIME MINISTER OF NEW ZEALAND

SPORTING CONTACTS WITH SOUTH AFRICA

POINTS TO MAKE (IF RAISED)

1. HMG's support for Commonwealth Statement on Apartheid in Sport continues.
2. Support is limited to advice and dissuasion; Government does not have power to prevent people coming and going in pursuit of lawful activities.
3. Hope that national Commonwealth Games Associations will not be penalised under the Commonwealth Games Federation's Code of Conduct in the event of sporting contacts with South Africa, over which they have no control.
4. A decision on 30 March by the English Rugby Football Union to tour South Africa later this year would be regrettable and will provoke controversy. We shall try to head off adverse reactions in Olympic or Commonwealth Games movements.

Foreign and Commonwealth Office
Cultural Relations Department
February 1984

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VISIT OF PRIME MINISTER OF NEW ZEALAND

SPORTING CONTACTS WITH SOUTH AFRICA

ESSENTIAL FACTS

1. The Commonwealth Statement on Apartheid in Sport

After the 1976 African-led boycott of the Montreal Olympics, following the New Zealand All Blacks rugby tour of South Africa, feeling ran high, and there was a real danger of a boycott of the 1978 Commonwealth Games in Edmonton by African and Caribbean countries.

2. It was against this background that the Commonwealth Heads of Government Meeting in 1977 agreed the Commonwealth Statement on Apartheid in Sport (often referred to as the 'Gleneagles Agreement'), copy attached.

3. The Government's commitment to the Statement was reiterated at the Commonwealth Heads of Government Meeting in New Delhi in November 1983. The Government's support for the Statement was restated by the Prime Minister in Parliament as recently as 26 January 1984 when she urged the English Rugby Football Union not to send a team to South Africa.

4. UK Policy towards Sporting Contacts with South Africa

Our policy is based on the Commonwealth Statement on Apartheid in Sport. The Government's actions are necessarily limited to advice and efforts to persuade. There is no visa regime between the UK and South Africa and South African passport holders do not require visas or permits to visit this country. Even if South African passport holders required visas, there would be no provision under our immigration rules for refusing them to applicants intending to participate in sporting and other lawful activities.

5. The Government also ensures that no Sports Council funds are used to support UK involvement in sporting events in which South Africa is represented. UK governing bodies of sport are independent of government.



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6. New Zealand Government Attitudes towards Sporting Contacts with South Africa

Action by the New Zealand Government to uphold the Commonwealth Statement is very much in line with UK policy, ie it discourages sporting contacts with South Africa, but does not take measures to prevent them.

7. The Commonwealth Games Federation (CGF) Code of Conduct

After the Springbok rugby tour of New Zealand in 1981, there was a danger that some African and Caribbean Commonwealth Games Associations (CGAs) would boycott the 1982 Brisbane Commonwealth Games if New Zealand participated. The CGF agreed that New Zealand's CGA should be allowed to participate, but also decided to revise its constitution and to draft a Code of Conduct which together would allow for an exclusion from the Games of member associations from countries which continued to have or to sanction sporting links with South Africa.

8. The Code of Conduct was adopted by the CGF when it met during the Brisbane Games last October. The English and New Zealand Associations abstained. However, the other six British Associations (Scotland, Wales, Northern Ireland, Isle of Man, Jersey and Guernsey) agreed to the proposals.

9. The English Association is proposing amendments which will be considered by the CGF General Assembly when it next meets, in Los Angeles at the 1984 Olympic Games. Failure at Los Angeles to overcome the English Association's reservations could jeopardise the next Commonwealth Games due to be held in Edinburgh in 1986. The New Zealand CGA seem likely not to maintain their objection to the Code.

10. Proposed tour of South Africa by English Rugby Football Union (RFU)

The RFU have a long standing proposal to tour South Africa in 1984. They are to decide on 30 March whether to go. The Minister for Sport (Mr Neil Macfarlane) and the Prime Minister have urged that the proposed tour be cancelled. If the tour goes ahead there may be attempts to exclude Britain from the Los Angeles Olympic Games later

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this year. (The tour of Wales in January 1984 by a South African Under-19 team at the invitation of the Welsh RFU will add impetus to such a move). The proposed RFU tour of South Africa could also lead to action to remove England from the Commonwealth Games which would wreck the next Games at Edinburgh in 1986.

Foreign and Commonwealth Office
Cultural Relations Department
February 1984

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The member countries of the Commonwealth, embracing peoples of diverse races, colours, languages and faiths, have long recognised racial prejudice and discrimination as a dangerous sickness and an unmitigated evil and are pledged to use all their efforts to foster human dignity everywhere. At their London meeting, the Heads of Government reaffirmed that apartheid in sports, as in other fields, is an abomination and runs directly counter to the declaration of Commonwealth principles which they made at Singapore on 22 January 1971.

They were conscious that sport is an important means of developing and fostering understanding between the people, and especially between the young people, of all countries. But, they were also aware that, quite apart from other factors, sporting contacts between their nationals and the nationals of countries practising apartheid in sport tend to encourage the belief (however unwarranted) that they are prepared to condone this abhorrent policy or are less than totally committed to the principles embodied in their Singapore declaration. Regretting past misunderstandings and difficulties and recognising that these were partly the result of inadequate inter-governmental consultations, they agreed that they would seek to remedy this situation in the context of the increased level of understanding now achieved.

They reaffirmed their full support for the international campaign against apartheid and welcomed the efforts of the United Nations to reach universally accepted approaches to the question of sporting contacts within the framework of that campaign.

Mindful of these and other considerations, they accepted it as the urgent duty of each of their Governments vigorously to combat the evil of apartheid by withholding any form of support for, and by taking every practical step to discourage, contact or competition by their nationals with sporting organisations, teams or sportsmen from South Africa or from any other country where sports are organized on the basis of race, colour or ethnic origin.

They fully acknowledged that it was for each Government to determine in accordance with its laws the methods by which it might best discharge these commitments. But they recognized that the effective fulfilment of their commitments was essential to the harmonious development of Commonwealth sport hereafter.

They acknowledged also that the full realization of their objectives involved the understanding, support and active participation of the nationals of their countries and of their national sporting organisations and authorities. As they drew a curtain across the past they issued a collective call for that understanding, support and participation with a view to ensuring that in this matter the peoples and Governments of the Commonwealth might help to give a lead to the world.

Heads of Government specially welcomed the belief, unanimously expressed at their meeting, that in the light of their consultations and accord there were unlikely to be future sporting contacts of any significance between Commonwealth countries or their nationals and South Africa while that country continues to pursue the detestable policy of apartheid. On that basis, and having regard to their commitments, they looked forward with satisfaction to the holding of the Commonwealth Games in Edmonton and to the continued strengthening of Commonwealth sport generally.



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MULDOON, RT HON SIR ROBERT (''ROB'') DAVID GCMG (1984) CH (1977) MP

(National, Tamaki)

Prime Minister and Minister of Finance

Born Auckland 1921. A third-generation New Zealander of Ulster stock. Educated at Mt Albert Grammar School, Auckland. Served in the ranks of the New Zealand Infantry during the war in the Pacific, Middle East and Italy, then qualified as a Cost Accountant. (He is a past President of the New Zealand Institute of Cost Accountants and a Fellow of the Institute of Cost and Management Accountants, London.) Became Member of Parliament 1960 and immediately formed a ginger group with Duncan McIntyre and Peter Gordon (collectively called ''Young Turks''). Parliamentary Under Secretary to the Minister of Finance 1964-67. Minister of Finance 1967-72. Deputy Prime Minister 1972. He became Leader of the Opposition in July 1974 when the National Party opted for his aggressive leadership rather than the quieter style of Sir Jack Marshall. The 1975 election was a personal triumph for him and he remarkably, if narrowly, retained power in the 1978 and 1981 elections.

As Minister of Finance he made a considerable success of his portfolio and has chosen to continue to hold this office as Prime Minister. He is also Minister in Charge of the Legislative and Audit Departments and Minister in Charge of the New Zealand Security Intelligence Service.

He has won a reputation for energy, ability and hard work. He is particularly competent in public appearances, especially on television. His style of leadership is hard-hitting and pugnacious. Not everyone finds this attractive but New Zealanders saw Muldoon as someone who could offer decisive leadership at a time when the traditional easy-going lifestyle in New Zealand was threatened by a world economic crisis.

He is a keen gardener. The first volume of his autobiography ''The Rise and Fall of a Young Turk'' appeared in 1974, the second ''Muldoon'', in 1977 and the third ''My Way'' in 1981. Lady Muldoon (Thea) is pleasant and friendly, and has shed much of her earlier shyness but she still lives very much in her husband's shadow. They have a grown up family of one son and two daughters.

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10 DOWNING STREET

Adm. M. M.

Talks with Giddens

I spoke to the N.Z.
H. Commission. They
want to start the
talks at 1000
because of
Honourable Men.
Service.

I agreed.
[I will cancel
Media]

OK.

E. R.

MRS. RYDER

Sir Robert Muldoon

The above is due to call on the Prime Minister at 1100 on Monday, 20 February for talks. The New Zealanders have a problem in that there may be a memorial service for Keith Holyoake at noon that day.

Could we reschedule Sir Robert Muldoon for 1030 - and put nothing else in the diary until noon, in case the talks run on?

A.F.C.

agreed

CR 91 #

6 January, 1984

Mr. Ryder.

I have told the NZ High Commission. Will you tell the FCO?

Mr. Muldoon
CR 91

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BF

Foreign and Commonwealth Office

London SW1A 2AH

Mr. Byrd.

CR.

30 December 1983

To note.

A.S.C. 3/1.

Jon T. ...

Visit of New Zealand Prime Minister

Thank you for your letter of 12 December about Mr Muldoon's visit to London from 17 to 22 February.

I can now confirm that 1100 hours on Monday 20 February would be a convenient time for Mr Muldoon to attend talks with the Prime Minister. We have also received confirmation that Mr Muldoon will be pleased to host a dinner for the Prime Minister on the evening of 20 February.

Sir Geoffrey Howe will be seeing Mr Muldoon on 17 February.

Yours ...

(Handwritten signature)

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

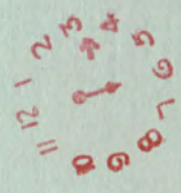
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New Zealand : Visits to Britain by NZ PM. May 1979

Post Office Department
London W1A 2AH



30 DEC 1982





10 DOWNING STREET

From the Private Secretary

12 December 1983

New Zealand

We have discussed on the telephone the visit of the New Zealand Prime Minister to London from 17-22 February.

The New Zealand High Commissioner told us recently that Mr. Muldoon would like to invite the Prime Minister to dinner during his stay. The Prime Minister could accept an invitation to dinner on Monday 20 February (any other day would be difficult, if not impossible). I should be grateful if you could convey this information to the New Zealand High Commission.

As you know, the Prime Minister does not normally accept return entertainment during visits by overseas Heads of Government. She has often entertained Mr. Muldoon before and on this occasion suggests that, if Mr. Muldoon is agreeable, we should dispense with entertainment at No. 10 since there is little point in having two meals on a private visit of this kind. On the other hand, she would be delighted to see Mr. Muldoon for talks at 1100 hours on Monday 20 February if this would be convenient for him.

JC.

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

1100 talk

PRIME MINISTER

NEW ZEALAND

Mr. Muldoon is coming to London from 17 - 22 February.
He would like to see you and we can easily fit in talks.

He has said that he would like to entertain you at dinner. The only possibility is Monday 20 February. Would you be content, on this occasion, to receive entertainment rather than give it? You have often entertained Mr. Muldoon before and there is really little point in having two meals on a private visit of this kind.

Agree to accept a dinner invitation from Mr. Muldoon for Monday 20 February?

A. J. C.

Yes not

9 December 1983

MR. COLLES ✓

VISIT OF MR. MULDOON

You wanted the papers and facts. I have little of either.

I attach a copy of a telegram.

I have nothing much to add, other than that the New Zealand High Commission rang while you were away saying that Mr. Muldoon would like to host a lunch or dinner for the Prime Minister. This is not going to be easy to arrange as the Prime Minister will be at Chequers on 18/19 December and has Questions on Tuesday 21 December, and a dinner that evening. I have both lunch and dinner free on Monday 20 December but it doesn't make much sense for the Prime Minister to entertain Mr. Muldoon to lunch at Downing Street and then to go to the High Commission that evening.

I leave it to you to sort out an either/or situation.

Caroline

No doubt, but how about February which is when he is coming?

A. T. C. $\frac{5}{12}$



OK.

just insert Feb for December

8 December 1983

the Cotes - No. 10.

To me o/r in London pl.

A.F.C. 23/11

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TO IMMEDIATE NEW DELHI
TELEGRAM NUMBER 850 OF 22 NOVEMBER
INFO PRIORITY WELLINGTON

IMMEDIATE

CLASSIFIED

~~**CONFIDENTIAL**~~

RECEIVED
BRITISH CONSUL GENERAL
NEW DELHI
CHANCERY REGISTRY
23 NOV 1983
DUPLICATES
OF LETTER
OF ENCLOSURES
LOCATION

FOLLOWING FOR RICKETTS
FROM BONE

1. NEW ZEALAND HOUSE HAVE TOLD US THAT MR MULDOON WILL BE IN PARIS FOR AN OECD MEETING IN FEBRUARY. HE THEN PROPOSES TO VISIT LONDON FROM FRIDAY 17 FEBRUARY (ARRIVING 1025 AM HEATHROW FROM PARIS) TO WEDNESDAY 22 FEBRUARY (DEPARTING 1015 AM), AND WOULD LIKE TO CALL ON PRIME MINISTER AND FOREIGN AND COMMONWEALTH SECRETARY. MR. MULDOON MAY MENTION THIS TO PRIME MINISTER IN DELHI.
2. IT WOULD BE HELPFUL TO KNOW WHETHER TALKS AND PERHAPS A MEAL WITH PRIME MINISTER WOULD BE POSSIBLE IN THAT PERIOD (EXCEPT LUNCH AND AFTERNOON OF 21 FEBRUARY, WHEN MR MULDOON IS WITH INSTITUTE OF DIRECTORS).
3. THE TIMING IS DIFFICULT FOR THE SECRETARY OF STATE. THE FOREIGN AFFAIRS COUNCIL PRECLUDES APPOINTMENTS ON 20 AND 21 FEBRUARY. IF, AS SEEMS POSSIBLE, POCO MINISTERIAL MEETING IN PARIS ON FRIDAY 17 FEBRUARY DOES NOT MATERIALISE, THE SECRETARY OF STATE COULD SEE MR MULDOON THAT DAY.

HOWE

NNNN

T69A/83

SUBJECT
CC MASTER
OPS



Prime Minister

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[Handwritten initials]

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PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T69A/82.

Prime Minister
Wellington
New Zealand

24 May 1983

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
LONDON

[Handwritten mark]

Dear Margaret,

I am writing at first opportunity on my return to New Zealand to thank you most sincerely for meeting with me and hosting the luncheon for my wife and me.

As I remarked at the luncheon, your time during this vital period was of extreme importance to you, and for this reason, your willingness to give me a portion of this valuable asset, meant a tremendous amount to me.

I enjoyed my visit to Hungary and it enabled me to gain a much more informative insight than I had imagined into the country's economic and trading fields.

Need I say who will win on the 9th of June - may it be a resounding victory which will be a just reward for the total contribution I know you will make.

Yours sincerely,

[Handwritten signature]

New Zealand: Visits to UK by PM's

5779

-7 JUN 1983

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NEW ZEALAND

NEW ZEALAND HIGH COMMISSION NEWS BULLETIN

EMBARGOED TO 6.00 P.M. MONDAY, 16 MAY 1983

SPEECH NOTES

ADDRESS TO LONDON CHAMBER OF COMMERCE & INDUSTRY

by the Rt. Hon. R.D. Muldoon C.H.
Prime Minister of New Zealand
and Minister of Finance.

NEW ZEALAND AND THE EUROPEAN COMMUNITY: THE NEXT TEN YEARS

As a working politician who subscribes to the theory that a week is a long time in politics, I have a natural suspicion of those who choose to speculate about the future in after-dinner speeches, and on similar occasions. More often than not, I have found myself where you are - down in the audience - listening to somebody else up here on the podium remembering the future and imagining the past.

Sam Goldwyn said: "Never prophesy, especially about the future". In a similar vein, Mao Tse-tung said: "Those who forecast should forecast often". When we get people as diverse as Sam Goldwyn and Chairman Mao agreeing on the same point, perhaps we ought to listen.

My subject, however, "New Zealand and the European Community: The Next Ten Years", compels me to turn aside from advice that spans the spectrum of opinion from Hollywood moguls to Chinese Marxists. It forces me to consider the shape of New Zealand/EC relations at a rather distant point in the future. There is a much more basic, a much more fundamental question to answer first: Does New Zealand have a future in respect of the European Community ten years hence?

I was in London almost exactly a year ago. My primary purpose on that occasion was to attend the celebrations of the centenary of New Zealand's first shipment of frozen meat to Britain. As we raised our glasses to toast one hundred years of a commercial relationship of profound importance to New Zealand and maybe of

some significance to Britain, it was natural enough to wonder about the prospect of some future Prime Minister of New Zealand celebrating the second centenary of the trade.

Let me be frank. There are factors in the European Community's policies which must give rise to doubts as to whether 10 years hence - let alone 100 years from now - the trading, and hence political, relationship will be in as good shape as it is now.

As leader of New Zealand's National Party I am head of what would be described by British political commentators as New Zealand's equivalent of the Conservative Party. In fact, translated into the New Zealand idiom, ideological terms such as "Conservative" are not very instructive. However, I am enough of a Conservative in the traditional sense to believe that a trading and political relationship that spans a century of rapid change might just be valuable. It might even be something we would wish to preserve.

To put the proposition in the starkest possible terms, the future health of our ties depends upon a number of decisions yet to be made in Brussels and European capitals. I am not a born pessimist - in my profession you can't afford to be. Nevertheless, at some point this relentless chipping away at New Zealand's historical position in the British market, without giving offsetting opportunities in the European market, will have to stop or there will be nothing left.

In the long run, and how long that run is has yet to be determined, all of European history says that the Community as an entity will not survive. My view is that if one thing will bring its demise it is the Common Agricultural Policy.

A few months ago, I looked at the question of New Zealand/EC relations from the other end of the telescope. I wrote an article in The Times, giving a New Zealand view of the past ten years - the first ten years of British membership of the Community. I don't know if any of you had a chance to read it - I think The Times came out on a Thursday that particular week. I don't want to cover the same ground tonight but I will refer briefly to the history of our trading relationship traversed in the article.

Until we find some more scientific means of rebutting Sam Goldwyn and Chairman Mao, we shall have to rely on the past as the best available guide to the future. I commented then that the strength of New Zealand's links with the United Kingdom had been maintained not because of British entry to

the Community, but in spite of it. I believe that to be true. I do not for a minute suggest that Britain should not have joined. That is entirely a question for the British Government and people, although my party in New Zealand supported British entry as we believed that it would add strength to the British economy and that some of that strength would rub off on us. But let me emphasise that we have received magnificent support from British Governments in that ten-year period. Nonetheless, I see no point in obscuring the fact that our main market's conversion from free trade to the CAP hit our economy hard.

The past ten years have not been easy ones in the relationship. The point I made in The Times is that our links have survived that test. I wrote at some length about our progressive exclusion from Community food markets. That will come as no great surprise to you or anyone else. It's the old familiar song.

No doubt some of you, on your way here tonight, said "We're going to hear a New Zealander carry on about butter and lamb yet again". Let me tell you that I get no more pleasure from continually playing that record than other people do from listening to it. It is a continuing fact of life however that New Zealand is an efficient agricultural producer and is vitally dependent on agricultural exports. Unless we can maintain reasonable access to the markets we have built up over a century we are in deep trouble. So long as the Community, and others, keep up artificial barriers to agricultural trade, they are doomed to hear successive generations of New Zealand negotiators telling them more about butter and lamb than they want to hear. The only comfort I can offer is that the solution lies in their own hands, and I thank them for their patience.

I consider New Zealand's present level of access to the European Community constitutes an "irreducible minimum". Those words are not lightly chosen. They are somewhat more direct than that wonderful Euro-euphemism, "degressivity". There is a near-universal propensity amongst bureaucrats, and one which is refined to an art form within today's international organisations, to coin comforting, pseudo-sophisticated terms to obscure a rather cruder reality. The bureaucrats cannot totally be blamed for this. In more cases than not, the terminology reflects broader policy shortcomings elsewhere. The language of the international civil servants

is designed to put an acceptable face to it all.

For those of you who may be less than familiar with this particular linguistic gem, "degressivity" describes that policy which continually cuts away at New Zealand's already limited freedom to sell dairy products in the European market. It means telling New Zealand farmers that they can sell X tonnes this year, but X minus Y tonnes next year. Your average New Zealand cow-cocky may not grasp the algebra, but he certainly gets the point. I have heard, but could not repeat, more down-to-earth descriptions.

We have coped with degressivity as best we can through reorganising our dairy industry. However, there have to be some secure sales somewhere to provide a base for restructuring and redeployment. Any further cuts in our entitlements into the Community are hacking away at that base. Any businessman understands that.

Consider this: Suppose you are the managing-director of a medium-sized, profitable, highly competitive family firm. You have done your job well, just as your father and grandfather have done over the last 100 years. Then, out of the blue, your main customer over that period regretfully informs you he will be gradually cutting back on his purchases owing to circumstances beyond his or your control. It is, he says, a head office decree that he doesn't particularly like but is forced to go along with. It has nothing to do with the quality or price of your product which is unsurpassed. It is what those who enjoy a mastery of undergraduate economics would call an "exogenous factor". You and I would call it a rude shock.

What do you do? You do what every rational businessman would do. You instal huge quantities of machinery to enable you to diversify your products. You find different markets for the same product. You alter your production within the practical limits imposed by your circumstances.

All of these things New Zealand has done. They underlie the sharp change in the direction of our total exports. In 1971/72 31 per cent of our exports went to the United Kingdom. Ten years later, 14 per cent went to the United Kingdom.

For a country or a business, there is one fundamental truth about such a restructuring: it becomes harder and harder to absorb further cutbacks as the profitable and hitherto secure

base to your operations is eroded. The first stage is easy. There were probably markets your firm had tended to neglect, not because you and your predecessors were particularly slow to move but because it was more profitable and less risky to stick with what you knew. Your father, who did not have a business degree and thus did not emerge from a university armed with that most powerful of analytical tools, the benefit of hindsight, thought it sensible to stick with the tried and true. Thus the first steps to restructuring - seeking out the second-best markets - are not too painful. These, you could say, are the steps New Zealand was forced to take in the first years of degressivity: unpleasant but manageable.

The subsequent steps - which have to be undertaken because your main customer keeps coming back to say he is forced to buy less and less - become progressively more difficult. Ultimately, there comes a point where you have to say: "you have cut me to the bone, and I cannot take any more." That, ladies and gentlemen, is precisely where the New Zealand dairy industry stands today as it considers the negotiations about to get under way which will determine the level of access for butter beyond 1983.

The battle over cheese has already been fought. The figures tell you how well we did: In 1970 New Zealand sold around 70,000 tonnes of cheese to Britain. At the end of 1977 our access was cut to zero. In 1980 a quota of 9,500 tonnes came into force as a result of the multilateral trade negotiations.

The battle for butter is still going on. In 1973 we were permitted to sell 165,000 tonnes. This year we will be allowed to sell no more than 87,000 tonnes.

These are some of the facts that lead me to assert that we have reached that irreducible minimum. There are no alternative profitable commercial markets to absorb further cutbacks from Europe. Indeed, in dairy generally, the world markets which do exist are endangered by subsidised exports from the United States, Europe and elsewhere. My Government's recurring nightmare is that the United States and the Community, both convinced of their rectitude, might engage in a trade duel, with dairy products as the chosen weapon. My guess is that they would probably miss each other and shoot us instead.

Sheepmeats will be a real test for New Zealand and the Community. New Zealand is a dominant player in international trade in sheepmeats. Historically we have played a major role in supplying

the British market, providing around 45 per cent or more of total consumption. Britain's entry to the Community brought with it: first, a gradual phase in of the Community's high 20 per cent common tariff on imports from New Zealand and other external suppliers. (This tariff is bound in the GATT). Second, in 1980, a common marketing regime to govern the production, trade and marketing of sheepmeat in the Community.

These developments have been major ones for our meat industry. That tariff has been a heavy burden. Nobody much wanted a sheepmeat regime but the Community's laws said that there had to be one. What worries us most about the regime is the potential it has to stimulate artificially sheepmeat production in the Community by the complicated system of producer income guarantees which it provides. Increasing Community production not only depresses the market and erodes the established place for our lamb but leads to inevitable pressures to limit imports.

The regime has not been in operation for long but there are already worrying, though still ambiguous, signs that our concerns have been well founded. This should be sounding warning bells in European capitals. When the regime was introduced in 1980 New Zealand undertook to limit sheepmeat exports to the Community to 245,500 tonnes annually in return for a cut in that high tariff from 20 per cent to 10 per cent. This "voluntary restraint" agreement is to be reviewed before the end of March next year. We certainly do not regard the review as offering an opportunity for the Community to wind down our market access and limit further opportunities for trade.

The current agreement represents a balance of interests involving on the one hand a quantity and on the other a tariff. This balance will need to be maintained if the agreement is to continue.

Perhaps it will impress you if I tell you that our second largest lamb market today is Iran, to which this year we will sell 100,000 tonnes. That is the degree of security our producers have.

I have to be very careful when talking about these European matters of high policy. We New Zealanders are gentle folk and we do not like to upset anyone. We are not at all like those other fellows not so very far from New Zealand shores. In fact, through all this, the concept of a "United Europe" retains obvious political appeal. New Zealanders did not

fight in two world wars for nothing.

We live in an age in which there is no alternative to co-operation amongst sovereign governments. My quarrel is not with the European Community as such, but with its persistent failure to reform its agricultural policies. The argument I hear frequently is: "Remove the CAP and what have you left?" I am an outsider in this debate but I regard this argument that the CAP is the core of the European idea as rather strange. You only have to observe the strains the CAP puts both on political relationships within the Community and on the Community budget to wonder whether failure ever to come to grips with the CAP would pose serious dangers to the broader Community concept itself. I believe that it would.

When Pan Am was in its deepest financial difficulties it was proposed that the building that housed the headquarters be sold. I understand that at a crucial meeting someone put the question: "Why not sell the airline and keep the building?"

Why not, I wonder, change your agricultural policies and keep the Community? I suggest that by basing the Community concept on the CAP, you may be seriously underselling the concept of Europe. You might even be surprised after all these years of consultation, how resilient the underlying concept is.

I have dwelt on the basis of our trading relationship with Europe because I think that will determine the strength and durability of our overall ties. When I became Prime Minister in 1975 I said that, for New Zealand, foreign policy was trade. It was a deliberate choice of words, designed to signal my Government's priorities at home and to our friends abroad. It has been reflected in the main foreign policy initiatives we have taken since then, such as, for example, the conclusion of the CER, or Closer Economic Relations Agreement with Australia. This agreement will remove all remaining barriers to trade between our two countries according to an agreed plan and schedule. Another example is the Spartecca agreement which we and the Australians negotiated with the small island States of the Pacific. This gives them unrestricted duty-free access into our domestic market for all but three or four items. For New Zealand, the trade and political elements are thus inseparable.

New Zealand has been dealt rather poor cards over the last ten years. They would have been much worse, but for Britain's

staunch support. We simply have to make the best use of whatever political and economic resources we have available.

My basic conclusion, therefore, is that any assessment of where New Zealand/EC relations might stand ten years from now must be heavily influenced by decisions yet to emerge in the trading area. If the decisions are positive, then the relationship will prosper - and well beyond the next ten years. We will be back in 99 years to celebrate that second century. The basic reason why this is so lies in the nature of changes taking place within the New Zealand economy. Let me sketch one or two of them to demonstrate the opportunities that exist for Europe.

I have already referred to our trade and economic agreement with Australia. For European investors the significance of this agreement which got under way on the first of January this year, lies in the fact that it will create a single Australian and New Zealand market. The advantages to any operation in New Zealand are considerable. Instead of looking to service a market of 3 million people, companies can plan ahead to service 17 million people; in fact, more than that, if companies have sufficient vision.

For years our economy suffered from the Down-Under syndrome. Economically, New Zealand would have been better placed in the middle of the English Channel than half-way across the globe as the fact of our geography dictated. Today, however, that apparent disadvantage looks very different. Over the course of the 1970s the Pacific Basin region where we are placed has emerged as the world's most dynamic growth region. New Zealand's economic and political links are growing accordingly.

Our expectation - it is more than a hope - is that there will be growing numbers of companies which will utilise the secure domestic marketing base of a combined Australian and New Zealand market to exploit the wider opportunities in the fast-growing economies of the Pacific Basin region.

Let me give you one concrete example of how I think freer trade between Australia and New Zealand will lead to this broader development. For some years we have had what is very close to free trade between New Zealand and Australia in forest products. In fact, it was our desire to have freer trade in forest products that led ultimately to the formation of a limited free trade area in 1965. The early years caused a little bit of pain, considerable rationalisation and then a period of settling down. One thing it

did, of course, was to get the companies talking to each other and this is significant because some of the largest companies in New Zealand and, to a lesser extent in Australia, are forestry companies.

This seems rather distant now. Today, two of the largest companies, NZ Forest Products and Australian Paper Mills, have not only managed to find a modus vivendi in the Australian and New Zealand market - though we still get hiccups from time to time - they have now joint sales offices in Hong Kong, Singapore and Kuala Lumpur: three centres of Pacific regional growth. In addition to joint marketing, they also promote joint engineering ventures.

The pattern, then, can be summarised readily enough: Two young countries finding something they both can do well, getting their bilateral act together, moving out through stronger and more experienced companies into dynamic and competitive regional markets. It is a pattern that we will see more and more of. Given our liberal foreign investment regime, it is a pattern that good European companies with a longer-term vision can take part in.

Forestry is in fact a good example of the changing structure of the New Zealand economy. There is a saying that if you can grow it, New Zealand can grow it well. The New Zealand climate and other conditions are so favourable that our major species - *Pinus Radiata* - grows two to three times as rapidly as it does in its native California. New Zealand is already a significant exporter of forest products. In 10 years' time and beyond we will be a major force to be reckoned with in world forestry markets.

Again, this is not wishful thinking. This is based on expected yields from plantings already undertaken and ready to come on stream. We have well organised companies to do the job that is required. This is a major winner for us in the future.

New Zealand is also well-endowed with energy resources. We have abundant coal, hydro, geothermal and natural gas reserves, and we are finding oil. We are making good use of them.

The oil shocks hit us very hard. Although the volume of oil imports has fallen by about 20 per cent since 1973, our oil import bill has risen from \$114 million to more than \$1400 million in 1982, or about 20 per cent of total merchandise imports. The policy problem my Government faced - and it is a

very awkward one - was to use our non-oil energy resources to plug that hole in our balance of payments.

We have set about this in a bold way. At the centre of these energy-based developments is the Maui gas field, which is large in world terms and very large in relation to the size of our economy. We are building a synthetic gasoline plant at a cost of 1500 million New Zealand dollars, using Mobil technology to use part of the Maui gas. This will eventually supply about one-third of New Zealand's total gasoline requirements. Other uses of gas include ammonia urea production, methanol, compressed natural gas and, later, processing natural gas liquids extracted from the Maui gas stream for conversion to various petrochemicals.

At the other end of the scale, we are now producing excellent light white wines of the German type owing to a remarkable similarity in climatic and topographical conditions between certain areas of New Zealand and the Rhine region.

We also have seen the rise of numerous new horticultural crops, led by the kiwifruit industry, which I now find served up to me and my wife on a French airline travelling across the American continent - such is the spread of its popularity.

The growth of New Zealand manufactured exports still retains its capacity to surprise me. From being a source of less than one per cent of export receipts in 1956, manufacturing now provides 26 per cent of New Zealand exports. In the past six years - and that was a period of a general slow-down in world trade - manufactured exports from New Zealand have quadrupled.

I have highlighted some of these features of the New Zealand economy because I want to get one central point across. Ten years from now the New Zealand economy will look fundamentally different from the traditional image of a pastoral economy. I view this period in New Zealand's history as a period of transition.

This is not just a difficult time for Governments. It is a difficult time for everyone. It takes sometimes a bit of courage, perhaps even a bit of nerve, to press on. In some ways New Zealand is a developing country.

With good management, I have no doubt New Zealand will emerge in a rather interesting light ten, fifteen years from now:

still strong in agriculture, but over a much more diverse product base; enjoying a high degree of energy self-sufficiency; a vigorous exporter of specialised manufactured goods; and plugged right into the dynamics of the Pacific Basin region.

Ten years from now, and provided we avoid gross errors of judgement in the commercial and political relationship between us, New Zealand can offer you the continuing prospect of being a small but useful and profitable market for your exports, a base for regional operations and investment and, politically, as we have demonstrated, a good friend when you need one.

That is not too bad a package, I think.

That package, however, could unravel with remarkable speed if New Zealand's traditional exports to this market continue to be squeezed out, doing incalculable damage to New Zealand's economy.

For the last 100 years that export trade has been of fundamental importance to the New Zealand economy. Cut that out and you cut at the heart of an economy which has been built by subjects of the British Crown, who on the other side of the world maintain their pride and loyalty to the traditions of their forebears.

* * *



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10 DOWNING STREET

From the Private Secretary

11 May 1983

Dear John,

Visit of New Zealand Prime Minister

Mr. Muldoon called on the Prime Minister at 1230 today for talks before lunch.

I enclose a record of the conversation.

I am copying this letter and enclosure to John Kerr (HM Treasury), Robert Lowson (MAFF) and Richard Hatfield (Cabinet Office).

Yours ever

John Coler

John Holmes, Esq.,
Foreign and Commonwealth Office.

SUBJECT
of Master

CONFIDENTIAL

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE
PRIME MINISTER OF NEW ZEALAND AT 1230 HOURS ON WEDNESDAY,
11 MAY 1983 AT 10 DOWNING STREET

Present:

Prime Minister
Lord Belstead
Mr. Coles

Mr. Muldoon
Mr. Young
Mr. Galvin
Mr. Grosser

* * * * *

In response to a question by the Prime Minister, Mr. Muldoon said that the participants in the OECD meeting in Paris which he had just attended had been concerned to avoid confrontation. The communiqué reflected this concern and thus, for example, did not deal with contentious US/European issues. This year for the first time the technique of discussing the communiqué over working lunches had been tried. It had not been very successful. The net result was that OECD had moved forward a year without achieving very much. But the OECD Secretariat had been given some useful work to do. There had been a feeling that it might have been better to hold this meeting after Williamsburg. Then OECD could have taken up the Williamsburg decisions and carried them forward. As it was, no-one wished to rock the Williamsburg boat.

The Americans had been very much on the defensive. They were concerned to answer the charge that US domestic policy did not take sufficient account of international repercussions.

The Prime Minister commented that there was truth in this allegation. Protectionist measures in the United States conflicted with the proclaimed free trade policies of the US Administration.

Mr. Muldoon said that the American Secretary of State had shown signs of considerable fatigue in Paris, following his visit to the Middle East.

/He admired

CONFIDENTIAL

He admired the United States but the American system, which put amateurs into top jobs every four years, could not work in today's world. Political experience was needed for these appointments. It was worrying that the most powerful country in the world depended on such a system. Nevertheless, Mr. Shultz was an exception - he had considerable economic background which was very useful in handling foreign affairs nowadays.

The world was in a worrying state. Economic difficulties had political and strategic repercussions. This was evident in South and Central America. In Africa, practically all economies were in a state of chaos and South Africa faced major political problems. In South East and East Asia, there was a combination of good and bad economies but it was the good economies which were most dependent on international economic stability.

The Prime Minister said that she believed that the United States was right to say that its allies showed insufficient understanding for its problems in Central America. Mr. Muldoon commented that Venezuela, Argentina, Mexico and Brazil were in severe financial difficulty. He had read in The Economist that Brazil needed \$10.7 billion this year to meet interest payments. This was impossible. In Africa, Nigeria and Zaire were in severe difficulties. The American Administration was only just beginning to concentrate on these problems. Mauritius provided a striking example of how economic factors could have immediate political and strategic consequences. Lower sugar prices had led to the replacement of the previous Government by a coalition of two Marxist parties which, within a week, had demanded the return of Diego Garcia.

The Prime Minister said that she often felt that the United States was not given sufficient credit for its generosity towards the rest of the world. It was time to speak out against anti-Americanism and to help the United States because it was certain that if serious instability developed we should automatically rely on America.

In reply to a question by the Prime Minister, Mr. Muldoon said that New Zealand had two current problems with the European Community. First, the recent decision to increase export refunds meant that New Zealand would have to sell its butter at a lower price. This would cost \$100 million. It was worrying that the Commission should have taken such a decision and that it had apparently been taken at official level. He had been warned that the Commission might put forward a compromise proposal for New Zealand's butter quota in future years at a level of 85,000 or even 80,000 tonnes. But New Zealand had reached a point below which it could not support a butter trade. The Prime Minister said that her impression was that 90,000 tonnes was the critical level. Mr. Muldoon said that he had not discussed this matter recently with the European Commission but he had had a good talk on the previous evening with the new French Minister of Agriculture who understood the problem.

The second problem concerned New Zealand lamb. The French bureaucracy were now talking about the need for degressivity on New Zealand lamb exports. When the current regime had been adopted, New Zealand had received assurances that the figure for New Zealand exports would not decline. At present, New Zealand was selling to Iran some 114,000 tonnes of lamb above the existing EC quota of 245,500 tonnes. This trade with Iran contained considerable risks, given the unreliability of the Iranian regime. New Zealand therefore depended on the stability of the EC quota. At present New Zealand had 100,000 tonnes of lamb for which there was no market. He had no idea where it would be sold. Any suggestion that the current EC quota might be lowered in the future would strike at the confidence of the sheep industry.

The conversation ended at 1300 hours.

A.S.C.

11 May 1983

ce AP.



Foreign and Commonwealth Office

London SW1A 2AH

9 May 1983

Dear John,

Visit of New Zealand Prime Minister

I enclose ^{in attached folder.} briefing for the Prime Minister's talk with Mr Muldoon and lunch on 11 May, a personality note and notes should the Prime Minister wish to say a few words after lunch.

Mr Muldoon, who was last here in September for the Commonwealth Finance Ministers' Meeting, has come to London following the OECD Finance Ministers' Meeting in Paris. Mr Muldoon normally visits the UK after this annual meeting and this year will also visit Hungary.

Mr Muldoon was also due to see Mr Pym and Mr Walker on 18 May after his visit to Budapest.

The New Zealand High Commission have told us that, when he sees the Prime Minister, Mr Muldoon may mention New Zealand/EC relations including the post-1983 butter arrangements and sheepmeat, as well as general EC matters (Brief No 1). He may also raise the question of the Commonwealth Games Federation's new Code of Conduct (Brief No 5). He is almost certain to touch on the international economic situation and his own proposals for a new Bretton Woods Conference (Briefs Nos 3 and 4). In addition, it is possible that Mr Muldoon may ask about developments on the Arab/Israel front and Lebanon (Brief No 7); Iran/Iraq (in view of New Zealand's exports of sheepmeat to the area) (Brief No 10); and East-West Relations including Poland (Brief No 9). Mr Muldoon may also refer to the recent French nuclear tests in the Pacific, which New Zealand opposes (Brief No 12).

Mr Muldoon has sought our help in connection with a defamation case brought against him by New Zealand television officials whom he had accused of irresponsibility for proposing to screen 'Death of a Princess' in New Zealand. It has been agreed that our former Chargé in Jedda should appear in court in Wellington to answer questions about events following the showing of the film in the UK.

/Mr Muldoon



Mr Muldoon may, as on previous occasions, talk fairly frankly to the press about his conversation with the Prime Minister. However, we are confident he will respect confidentiality where he sees the need, or when specifically asked.

Yours ever

J E Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street



LIST OF BRIEFS

1. New Zealand/EC Relations
2. New Zealand Internal, UK-NZ Bilateral Relations and Pacific Matters
3. International Economic Situation
 - 3A. East/West Economic Relations
4. Mr Muldoon's Proposals for a New Bretton Woods
5. The Commonwealth Games Federation Code of Conduct
6. Commonwealth Matters
7. Arab/Israel and Lebanon
8. Falklands
9. East-West Relations including Poland
10. Iran/Iraq
11. UK/NZ Trade
12. French Nuclear Tests at Mururoa

WJC 13/4

file

BCC

13 April 1983

BF

VISIT OF NEW ZEALAND PRIME MINISTER

Thank you for your letter of 12 April.
We shall set aside half an hour in the
Prime Minister's diary for talks with
Mr. Muldoon before lunch on 11 May.

A. J. COLES

R.B. Bone, Esq.,
Foreign and Commonwealth Office

RB



Caroline

Foreign and Commonwealth Office

London SW1A 2AH

Can we give him 30
minutes before lunch on
11 May?

12 April 1983

A.J.C. $\frac{13}{4}$

John [unclear]

No problem.

es. 13/4

Visit of New Zealand Prime Minister,
11 May and 16 - 18 May

with Sue Goodchild

Sue Goodchild in her letter of 28 March to Doreen Lothian indicated that the Prime Minister had agreed to give a lunch for Mr Muldoon on either 4 or 11 May depending on when he would be here.

We now have confirmation from New Zealand House that Mr Muldoon will come to London on 11 May and would be delighted to accept the Prime Minister's invitation. He would also be grateful for a short talk with the Prime Minister. If convenient, perhaps a short session immediately before the lunch would be appropriate.

A suggested guest list will be submitted by 15 April as requested.

Your own

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

New Zealand
May 19, Visit
by New Zealand PM



10 DOWNING STREET

Willie AJL ~~11/4~~

New Zealand
PM is definitely
coming to lunch
on 11 May with
talks beforehand

FCO will be
writing

Sue

11/4

SUBJECT

cc 720

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T.118/82



Master
ops

10 DOWNING STREET

THE PRIME MINISTER

2 June 1982

Dear Bob.

Thank you for your kind letter of 26 May. I, too, enjoyed our talks and dinner, and I am glad that you will have pleasant memories of your stay here. I am sure you are right when you say that the spirit of kinship between our two countries will continue to grow; your generous offer to lend us HMNZS Canterbury will always be remembered here.

You won the hearts
of all our people. We do belong
to the same family.

Yours sincerely

The Rt. Hon. R.D. Muldoon, C.H., M.P.

Roy Muldoon
[Signature]

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1587</i> (one piece/item number)	Date and sign
Extract/Item details: <i>Letter from Fall to Coles dated 1 June 1982</i>	
CLOSED FOR YEARS UNDER FOI EXEMPTION	
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NUMBER NOT USED	

SUBJECT



PRIME MINISTER'S
PERSONAL MESSAGE

SERIAL No. 114 0A/82

cc master eps
Prime Minister
Wellington
New Zealand

26 May 1982

Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
LONDON

R1/6

Dear Margaret,

Having returned home after a fairly arduous three weeks abroad, I have pleasant memories of my stay in London, and in particular, the dinner which you kindly gave for me last Wednesday. Both Mrs Muldoon and I enjoyed the occasion and were honoured to have the privilege of dining with you and other very distinguished guests at Downing Street.

I did mention to you that this was the first time I have spent a full week in London for many years, and I found it very rewarding. I had informative, and from my point of view, very worthwhile talks with Peter Walker and Francis Pym. In addition, I was able to meet with British bankers and industrialists, and even find time to attend the F.A. Cup Final, and the Chelsea Flower Show.

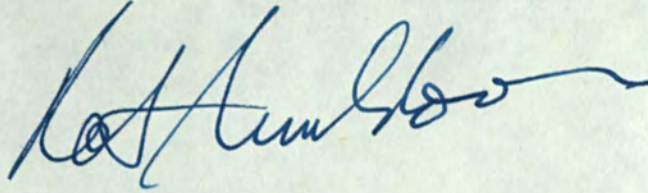
It was indeed gratifying to find that the bonds of friendship between our two countries is, in my view, even stronger today than at any previous time in history, and I am certain that this spirit of kinship will continue to grow.

Contd/...

2.

It was, as always, a pleasure to meet you again, and Mrs Muldoon joins me in extending to you our thanks for your kind hospitality.

With warmest regards.

A handwritten signature in blue ink, appearing to read "Nat Muldoon". The signature is written in a cursive style with a long, sweeping tail that extends to the right.



H.E. The Hon L.W. Gandar

NEW ZEALAND HOUSE
HAYMARKET
LONDON SW1Y 4TQ

24.5.82

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N Zealand

My dear Prime Minister,

I know that Bob has already written to you to thank you for your hospitality last Wednesday night. In a sense, as our Prime Minister, he speaks for all of us, but I must write to express my own immense admiration for you constantly in support of our country. We know where our friends are, and we will always be quick to say so. When to this is added the happy friendships of a family evening our pleasure is ever greater. Many thanks.

Yours most warmly
Leslie Candar

New Zealand



From the Secretary of State

N. S. P. S.

M 11/5

John Coles Esq
Private Secretary to
the Prime Minister
10 Downing Street
London
SW1

19 May 1982

Dear John

PRIME MINISTER'S DINNER FOR MR MULDOON

1 We provided, through the FCO, a brief on air services between the United Kingdom and New Zealand, since we had heard that Mr Muldoon was likely to raise this issue at tonight's dinner.

2 The brief refers to talks between Cathay Pacific Airways and Air New Zealand starting in Auckland today. We have heard direct from Cathay Pacific that these talks have made some progress, but that there are still major problems outstanding on the fares between Auckland and Hong Kong, where Air New Zealand are insisting on increases which in Cathay Pacific's view would make the service uneconomic. If the airlines cannot agree on the level of these fares when talks resume tomorrow, there will probably have to be further discussions at Government level between officials of the Department of Trade and of the New Zealand Ministry of Transport. It may be helpful for you to know the latest position so that you can tell the Prime Minister if you judge it appropriate.

3 I am sending a copy of this letter to Brian Fall (FCO).

Yours sincerely,

JOHN RHODES
Private Secretary

H. R.

PRIME MINISTER

VISIT OF MR. MULDOON

I attach briefs. We have not provided a time for talks because he has not asked for them. But you may want to take him aside, perhaps for coffee after dinner, and give him the opportunity to raise any matters on his mind.

There is a short speaking note in case you wish to make an after-dinner speech.

A. J. C.

18 May 1982



Foreign and Commonwealth Office

London SW1A 2AH

17 May, 1982

Dear John,

Visit of New Zealand Prime Minister to London: 14-22 May

I enclose briefing for the Prime Minister's dinner with Mr Muldoon on 19 May, and a personality note. I also attach some short notes for use should the Prime Minister wish to say a few words at dinner.

Mr Muldoon, who was last here for the Royal Wedding, is visiting London following the OECD Finance Ministers meeting in Paris which he chaired this year. Mr Muldoon normally visits the UK after this annual meeting and this year will also visit West Germany and Ireland.

Mr Muldoon will also be meeting separately with Mr Pym on 20 May and Mr Walker on 19 May.

The New Zealand High Commission have told us that when he sees the Prime Minister Mr Muldoon may mention the Falkland Islands, NZ/EC relations (including the 1983 butter arrangements), civil aviation and the proposed withdrawal of New Zealand's preferential tariff on British motor vehicles. These are covered in the briefing.

As the Prime Minister will know, Mr Muldoon usually likes to cultivate the press and may, as on previous occasions, talk to them frankly about his conversations with the Prime Minister. However, we expect that he will respect confidentiality if specifically asked to do so.

Yours ever

(J E Holmes)
Private Secretary

A J Coles Esq
Private Secretary
No 10 Downing Street

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encl
attached
to file.

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1587</i> (one piece/item number)	Date and sign
Extract/Item details: <i>Letter from Fall to Coles dated 14 May 1982</i>	
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New Zealand
cc: Cashie
Stephens.

24 February 1982

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Visit of the New Zealand
Prime Minister

Thank you for your letter of 22 February. The Prime Minister would be glad to offer a dinner in honour of Mr. Muldoon on 19 May. As you suggest, we can be in touch later about a guest list.

One factor which may influence numbers is whether Mr. Mugabe accepts the invitation to visit the United Kingdom which I understand Lord Carrington will be delivering this week. We envisage that if he does so, the Prime Minister will give a lunch for him on 19 May.

A J COLES

J.E. Holmes, Esq.,
Foreign and Commonwealth Office



10 DOWNING STREET

*file 126
cc Mrs Goodchild*

MR. THATCHER

Mr. Muldoon, the Prime Minister of New Zealand, is being entertained by the Prime Minister for dinner on Wednesday, 19 May.

Would you be available to co-host this dinner?

CAROLINE STEPHENS

23 February 1982



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

If Mugabe accepts the invitation which Lord Carrington is delivering, with your agreement, then we will you may be giving him lunch on 19 May.

2. Content to give Mr. Muldoon dinner in the evening (it is a Wednesday)? Yes

22 February 1982

A.J.C. $\frac{23}{2}$

mt

Dear John,

Visit of the New Zealand Prime Minister

We have been informed by the New Zealand High Commission that Mr Muldoon will visit London on 19 and 20 May. The High Commission have told us that Mr Muldoon would be grateful if he could see the Prime Minister. On previous occasions (1979, 1980 and 1981) the Prime Minister has offered hospitality to Mr Muldoon. In terms of Anglo/New Zealand relations it would be most appropriate if the Prime Minister were able to offer a dinner in honour of Mr Muldoon. I understand that the evening of 19 May might be possible.

If the Prime Minister agrees, we will suggest a guest list. Perhaps you could let me know the number of guests in due course.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

22 FEB 1962



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pa.
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318



Foreign and Commonwealth Office

(2) London SW1A 2AH

Prime Minister

We have had no request from the New Zealanders for a meeting but I am sure Mr Muldoon will seize an opportunity to raise the issue with you.

27 July 1981

Dear Michael,

Print, 27/7

New Zealand Prime Minister

During the course of his visit to London this week for the Royal Wedding, Mr Muldoon may tackle British Ministers on the question of the Springbok Tour of New Zealand and the change of venue of the Commonwealth Finance Ministers' Meeting. I attach a brief which has been prepared against this possibility.

ms

While pointing out that the United Kingdom has consistently supported New Zealand in the matter of the Finance Ministers' Meeting, and sympathising privately with Mr Muldoon's predicament, we would obviously wish to avoid the damage to the Commonwealth likely to ensue if Mr Muldoon makes an issue of human rights at Melbourne.

yours ever
Robert Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing St

Sir L Allinson

PS/Mr Luce

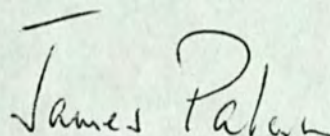
cc: Private Office
 PS/Mr Ridley
 PS/PUS
 Sir E Youde
 Mr Day
 Lord Gordon-Lennox
 Mr Donald
 Mr Barder, SAfD
 Mr Macrae, CRD
 Mr Carruthers, SPD
 Planning Staff

MR MULDOON : SPORTING CONTACTS AND HUMAN RIGHTS

1. I submit a brief for the Prime Minister to use in meetings she is likely to have with Mr Muldoon over the period of the Royal Wedding.
2. The New Zealand Government have so far asked for no official call by Mr Muldoon on the Prime Minister. She will, however, meet him at various social functions, the first probably being Mr Ramphal's reception (if both attend) on the evening of Monday, 27 July, where there is a possibility that Mr Ramphal may try to get Mr Fraser, Mr Muldoon and Mrs Thatcher together to try to calm Mr Muldoon down.
3. In view of recent events over the change of venue of the Commonwealth Finance Ministers Meeting from Auckland to Nassau, and statements made both by Mr Muldoon and Mr Ramphal, and British support for the New Zealand position in the Commonwealth Committee on Southern Africa, Mr Muldoon will almost inevitably wish to speak, and indeed complain, to Mrs Thatcher of what he regards as unfair treatment at the hands of the Commonwealth.
4. At a meeting on 24 July between Professor Harries (Mr Fraser's Adviser on International Affairs) accompanied by Mr Holditch, (Head of Mr Fraser's International Affairs Division) who are in London in advance of Mr Fraser's own arrival, and Lord N Gordon-Lennox, the Australians said they feared that unless dissuaded at the highest level, Mr Muldoon was likely to proceed with his threat to attack the human rights records of various Commonwealth

- 2 -

countries (who 'sat in judgment on New Zealand' over the sporting contacts issue) at the Commonwealth Heads of Government Meeting in Melbourne. The Australians (and we) feel this would be very damaging for the meeting. The Australians maintained that any intervention by Mr Fraser with Mr Muldoon would be counter-productive - in view of the present state of relations between the two men - and asked us whether Mrs Thatcher could try to dissuade Mr Muldoon from his human rights ploy. Lord N Gordon-Lennox said no more than that he would report this request to Ministers. At the same time it was made clear to the Australians that whilst we might try to dissuade Mr Muldoon in the human rights context, we were in no position - nor disposed - to chide him on his interpretation of the Gleneagles Agreement, since it tallied with our own, and, as we had stated publicly, we believed he had fulfilled his obligations under it in respect of the Springbok tour.



25 July 1981

J R Paterson
Commonwealth Coordination
Department

BRIEF FOR THE PRIME MINISTER'S MEETING(S) WITH MR MULDOON OVER
THE ROYAL WEDDING PERIOD

MR MULDOON : SPORTING CONTACTS : HUMAN RIGHTS AND MELBOURNE

POINTS TO MAKE

COMMONWEALTH FINANCE MINISTERS MEETING (22/23 SEPTEMBER)

1. Regret venue changed to Nassau. Did our best at Commonwealth Committee on Southern Africa meetings (a) to prevent this; and, (b) to postpone decision until your arrival in London. In the end we reluctantly acknowledged consensus but stated publicly that we considered New Zealand Government had fulfilled obligations under Gleneagles Agreement.

COMMONWEALTH HEADS OF GOVERNMENT MEETING (CHGM) MELBOURNE :
29 SEPTEMBER - 7 OCTOBER

2. Had hoped sporting contacts issue could be reserved for weekend discussions between Heads of Government. Will continue to strive for this but seems likely that some countries will want a more formal debate.

3. Our interpretation of Gleneagles Agreement very similar to yours. We will not be willing to see any strengthening of the Agreement at Melbourne.

4. Have read your statement issued at CSAC on 21 July. Sympathetic with your feelings but consider a raking-over of Commonwealth countries' human rights practices would do nothing to help the sporting contacts/Gleneagles debate; rather would it lead to such an acrimonious debate that it would sour whole meeting and Commonwealth atmosphere thereafter. Hope you will - in the interests of Commonwealth harmony - reconsider this line of action.

ESSENTIAL FACTSCOMMONWEALTH FINANCE MINISTERS MEETING (CFMM): 22/23 SEPTEMBER

1. At meetings of the Commonwealth Southern Africa Committee at Marlborough House on 10 and 21 July the overwhelming majority of Commonwealth representatives expressed the view that, because of what they saw as the New Zealand Government's failure to fulfil its obligations under the Gleneagles Agreement, and the fact that the CFMM was to take place within days of the end of the Springbok tour of New Zealand, the venue of the CFMM should be moved from Auckland. The Bahamas volunteered Nassau and this was accepted.

2. The UK representative made clear at both meetings that we considered that the New Zealand Government had fulfilled its obligations at Gleneagles, and that we saw no justification for the change in venue. At the second meeting, however, where the UK representative was the only one to support unequivocally a New Zealand request that a decision on the change of venue should await Mr Muldoon's arrival in London, ~~we reluctantly, and~~ in the interests of Commonwealth harmony, ^{we} acknowledged the consensus (of all representatives except New Zealand) that the tour venue should be changed.

3. In taking the decision to acknowledge the consensus, Ministers were conscious both of the Commonwealth tradition of decision by consensus, and of the undesirability of a major Commonwealth meeting taking place without a British representative present - which would have been the consequence of our holding out to the bitter end against a change of venue.

COMMONWEALTH HEADS OF GOVERNMENT MEETING : MELBOURNE :
29 SEPTEMBER - 7 OCTOBER

4. At the second meeting of the CCSA the New Zealand representative read out a statement by Mr Muldoon (Annex A) in which he warned he would come to Melbourne 'well prepared to discuss' which country of the Commonwealth fulfilled its responsibilities enshrined in the Declaration of Commonwealth Principles of 1971 (Annex B) in the matter of human rights.

5. Mr Ramphal also issued a statement (Annex C) in which he argued that the New Zealand Government had been derelict in its responsibilities under the Gleneagles Agreement (Annex D). The British representative expressed disagreement with this argument.

6. If Mr Muldoon makes good his threat of exposing those countries whom he considers do not observe the 1971 Declaration of Principles, this will escalate the affair into a Commonwealth row of major proportions, which is likely to extend well beyond the Commonwealth Heads of Government Meeting at Melbourne, and might well create such bitterness as to lead to requests for expulsion from, or resignations from, the Commonwealth.

7. The Australians have also requested that we do what we can to stop Mr Muldoon from playing his human rights card at Melbourne. In talks with Lord N Gordon-Lennox on 23 July Professor Harries (Mr Fraser's Adviser on International Affairs) and Mr Holditch (Head of Mr Fraser's International Affairs Division) said that any attempt by Mr Fraser to sway Mr Muldoon would be counter-productive at this stage (Australia has sided firmly with the countries of the Commonwealth opposed to the Springbok tour of New Zealand and forbade transit visas to the tourists); they hoped that some pressure might be put on Mr Muldoon at the Pacific Forum Meeting on 8 August, but thought that he would really only be deflected by an approach from Mrs Thatcher.

STATEMENT FROM THE PRIME MINISTER OF NEW ZEALAND,
RF HON. R.D. MULDOON, C.H., M.P.

"The South African Springbok Rugby Tour of New Zealand and the United States has now commenced. The tour will consist of sixteen matches in New Zealand, followed by three in the United States. Both the New Zealand and the United States Governments have issued visas to the rugby players and management of the team in accordance with their normal customs.

New Zealand has no policy which would have permitted visas to be withheld, even though the Government and all other parties in the New Zealand Parliament had passed a resolution opposing the tour and communicated their views to the New Zealand Rugby Union.

The Government of the United States has issued a statement indicating that visas were issued under current Government policy.

The Commonwealth Secretary-General will confirm that in Gleneagles in 1977 I made it clear that New Zealand Government policy did not permit the withholding of passports or visas from sportsmen and that, as in the United Kingdom, the final decision on sporting contacts would continue to be made by sportsmen and sports bodies and that the original draft of the Gleneagles Agreement was amended to accommodate this point of view.

New Zealand is not in breach of its obligations under the Gleneagles Agreement and any move to penalise my country by changing the venue of the Commonwealth Finance Ministers' Meeting will be regarded as entirely inappropriate and a direct insult to New Zealand by those nations.

I quote to you from the Declaration of Commonwealth Principles agreed at the Commonwealth Heads of Government Meeting in Singapore in January 1971:

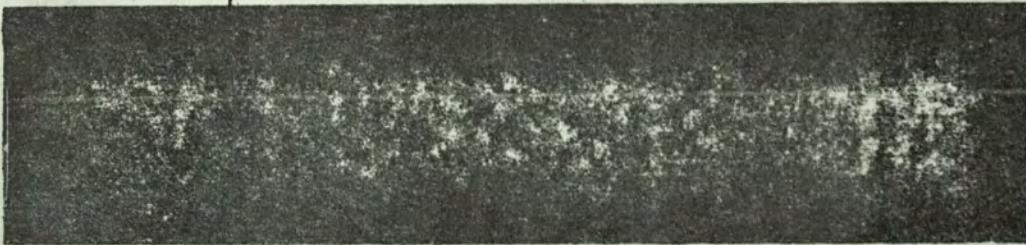
'We believe in the liberty of the individual, in equal rights for all citizens regardless of race, colour, creed or political belief, and in their inalienable right to participate by means of free and democratic political processes in framing the society in which they live. We therefore strive to promote in each of our countries those representative institutions and guarantees for personal freedom under the law that are our common heritage.'

New Zealand implements that clause in the letter and in the spirit. I ask each of you if you can honestly and sincerely say the same about your country. If you cannot, then you are not qualified to sit in judgment on my country. This is the issue which I propose to take up at the Commonwealth Heads of Government Meeting in Melbourne and place my country's record alongside that of each of the other Member States of the Commonwealth.

I assure you that I shall come to Melbourne well prepared to discuss this matter in the frank and open fashion which is characteristic of Commonwealth discussions."

**COMMONWEALTH
DECLARATION**

SINGAPORE JANUARY 1971



**COMMONWEALTH
HEADS' OF GOVERNMENT
MEETING**

COMMONWEALTH DECLARATION

COMMONWEALTH HEADS' OF GOVERNMENT
MEETING
SINGAPORE JANUARY 1971

COMMONWEALTH DECLARATION

THE COMMONWEALTH OF NATIONS is a voluntary association of independent sovereign states, each responsible for its own policies, consulting and co-operating in the common interests of their peoples and in the promotion of international understanding and world peace.

Members of the Commonwealth come from territories in the six continents and five oceans, include peoples of different races, languages and religions, and display every stage of economic development from poor developing nations to wealthy industrialised nations. They encompass a rich variety of cultures, traditions and institutions. Membership of the Commonwealth is compatible with the freedom of member governments to be non-aligned or to belong to any other grouping, association or alliance.

Within this diversity all members of the Commonwealth hold certain principles in common. It is by pursuing these principles that the Commonwealth can continue to influence international society for the benefit of mankind.

WE BELIEVE that international peace and order are essential to the security and prosperity of mankind; we therefore support the United Nations and seek to strengthen its influence for peace in the world, and its efforts to remove the causes of tension between nations.

WE BELIEVE in the liberty of the individual, in equal rights for all citizens regardless of race, colour, creed or political belief, and in their inalienable right to participate by means of free and democratic political processes in framing the society in which they live. We therefore strive to promote in each of our countries those representative institutions and guarantees for personal freedom under the law that are our common heritage.

WE RECOGNISE racial prejudice as a dangerous sickness threatening the healthy development of the human race and racial discrimination as an unmitigated evil of society. Each of us will vigorously combat this evil within our own nation. No country will afford to regimes which practise racial discrimination assistance which in its own judgment directly contributes to the pursuit or consolidation of this evil policy.

We oppose all forms of colonial domination and racial oppression and are committed to the principles of human dignity and equality. We will therefore use all our efforts to foster human equality and dignity everywhere and to further the principles of self-determination and non-racialism.

WE BELIEVE that the wide disparities in wealth now existing between different sections of mankind are too great to be tolerated; they also create world tensions; our aim is their progressive removal; we therefore seek to use our efforts to overcome poverty, ignorance and disease, in raising standards of life and achieving a more equitable international society. To this end our aim is to achieve the freest possible flow of international trade on terms fair and equitable to all, taking into account the special requirements of the developing countries, and to encourage the flow of adequate resources, including governmental and private resources, to the developing countries, bearing in mind the importance of doing this in a true spirit of partnership and of establishing for this purpose in the developing countries conditions which are conducive to sustained investment and growth.

WE BELIEVE that international co-operation is essential to remove the causes of war, promote tolerance, combat injustice and secure development amongst the peoples of the world; we are convinced that the Commonwealth is one of the most fruitful associations for these purposes.

In pursuing these principles the members of the Commonwealth believe that they can provide a constructive example of the multi-national approach which is vital to peace and progress in the modern world. The association is based on consultation, discussion and co-operation. In rejecting coercion as an instrument of policy they recognise that the security of each member state from external aggression is a matter of concern to all members. It provides many channels for continuing exchanges of knowledge and views on professional, cultural, economic, legal and political issues among member states. These relationships we intend to foster and extend for we believe that our multi-national association can expand human understanding and understanding among nations, assist in the elimination of discrimination based on differences of race, colour or creed, maintain and strengthen personal liberty, contribute to the enrichment of life for all, and provide a powerful influence for peace among nations.

STATEMENT BY THE SECRETARY-GENERAL, MR SHRIDATH RAMPHAL AT
THE MEETING OF THE COMMONWEALTH COMMITTEE ON SOUTHERN AFRICA
LONDON - 21 JULY 1981

The Springbok tour of New Zealand represents the most significant sporting contact between any Commonwealth country and South Africa since the Gleneagles Agreement was concluded in 1977. The Commonwealth has confirmed that it is an unacceptable departure from the goals of Gleneagles. What Gleneagles called for was vigorous discouragement of such sporting contacts through all practicable means. Governments who chose as a matter of policy not to exercise the right of withholding visas to South African sporting teams (as distinct from preventing their own sportsmen from travelling) do not thereby absolve themselves of Gleneagles' obligations - they make it even more necessary to find other means of discharging their obligations. Otherwise it would be simple enough for any Government to recite itself out of the Agreement's commitments. This was not and is not the intent of Gleneagles.

It was because all this was fully understood that Commonwealth leaders "specially welcomed the belief unanimously expressed at their meeting, that in the light of their consultations and accord there were unlikely to be sporting contacts of any significance between Commonwealth countries and their nationals and South Africa." The Prime Minister of New Zealand gave this expectation more specific content when at his Press Conference after Gleneagles he said "I'm well convinced that there will be no rugby test between New Zealand and South Africa while South Africa is selecting its rugby teams on other than a fully integrated basis." There were no exceptions or reservations at Gleneagles which diminish the obligations of Governments.

Gleneagles is about apartheid. It expressed the Commonwealth's explicit rejection of the system and its

determination to contribute to its eradication by efforts to combat it - "vigorously to combat the evil of apartheid" - through the international campaign against it. Since 1977, the Gleneagles Agreement has made a great contribution to making that campaign effective. Where it has fallen short of its goals the reasons have been mainly in lack of co-operation by individual sportsmen and sporting organisations. Sometimes it has been due to a lack of vigorous effort on the part of Governments. Always it has been assisted by South African Government policy to breach the campaign of isolation.

New Zealand is not the only country to have been at fault; indeed, the Springbok tour apart, the New Zealand record on the whole has been good. But this South African tour is altogether a great victory for South Africa. It permits the South African national team in South Africa's national sport for the first time in years to play abroad officially. That is why the Commonwealth has called so persistently for the tour to be cancelled and expressed such acute disappointment that it has begun.

This needs to be remembered when it is suggested that the Commonwealth is somehow 'picking on' New Zealand. This is not true; the Commonwealth has done everything possible to avoid an occasion of conflict with New Zealand, both collectively and through the efforts of individual countries. Even at the eleventh hour it withheld a decision on the Finance Ministers Meeting in the hope, however tenuous, that the tour might be cancelled.

But the Commonwealth has also to protect itself. It cannot make only a ritual bow in the direction of Gleneagles without compromising its own commitments. Commonwealth Ministers cannot see themselves assembling in Auckland as the Springboks depart. They too have rights; they have chosen to exercise them in conformity with the principles and objectives of the Gleneagles Agreement.

Commonwealth Governments have made it clear that their decision to change the venue of the Finance Ministers Meeting was reached with sadness, but as a necessary consequence of a defiance of national, regional, Commonwealth and international entreaties not to lend to apartheid the appearance of respectability and support which the tour gives it. They stressed that their decision to change the venue of the meeting was necessary to uphold their own commitment to the objectives of the Gleneagles Agreement and the international campaign against apartheid. It is not a commentary on human rights in New Zealand but on the need for respect of the human rights of the black people of South Africa. The discussion should not be diverted from that need.

In reaching their decision, Commonwealth Governments have helped to undo the damage of the Springbok tour. They make the Commonwealth stronger not weaker - more principled not less - and, not least important, stand by the people of New Zealand who in such large numbers have taken their stand against apartheid, in support of Gleneagles and in rejection of the Springbok tour. The Commonwealth has made its point. The international campaign against apartheid will be the stronger for it.

Commonwealth Secretariat
Marlborough House
London SW1

21 July 1981

COMMONWEALTH STATEMENT ON APARTHEID IN SPORT

The member countries of the Commonwealth, embracing peoples of diverse races, colours, languages and faiths, have long recognised racial prejudice and discrimination as a dangerous sickness and an unmitigated evil and are pledged to use all their efforts to foster human dignity everywhere. At their London Meeting, Heads of Government reaffirmed that apartheid in sports, as in other fields, is an abomination and runs directly counter to the Declaration of Commonwealth Principles which they made at Singapore on 22 January 1971.

They were conscious that sport is an important means of developing and fostering understanding between the people, and especially between the young people, of all countries. But, they were also aware that, quite apart from other factors, sporting contacts between their nationals and the nationals of countries practising apartheid in sport tend to encourage the belief (however unwarranted) that they are prepared to condone this abhorrent policy or are less than totally committed to the Principles embodied in their Singapore Declaration. Regretting past misunderstandings and difficulties and recognising that these were partly the result of inadequate inter-governmental consultations, they agreed that they would seek to remedy this situation in the context of the increased level of understanding now achieved.

They reaffirmed their full support for the international campaign against apartheid and welcomed the efforts of the United Nations to reach universally accepted approaches to the question of sporting contacts within the framework of that campaign.

Mindful of these and other considerations, they accepted it as the urgent duty of each of their Governments vigorously to combat the evil of apartheid by withholding any form of support for, and by taking every practical step to discourage contact or competition by their nationals with sporting organisations, teams or sportsmen from South Africa or from any other country where sports are organised on the basis of race, colour or ethnic origin.

They fully acknowledged that it was for each Government to determine in accordance with its laws the methods by which it might best discharge these commitments. But they recognised that the effective fulfilment of their commitments was essential to the harmonious development of Commonwealth sport hereafter.

They acknowledged also that the full realisation of their objectives involved the understanding, support and active participation of the nationals of their countries and of their national sporting organisations and authorities. As they drew a curtain across the past they issued a collective call for that understanding, support and participation with a view to ensuring that in this matter the peoples and Government of the Commonwealth might help to give a lead to the world.

Heads of Government specially welcomed the belief, unanimously expressed at their Meeting, that in the light of their consultations and accord there were unlikely to be future sporting contacts of any significance between Commonwealth countries or their nationals and South Africa while that country continues to pursue the detestable policy of apartheid. On that basis, and having regard to their commitments, they looked forward with satisfaction to the holding of the Commonwealth Games in Edmonton and to the continued strengthening of Commonwealth sport generally.

London, June 15 1977.

SUBJECT



BIX R6 2
cc Master N. Zealand
Opt

Prime Minister
Wellington
New Zealand

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 101 / 81

30 June 1981

Right Hon. Margaret Thatcher,
Prime Minister,
10 Downing Street,
London,
ENGLAND

MX

Dear Margaret

It was a great pleasure, as always, to meet and talk with you again.

Mrs Muldoon and I are most grateful for the hospitality you extended to us during our recent visit and we look forward to seeing you again during the Royal Wedding celebrations.

With warm regards,

R. D. Muldoon

R. D. Muldoon

CONFIDENTIAL



JS
cc: PM T

New Zealand.

10 DOWNING STREET

From the Private Secretary

19 June 1981

Dear Roderic

SPRINGBOK TOUR OF NEW ZEALAND

Thank you for your letter of 18 June which the Prime Minister saw before dining with Mr. Muldoon last night.

Mr. Muldoon did raise the question of the rugby tour in the course of conversation at dinner. He told the Prime Minister that he would not refuse visas to the Springbok team. The Prime Minister, as you suggested, expressed sympathy with Mr. Muldoon's difficulty. She went on to say that she agreed with him that to refuse visas would be wrong.

I am copying this letter to Peter Jenkins (HM Treasury).

Yours ever

Nahaul Alexander

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

00
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Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

Ramphal

18 June 1981

Dear Michael,

Possible Effect of Springbok Tour of New Zealand
on Commonwealth Finance Ministers' Meeting

/ I enclose a record of a telephone conversation
this morning between the Commonwealth Secretary-
General and Mr Hurd. The Prime Minister may wish to
see this before her dinner for Mr Muldoon this
/ evening. I also enclose the text of the statement
(referred to by Mr Ramphal) issued by African
Commonwealth Foreign Ministers in Nairobi.

The position of the New Zealand Government in
relation to sporting contacts with South Africa is
very much the same as ours. In pursuance of their
obligations under the Gleneagles Agreement, they have
sought to dissuade the New Zealand Rugby authorities
from going through with their invitation to the
Springbok team to tour New Zealand; but Mr Muldoon
has declined to take governmental action to prevent
the tour, eg by refusing visas. We therefore
suggest that, in conversation with Mr Muldoon, the
Prime Minister should express sympathy with him in
his problem and go on to say that it would be un-
fortunate if the tour were to have repercussions on
the Commonwealth Finance Ministers' meeting or for
next year's Commonwealth Games in Australia; was
there any hope that the tour might yet be cancelled
by the organisers, perhaps in response to public as
well as governmental pressure? We ourselves would
of course greatly regret it if as a result of
Commonwealth pressures the Finance Ministers' Meeting
were to be switched from Auckland; and we hoped
that such a situation would not arise.

Mr Ramphal will be calling on Mr Muldoon
tomorrow afternoon.

/I am

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I am copying this letter to Peter Jenkins
(Treasury).

yours etc
Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

CONFIDENTIAL

Mr Barltrop, CCD

cc: ✓PS
 PS/LPS
 PS/Mr Luce
 Sir L Allinson
 Mr Donald
 SPD
 WAD
 SAfD

MR MULDOON'S DINNER WITH THE PRIME MINISTER: COMMONWEALTH
 OPPOSITION TO THE SPRINGBOK TOUR OF NEW ZEALAND

We spoke. Mr Sonny Ramphal, Commonwealth Secretary-General, telephoned Mr Hurd this morning to say that he understood that the Prime Minister would be seeing Mr Muldoon tonight (at dinner) and that he wanted us to be aware of the growing Commonwealth moves against the Springbok tour of New Zealand this summer. At a meeting of the Southern Africa Committee ten days ago, the Nigerians had made it known that they were seeking a review of the question of attendance at the Commonwealth Finance Ministers' Meeting in New Zealand this September should the Springbok tour go ahead. This move had now been taken further by the African Foreign Ministers at the OAU Conference in Nairobi, where they had just stated that they would press for a change of venue for the Meeting if the tour went ahead. Caribbean Commonwealth countries were now consulting on the matter, and the Indian Government had sent a message that they would not go to New Zealand if the tour went ahead. The aim in all this was to head off the tour, not to disrupt the Commonwealth Finance Ministers' Meeting. Mr Muldoon was seeking to introduce a resolution in Parliament which would urge support for the Gleneagles Agreement and discourage the tour, but at the same time make it clear that in the last resort the Government would not refuse to issue visas. Moreover, the issue had become bound up in the New Zealand election campaign, and other New Zealand Ministers were quietly, and in one case openly, saying that the Government was ready to let the tour go ahead.

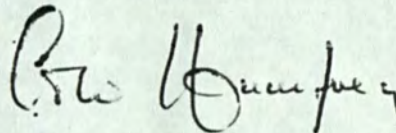
2. Mr Ramphal said that, given this background of growing Commonwealth opposition and the risk to the Commonwealth Finance Ministers' Meeting, he hoped very much that Mr Muldoon would not leave Downing Street this evening, after seeing the Prime Minister, in a position to say that he had the Prime Minister's support for his stand. If this happened, Britain, which had not been directly concerned up till now, would become isolated along with New Zealand in the Commonwealth on the issue. Mr Ramphal wanted to avoid such a division. He noted that the Australians, for

/example

example, had taken a firm stand, saying that they would refuse visas for the Springbok team if they tried to transit Australia on their way to New Zealand.

3. Mr Hurd took note of Mr Ramphal's last point and agreed to consider the matter, while at the same time pointing out that some criticisms of the New Zealand Government had been unfair since they had been making efforts to discourage the tour.

4. Mr Hurd would be grateful if you would arrange for No 10 to be advised urgently about this approach from Mr Ramphal and about the line which we suggest the Prime Minister may wish to take with Mr Muldoon. You may like to know that Mr Ramphal has apparently arranged to see Mr Muldoon tomorrow.



C T W Humfrey
PS/Mr Hurd

18 June 1981

GR 200
UNCLASSIFIED
FM NAIROBI 171300Z JUNE 1981
TO PRIORITY F.C.O.
TELEGRAM NO.312 OF 17 JUNE 1981
INFO PRIORITY TO WELLINGTON AND CANBERRA.

DISTRIBUTION SELECTOR
FILE COPY

OAU : SPRING BOX TOUR OF NEW ZEALAND

1. THE FOREIGN MINISTERS OF THE AFRICAN MEMBER STATES OF THE COMMONWEALTH ISSUED THE FOLLOWING STATEMENT YESTERDAY EVENING:

"THE FOREIGN MINISTERS, DEEPLY CONCERNED AT THE PROPOSED SOUTH AFRICAN SPRINGBOK RUGBY TOUR OF NEW ZEALAND IN JULY 1981, MET TODAY IN NAIROBI AND REITERATED THEIR GOVERNMENTS' CALL TO THE NEW ZEALAND GOVERNMENT TO TAKE EVERY NECESSARY STEP TO ENSURE THE CANCELLATION OF THE TOUR. THEY AFFIRMED THAT THE TOUR WOULD BE IN VIOLATION OF THE GLENEAGLES AGREEMENT OF JUNE 1977, AN INTERNATIONAL DECLARATION AGAINST APARTHEID IN SPORTS, AS WELL AS THE RELEVANT RESOLUTIONS OF THE OAU AND THE GENERAL ASSEMBLY OF THE UNITED NATIONS.

THE FOREIGN MINISTERS RECALLED THE RACIST REGIME OF SOUTH AFRICA WAS INCREASINGLY USING SPORT TO BREAK AWAY FROM ITS INTERNATIONAL ISOLATION. IT THEREFORE ATTACHED GREAT POLITICAL SIGNIFICANCE TO ITS RUGBY FOOTBALL CONTACTS, ESPECIALLY THOSE INVOLVING NEW ZEALAND. IN THESE CIRCUMSTANCES, THE FOREIGN MINISTERS EMPHASISED THAT THE TOUR, IF UNDERTAKEN, WOULD SERIOUSLY JEOPARDIZE THE HOLDING OF BOTH THE FORTHCOMING COMMONWEALTH FINANCE MINISTERS' MEETING IN AUCKLAND, NEW ZEALAND, LATER THIS YEAR AND THE COMMONWEALTH GAMES IN 1982 IN BRISBANE, AUSTRALIA".

WILLIAMS

LIMITED
CRD
SPD
SAFD
OADS
NEWS D
PS
PS/KAS
PS/MR RIDLEY
PS/MR LUCE
PS/PUS
LORD NG, LENNOX
SIR E YOUDE
MR DAY
SIR L ALLINSON
MR DONALD

THIS TELEGRAM
WAS NOT
ADVANCED

N. Zealand



10 DOWNING STREET

Prime Minister.

This is a rather
formidable brief for a
single conversation.

But the N. Zealanders are
well aware that there is
not a working meal.

Ants

17.6.



Foreign and Commonwealth Office

London SW1A 2AH

12 June 1981

Dear Michael,

in folder attached

Visit of Mr Muldoon

I enclose briefing for the Prime Minister's dinner with Mr Muldoon on 18 June, and a personality note.

Mr Muldoon was last here in June 1980, when he called on the Prime Minister at Chequers. He will visit London from 18-21 June, following visits to Rome and to the Annual Ministerial Council Meeting of OECD in Paris, and prior to an official visit to Bonn. He will be calling separately on Lord Carrington and Mr Walker on 19 June.

The New Zealand High Commission have informed us that during his talks with the Prime Minister, Mr Muldoon would like to concentrate on EC and world economic issues, CHOGM and sporting contacts, whilst also touching on the new French and US administrations.

Mr Muldoon has repeatedly urged us not to turn our backs on the South Pacific and may raise this again. The Prime Minister could assure him that we shall continue to maintain an interest and diplomatic presence in the South Pacific. She could instance Mr Blaker's attendance at the Celebrations in Suva of the 10th Anniversary of Fiji Independence in October 1980, followed by his attendance at the South Pacific Conference in Port Moresby, and a visit to Tonga. She could also mention that Mr Marten visited the area in February/March of this year. We maintain eight diplomatic missions in the area.

Mr Muldoon is always careful to cultivate the press, and may, as on previous occasions, talk to them frankly about his conversation with the Prime Minister if he sees no reason why he should not. But we are confident that he will respect confidentiality where he sees the need or when asked.

Yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing St



S Goodchild
N Zealand
Foreign and Commonwealth Office

London SW1A 2AH

June
8 March 1981

Ms Goodchild
✓ SS OK
Am
Dear Michael,

Visit of Mr Muldoon

We included Mr Blaker in the draft guest list which was submitted under cover of our letter of 27 May, as the Minister responsible for New Zealand.

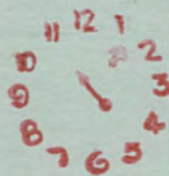
As Mr Ridley has assumed responsibility for the area, you may wish to include him on the guest list.

yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

8 JUN 1981



UNITED STATES GOVERNMENT PRINTING OFFICE



cc Mr Goodchild

Foreign and Commonwealth Office

London SW1A 2AH

New Zealand

*Mrs Goodchild
to inform*

27 May 1981

Dear Michael,

Visit of Mr Muldoon

Caroline Stevens told Chris Jebb that the Prime Minister's dinner for Mr and Mrs Muldoon would be for a total of 32.

I now enclose a draft guest list. The Foreign and Commonwealth Secretary is committed to entertaining the Polish Foreign Minister on the same evening, and the Lord Privy Seal will be in the USA. Mr Blaker is available and has been included on the list as the Minister responsible for New Zealand.

*yours etc
R M J Lyne*

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

DRAFT GUEST LIST

DINNER HOSTED BY THE PRIME MINISTER AND MR THATCHER IN HONOUR
OF THE NEW ZEALAND PRIME MINISTER AND MRS MULDOON, ON THURSDAY
18 JUNE AT 10 DOWNING STREET

HOST

Prime Minister, The Rt Hon Margaret Thatcher MP
and Mr Thatcher

GUEST OF HONOUR

The Rt Hon R D Muldoon, CH
and Mrs Muldoon

NZ OFFICIAL PARTY

Mr B V Galvin	Secretary of the Treasury
Mr B L Lockstone	Chief Press Secretary
Mr S Murdoch	Prime Minister's Department
Mr H B Hewett	Principle Private Secretary

NEW ZEALAND HIGH COMMISSION

HE The Hon L W Gandar
and Mrs Gandar

Mr B M Brown Deputy High Commissioner
and Mrs Brown

H M GOVERNMENT

Secretary of State for Defence, The Rt Hon John Nott MP
and Mrs Nott

Minister of Agriculture, Fisheries & Food
The Rt Hon Peter Walker MBE MP
and Mrs Walker

Minister of State FCO, Peter Blaker Esq MP
and Mrs Blaker

OPPOSITION

The Rt Hon Michael Foot MP
and Mrs Foot

OR

The Rt Hon Dennis Healey, MP
and Mrs Healey

OR

The Rt Hon Peter Shore MP
and Dr Shore

/ PARLIAMENT

PARLIAMENT (ANZAC GROUP)

The Rt Hon Alfred Morris MP (Secretary)
and Mrs Morris

OR

Mr David Stoddart MP
and Mrs Stoddart

OR

Mr James Marshall MP
and Mrs Marshall

FCO

Lord Bridges CMG DUSS
and Lady Bridges

for economic affairs
[REDACTED]

OR

Mr A E Donald CMG
and Mrs Donald AUSS

for Asia and the Pacific

BUSINESS

Mr J M Durber
and Mrs Durber

Chairman, Hawker Siddeley
Railway Projects Limited
Bishop Meadow Road
Loughborough, LE11 0RF Leics
Tel: 0509 36201
(Likely to be part of the
Transmark consortium: see below)

OR

Mr K V Smith OBE
and Mrs Smith

Managing Director, Transmark
International House, Chiltern St W1
Tel: 486 0331
(Recently awarded contract for
signals: NZ Railways)

Mr R Atkinson
and Mrs Atkinson

Chairman, British Shipbuilders
243 Knightsbridge SW7
Tel: 589 3488
(Interested in Cook Strait Ferry
contract and other contracts in NZ)

OR

Sir Lindsay Alexander
and Lady Alexander

Chairman, Lloyds Bank Inter-
national Ltd. 40 Queen Victoria
Street, EC4
Tel 248 9822

/MEDIA

MEDIA

Sir John Junor
and Lady Junor

Editor, The Daily Express
Fleet Street, EC4Y 2NJ
Tel: 353 8000

OR

Mr Douglas Muggeridge
and Mrs Muggeridge

Managing Director of
External Services, BBC
BBC External Services
Bush House, Strand WC2
Tel: 240 3456

DISTINGUISHED NEW ZEALANDER VISITING BRITAIN

The Rt Hon J B Gordon
and Mrs Gordon

(Retired NZ Minister of Trans-
port and close associate of Mr
Muldoon)
c/o NZ High Commission

ALTERNATIVES/RESERVES

HE Mr Shridath Surendranath Ramphal KT CMG QC

Secretary General
Commonwealth Secretariat

OR

Mr E C Anyaoku
and Mrs Anyaoku

Deputy Secretary General

Sir Alexander Ross (New Zealander)
and Lady Ross

Chairman, Commonwealth Games
Federation,
12 Buckingham Street, WC2

Mr and Mrs Desmond Park
(Kiri Te Kanawa OBE)
(Soprano Opera signer)

c/o Artists International
Management,
3-4 Albert Terrace, NW1 7SU
Tel: 485 1070

BUSINESS

Mr Ian Macgregor
and Mrs Macgregor

Chairman, British Steel Corp.
33 Grosvenor Place, SW1X 7SG
Tel: 235 1212
(Interests in New Zealand)

OR

Mr R Hooper
and Mrs Hooper

Director, Prestell International
Lutyens House, Finsbury Circus
EC2
Tel: 432 5744
(New Zealand Govt interested in
similar teledate scheme)

/TRADES

TRADES UNIONISTS

Mr T Jackson
and Mrs Jackson

General Secretary, Union of
Communications Workers
UCW House, Crescent Lane
SW4 9RN
Tel: 622 9977

OR

Mr A Fisher
and Mrs Fisher

General Secretary NUPE
Civic House, Barton Terrace
SE3 0QY
Tel: 852 2848

OR

Mr J Gormley
and Mrs Gormley

President, National Union of
Miners, 222 Euston Road,
NW1 2BX
Tel: 387 7631



*File No.
NZeland*

10 DOWNING STREET

From the Private Secretary

11 May 1981

*BF 15
12.6.8*

VISIT OF MR. MULDOON

I am writing to confirm that the Prime Minister is happy to entertain Mr. and Mrs. Muldoon to dinner at 10 Downing Street on Thursday, 18 June.

We will require a full brief to reach this office by close of play on Friday 12 June.

CAROLINE STEPHENS

R. M. J. Lyne Esq.,
Foreign and Commonwealth Office.



Feb 16

10 DOWNING STREET

MR. ALEXANDER

I have confirmed with the Foreign and Commonwealth Office that the Prime Minister is happy to give dinner to Mr. and Mrs. Muldoon on Thursday, 18 June.

Will separate talks be required?

CAROLINE STEPHENS

11 May 1981



10 DOWNING STREET

MR. THATCHER

The Prime Minister is entertaining the Prime Minister of New Zealand and Mrs. Muldoon to dinner on Thursday, 18 June.

Can the invitations go out in your joint names?

CAROLINE STEPHENS

11 May 1981



①
Prime Minister

Agree?

Dinner for 32?

Yes no

RMB

Foreign and Commonwealth Office

London SW1A 2AH

8 May 1981

Dear Michael,

Visit of Mr Muldoon

We have been informed by the New Zealand High Commission that Mr Muldoon, accompanied by his wife, will visit London from 18 to 21 June. The High Commission have informed us that Mr Muldoon would be grateful if he could see the Prime Minister. On previous occasions (1979 and 1980) the Prime Minister has offered hospitality to Mr Muldoon. In terms of Anglo-New Zealand relations (particularly our involvement in New Zealand/EC matters but also with the CHGM in view), it would be most appropriate if the Prime Minister were able to offer a dinner in honour of Mr and Mrs Muldoon. I understand that the evening of 18 June might be free.

If this proposal meets your approval, and if you will advise me of the number of guests, we shall submit a list.

Yours ever

Roderic Lyne

(R M J Lyne)
Private Secretary

M O D'B Alexander Esq
10 Downing Street
LONDON
SW1

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File
no
RAF

AK/HS

New Zealand

SUBJECT.

10 DOWNING STREET

From the Principal Private Secretary

2 June 1980

cc. Master tek.

Euro PA: CAP: Pt 5.

Sport: Olympics: Pt 3.

Dear George,

Visit by the Prime Minister of New Zealand

The Prime Minister of New Zealand, Mr. Muldoon, called upon the Prime Minister at Chequers on Saturday 31 May 1980. He was accompanied by the New Zealand High Commissioner, His Excellency The Honourable Mr. Gandar, Mr. Galvin and Mr. Woodfield. Sir Brian Hayes was also present.

New Zealand Economy

Mr. Muldoon said that agriculture generally in New Zealand was doing well this year. The last two years had been good seasons for feedstock, and this had led to a reduction in the killings of lamb and an increase in breeding. The size of the sheep flock was now at the record level of 66 million. As a result there would be an increase in wool production and a rise in the number of lamb killings next year. The farming community's confidence was strong and their spending correspondingly high. This had repercussions right through the New Zealand economy. The rate of inflation at the end of March had stood at 18.4%. He expected it to drop in the second half of 1980 and by next year it might be down to 15%. Increases in oil prices were a major cause of New Zealand's inflation. The deficit on the external current account was the same as the increase in oil prices since 1978. Last year bulk electricity prices had had to be raised by 60%. None the less, he was more relaxed about the economic and political scene in New Zealand than perhaps he should be. Sheepmeat, however, was a very real concern for him.

Sheepmeat

The Prime Minister said that the sheepmeat proposals which Mr. Walker had secured in Brussels on Thursday were much better than what had been on offer when she had last seen Mr. Talboys. Even so, New Zealand would have to conduct very tough negotiations with the Community, and Mr. Walker was ready to take part, if that

/ was the wish

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- 2 -

was the wish of the New Zealand Government. Sir Brian Hayes added that New Zealand in effect had a veto on the introduction of the sheepmeat régime. The Community regulation would provide that the timing of the introduction of the sheepmeat régime was linked to the entry into force of the Voluntary Restraint Arrangements. This meant that if New Zealand did not reach agreement on a VRA the régime would not come into effect.

Mr. Muldoon said that while he did not dispute what Sir Brian Hayes had said, the fact was that if New Zealand did not agree a VRA, there were other retaliatory measures which the Community could take such as the de-consolidation of the present GATT arrangement or the imposition of quotas. Another area where the Community could hit New Zealand's interests would be by being unsympathetic about access for butter after 1980. For these reasons he did not believe that the veto was quite the powerful tactical weapon that had been suggested.

Sir Brian Hayes said that it was always open to the Community to take action of the kind described by Mr. Muldoon, whether there was a sheepmeat regime or not. But, with the exception of butter, the agreement of the United Kingdom would be needed for any of these measures, and we would not go along with anything which harmed New Zealand. In fact, the sheepmeat proposals had put New Zealand in a strong negotiating position, not only on sheepmeat itself but, probably, also on butter. None the less, if they were to take advantage of what had been achieved so far, the New Zealanders would have to negotiate very toughly.

Sir Brian Hayes continued that the UK had not wanted to see export restitution as part of the sheepmeat regime. But this had been a sticking point for the French: they had made it absolutely clear that if there had been no export refunds, there would have been no agreement. None the less, the Commission had persuaded the Council that there must be a declaration that export refunds must be operated in conformity with international obligations and so as not to prejudice agreements being negotiated with third country suppliers. This meant that New Zealand was being virtually invited to ensure by their negotiations with the Commission that there were no effective export restitutions at all. But, again, the New Zealanders would have to take a tough position in the negotiations.

Mr. Muldoon said that what Sir Brian Hayes had said about the New Zealand position in the forthcoming butter negotiations and export restitutions for sheepmeat all chimed with his own analysis of the Brussels proposals. But he was concerned about the effect of export refunds on New Zealand's markets outside the Community. These markets - for example, New Zealand would be exporting 65,000 tonnes of lamb to Iran this year - were vital to New Zealand in terms of quantity and price. He was concerned that New Zealand's stake in these markets would be vulnerable once export refunds were introduced, and this was why New Zealand was opposed to such restitutions.

/ Sir Brian Hayes

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- 3 -

Sir Brian Hayes repeated that it was up to New Zealand, with British help, to ensure in the course of the negotiations with the Commission that there were so many conditions attached to the export refunds that they never operated in practice in relation to any markets.

In reply to a question by Mr. Muldoon, Sir Brian Hayes continued that it was not true that Mr. Walker had not opposed those who wanted a higher price level for intervention. Mr. Walker had in fact argued for a lower price structure throughout, but the French had insisted on an intervention price at the same level as last year's market price. As against that, we had not only avoided intervention in the UK but our variable premium scheme would operate in such a way as to prevent UK lamb going into intervention in France and thus limit the danger of a lamb mountain. The guaranteed price to British farmers would be at the same level as the French intervention price. If our price went below, there would be a deficiency payment to British producers. But if British producers exported, whether to other Community countries or third countries, they would have to refund their deficiency payments. Thus, if a British producer sold lamb to France, he would lose his premium and, on top of that, would have to pay transport and marketing costs. These arrangements would be a strong incentive to British producers to keep their lamb in the UK and to pocket the deficiency payments. Moreover, our assessment was that the French market price was unlikely to get down to the intervention price, and we therefore did not expect to see significant quantities of sheepmeat in French intervention. Nor did we expect Irish lamb to have much effect because the quantities involved were small.

Sir Brian Hayes added that in all member countries of the Community reference prices would be set which would act as a guarantee of average producer returns. These prices were to be aligned over a four year period. The UK would be departing from a low starting point, and as reference prices converged, the cost to the Community of paying British producers would be very large. We estimated at the end of the four year period the payment to the UK might be £100 million a year. There was therefore every incentive for the Community to hold down prices.

Mr. Muldoon said that he was surprised that the French Government had accepted the proposed sheepmeat regime, since it appeared to contain many disadvantages for French farmers. He wondered what the impact of the movement of reference prices over four years would be on the UK's production of lamb. Would the British producer not increase his production in order to get higher prices? If there was more lamb on the British market, the price to the British housewife would go down. That in turn would mean that the price of New Zealand lamb in Britain would drop, and that would then pull down the price of New Zealand lamb in third countries such as Iran. New Zealand might be able to accept this, provided the Community was ready, in view of these difficulties, to abolish the 20% tariff against New Zealand lamb.

/ The Prime Minister

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The Prime Minister said that New Zealand should argue very strongly in the course of the negotiations for a nil tariff. Sir Brian Hayes added that during the main marketing season for fresh lamb from New Zealand, there was likely to be an incentive for British producers to sell in France because the French market price would be higher then. This would mean that prices for British lamb in the UK would go up too, and this in turn would give New Zealand a price advantage in the UK. The fact was that the British Government wanted the UK to remain a market for New Zealand lamb.

Mr. Woodfield confirmed that if the 20% tariff was dealt with generously by the Community, New Zealand could probably live with downward pressure on the market from increased British production.

Sir Brian Hayes said that the British and New Zealand Governments should consult quickly to decide what New Zealand should go for in the forthcoming negotiations with the Community. We should need to marshal the arguments for a nil tariff. We should pitch the VRA quantity as high as possible by taking a long period for the New Zealand average. (Mr. Muldoon interjected that he thought New Zealand could substantiate a figure of 240,000 tonnes, though this would need to be increased by 15,000 when Greece acceded to the Community.) It might be difficult to get the Commission to agree to the New Zealand requirement that there should be no differentiation in quotas between fresh and frozen lamb. It would be much better to conduct the negotiation with the Commission rather than go for a Council declaration or regulation which would require nine signatures. New Zealand would get a better deal out of the Commission, though the eventual exchange of letters would need to be as water-tight as possible.

Mr. Muldoon said that he agreed that negotiations with the Community should be opened very soon. He thought that New Zealand would be able to live with price variations from year to year, but the regime as a whole went to the heart of the New Zealand lamb industry. The lamb industry was far more important to New Zealand than the milk products industry, and if lamb went the same way as milk products had gone, this would be disastrous for New Zealand. He would arrange for the sheepmeat proposals to be considered by the New Zealand Cabinet on the following Tuesday.

The Prime Minister emphasised the need for New Zealand to negotiate a precise and water-tight agreement with the Community. Mr. Walker and Sir Brian Hayes would be ready to give whatever further help the New Zealanders required.

Butter

Mr. Muldoon asked what the British view was on how the butter negotiations should be handled in the light of the developments on sheepmeat. 10,000 tonnes of butter was neither here nor there to the Community but it was vital for New Zealand.

The present quota of UK imports of New Zealand butter had already been reduced from 165,000 tonnes in 1973 to 115,000 tonnes in 1980. Mr. Gundelach intended to propose to the Council that the quota for 1981 should be 100,000 tonnes, declining progressively to 90,000 tonnes in 1985. This was absolutely rock bottom as far as New Zealand was concerned. He wondered whether he should seek to deal with butter at the same time as sheepmeat or whether it would antagonise the Community to link the two negotiations.

Sir Brian Hayes said that the sheepmeat proposals strengthened New Zealand's hand on butter and they should press the Commission to deal with butter at the same time as lamb.

Palestine Liberation Organisation

Mr. Muldoon said that he was due to take part in an IMF/IBRD meeting the following week which would consider the PLO's request for observer status at meetings of these bodies. There was pressure from the Americans against the PLO request and pressure in the other direction from the Arab world. He saw no prospect of the meeting reaching agreement, but they would have to devise some formula to deal with the problem.

Olympic Games

Mr. Muldoon said that individual New Zealand sports bodies were pulling out of the Olympic Games one by one, and he thought that in the end only about one half of them were likely to attend. Although the New Zealand Olympic Committee had refused to bow to pressure from his Government, public opinion was now substantially against participation in the Games. All three political parties in New Zealand were also opposed to New Zealand sportsmen taking part.

The Prime Minister said that the British Government had faced the same problem. We had no effective lever we could use against the British Olympics Association. Unlike the Germans, for example, we could not withdraw financial support, since British sports bodies relied entirely on voluntary financial assistance.

I am sending copies of this letter to Garth Waters (Ministry of Agriculture, Fisheries and Food) and David Wright (Cabinet Office).

Yours sincerely,

John Major

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

30 May 1980

Dear Mike,

Mr Muldoon's call on the Prime Minister

/ I enclose briefs on EC/New Zealand (prepared in collaboration with the MAFF) and on The New Hebrides for the Prime Minister's talks with Mr Muldoon on 31 May.

Mr Muldoon leaves London on 1 June for Paris, where he will attend the annual Ministerial Council meeting of the OECD. He is also due to preside over an IMF/IBRD meeting which will consider the PLO's request for observer status at meetings of those bodies. (On this, we share the general western view that, unlike specialist economic/financial bodies, the PLO is not an appropriate organisation for observer status.) Mr Muldoon also hopes to call on President Giscard d'Estaing. He will pay an official visit to Switzerland before returning to New Zealand on 11 June.

We expect Mr Muldoon to concentrate on lamb/butter issues and to stress, as he has before, that New Zealand's sheepmeat industry, including wool, accounts for 40% of New Zealand's export earnings. If he raises bilateral trade more generally, he may mention the New Zealand Government's decision on 28 April that Rolls Royce rather than American engines should be ordered for Air New Zealand's new Boeing 747 fleet. The order is reported to be worth £50m. The New Zealand Government have let us know that while the decision was taken on technical merit, an important consideration was a desire to show us that British support for New Zealand was worth our while. Mr Muldoon has publicly denied reports that the order was won by British political pressure, and that the Prime Minister had been in touch with him about it. (We believe that Mr Whitelaw's intervention with Mr Muldoon in Wellington was instrumental in getting Rolls Royce the opportunity to present their proposals effectively to New Zealand Ministers.)

/In case

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In case the talks range wider, the Prime Minister may wish to bear the following in mind:

Iran: The New Zealanders are actually ^{actually} conscious of their trade interests, particularly a valuable lamb contract.

Afghanistan: New Zealand will be represented at the Regional Commonwealth Heads of Government Meeting in New Delhi in September, which offers an opportunity to gain support for the proposal for a neutral and non-aligned status for Afghanistan.

Olympics: New Zealand's Olympic Association voted on 8 May to attend the Moscow Games. Following Government and Opposition pressure the Association reviewed their decision on 29 May and, after long debate, confirmed it. But some individual sports have withdrawn.

I am sending copies of this letter and enclosures to Garth Waters (MAFF), John Chilcot (Home Office) and David Wright (Cabinet Office).

Yours etc

Paul

(P Lever)
Private Secretary

Mike Pattison Esq
10 Downing Street

CONFIDENTIAL

CALL BY THE RT HON R D MULDOON, CH, MP,
PRIME MINISTER OF NEW ZEALAND AT 1500 ON 31 MAY

EC-NEW ZEALAND: BUTTER

POINTS TO MAKE

1. We are firmly committed to securing acceptable terms for post-1980 access.
2. Since his visit to New Zealand in April Haferkamp has told us he intends to put EC/New Zealand relations on the agenda of the Foreign Affairs Council in the near future. This will enable Foreign Ministers as well as Agriculture Ministers to discuss post-1980 access for butter.
3. (If necessary). Understand why New Zealand is anxious to have a decision before the Community's summer break. We shall give all possible support to achieve a satisfactory outcome. But it has been essential to avoid butter being linked to the budget in the same way as sheepmeat.

ESSENTIAL FACTS

(i) Present position

1. The quota for UK imports of butter from New Zealand has been reduced progressively from 165,000 tonnes in 1973 to 115,000 tonnes in 1980. It is possible that New Zealand will have difficulty in selling her full entitlement this year. Because of this and because the New Zealanders are already holding stocks of about 70,000 tonnes in the UK, some carried forward from last year, the Commission is likely soon to propose to the Council that the 1980 quota should be cut by 20,000 tonnes. New Zealand would probably be prepared, albeit reluctantly, to accept this in return for satisfactory arrangements for post-1980 access.

(ii) Post-1980 position

2. Gundelach has told Mr Walker and the New Zealanders that he intends to propose to the Council that the Community should set a quota of 100,000 tonnes in 1981 declining progressively to 90,000 tonnes in 1985 (though this might be subject to review in the light of developments in the butter market). These arrangements would, however, be coupled with provision for continuing access at the same level thereafter and with an improvement in the operation of the levy system which would allow a higher return to New Zealand. The New Zealanders have said this is the minimum acceptable to them. We have told them that in order to secure a satisfactory outcome we shall need to pursue this matter in the Foreign Affairs Council as well as in the Agriculture Council. They now accept this (Haferkamp has said that he does too). However they remain anxious for technical reasons of dairy herd management to have a decision before the Community's summer break. They have therefore been pressing the

/Commission

Commission to table formal proposals at the earliest possible moment. The Commission however have not yet done so even though they are reported formally to have endorsed Gundelach's ideas in outline. They are no doubt conscious of the risk of yet another issue being linked with our budget problem.

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CALL BY THE RT HON R D MULDOON, CH, MP,
PRIME MINISTER OF NEW ZEALAND AT 1500 ON 31 MAY
EC/NEW ZEALAND: SHEEPMEAT

POINTS TO MAKE

1. Grateful for Mr Muldoon's message of support after the European Council. Glad to have had an opportunity to discuss subsequent developments with Mr Talboys on 16 May.
2. We have had a hard fight against the objectionable features of the regime proposed at Luxembourg. Our interests and New Zealand's coincide. But sheepmeat has not been the only issue in play.
3. Mr Talboys' lobbying, and ours, seems in some cases at least to have produced a better understanding of the problem. Denmark, Belgium, Germany and the Netherlands all gave us some support in the end.
4. We have avoided intervention in the UK. But it would have been impossible to satisfy the French without some element of intervention.
5. Our variable premium scheme should prevent any UK lamb going into intervention even in France and limit the danger of a lamb mountain. At the same time it will maintain market prices in the UK at reasonable levels and thereby ensure adequate outlets for New Zealand supplies. (If necessary). We must wait and see what impact the new reference price (293 ECU) has on UK production. It is far better than intervention which would have depressed demand as well.
6. Export refunds a major difficulty. The French have insisted on provision for them. We and the Dutch still have a reserve. But the Commission and all other member states have agreed. The Commission have, however, insisted on a Council Declaration that export refunds must be operated in conformity with international obligations and so as not to prejudice agreements being negotiated

/with

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with third country suppliers. In other words, it is open to New Zealand to negotiate, as part of the Voluntary Restraint Arrangement (VRA), adequate safeguards on how they should operate.

7. Timing of introduction of the regime is now linked to entry into force of VRAs. This means effectively that New Zealand could veto the whole package. But we hope you will use your strong negotiating position to achieve an acceptable agreement.

/ESSENTIAL FACTS

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EC/NEW ZEALAND: SHEEPMATE
ESSENTIAL FACTS

1. The New Zealanders were badly shaken to learn that at the European Council the UK had been isolated in opposition to the sort of heavy regime which the French are seeking. Mr Talboys has been touring Community capitals and lobbying hard against the objectionable features. He has indicated that their inclusion could jeopardise New Zealand's willingness to negotiate a Voluntary Restraint Arrangement (VRA) with the Community. This would make nonsense of the External Regime agreed last December. The aspects of the Luxembourg proposals regime which the New Zealanders disliked were:

- (i) A price and premium structure pitched at too high a level. They were afraid that this would depress demand;
- (ii) intervention. They believed that even on a seasonal basis and with individual Member States able to opt out, this would have produced a "lamb mountain" the disposal of which would further have restricted their marketing opportunities in the Community, and
- (iii) export restitutions which threatened to damage their sales to third markets as well.

We shared these concerns and have ourselves been lobbying Member States (apart from France and Ireland) in parallel with the New Zealanders arguing (as we have argued in the Agriculture Council) that the Luxembourg proposals represented an unnecessarily expensive way of supporting Community producers' incomes.

2. Despite this the Commission persisted with a revised formal proposal incorporating intervention arrangements on the lines broadly agreed by other Member States in Luxembourg. However at the Agriculture Council on 28/29 May the following major new elements emerged:

- (i) There was agreement on Mr Walker's proposal that in the UK a variable premium system should operate instead of intervention. There was also agreement on claw back of premium payments on all exports whether intra-Community or to third countries.

/(ii)

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(ii) There was agreement on a new reference price for the UK at the same level as the French intervention price (293 ECU/100kg instead of 268 ECU/100kg) and agreement on ^{a mechanism for} convergence of reference prices over four years instead of five.

(iii) There was agreement that the date of implementation of the external regime should be linked to the date of application of VRA's with third country suppliers and,

(iv) there was acceptance by seven member states (UK and Dutch reserves) of the French text providing for export refunds. This however would be subject to a Council declaration that export refunds should operate in conformity with international obligations and without prejudice to ^{the negotiation of} VRA's with third countries.

3. The most important effects will be:

(i) to avoid intervention buying and the accumulation of an intervention stock in the UK (the largest Community producer);

(ii) to make it financially unattractive to UK producers to export into intervention elsewhere;

(iii) consequently to reduce the potential size of the overall Community intervention stock and the corresponding threat to New Zealand exports;

(iv) to avoid distortion of the market in the UK. There will be no need to impose an artificially high price which would depress demand. Prices to consumers will continue to be determined by market forces;

(v) to increase the return to UK producers. But the industry is in difficulty at present and there can be no certainty that the differential between the new reference price (which is in any case seasonalised) and the existing fat sheep guarantee will even in time call forth a commensurate increase in production;

(vi) to leave it open to the New Zealanders to decide whether they can accept the proposed regime and negotiate a VRA on this basis;

/(vii)

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(viii) to make it likely that if the regime is implemented there will have to be some provision for export refunds. But the effect will probably be limited given the restrictions on the extent of intervention.

4. Mr Muldoon is nonetheless likely to express concern about points (v), (vi) and (vii) above, in particular the last. He may need encouragement to pursue negotiations with the Community. Gundelach suggested when he saw Mr Talboys on 23 May that the importance of sheepmeat to New Zealand was such that the Community should offer something more in the nature of a formal bilateral agreement rather than a VRA. He claimed negotiation of such an agreement would not require modification of the existing Community negotiating mandate. Mr Muldoon has described this as a "promising advance". But it must now be up to the New Zealanders to maintain pressure on the Commission. Failure on their part ultimately to agree a VRA would be serious. Not only would it jeopardise the laboriously put together agreement on the internal regime. It would also make it more likely that other member states would be prepared to give in to French demands (which we have successfully resisted so far) to unbind (ie increase) the Community's existing GATT-bound 20 per cent tariff on sheepmeat.

European Community
Department (External)
30 May 1980

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THE NEW HEBRIDES: REBELLION ON SANTO ISLAND

POINTS TO MAKE (DEFENSIVE)

1. We are monitoring the situation in Santo very closely and are in continuous touch with the French Government. We shall be holding talks at ministerial level in Paris on Monday, 2 June.

2. (If asked.) We have received a formal request for assistance from the New Hebrides Government through our Resident Commissioner. This will be considered at the meeting of ministers on Monday.

SOUTH PACIFIC DEPARTMENT

30 May 1980

ESSENTIAL FACTS

1. Britain and France remain responsible for internal security in the New Hebrides until independence. On 8 January, British and French ministers reaffirmed to the New Hebrides Government their intention to do everything possible to counter all threats to the unity of the country.
2. An attempted secession by the extremist Na Griamel movement occurred on the island of Santo on 28 May. The extremists have taken control of all key points in the capital of Santo including the airfield, the port, radio stations and police stations.
3. On 30 May, the New Hebrides Government formally requested the assistance of Britain and France to quell the rebellion.
4. We are monitoring events closely, and have been in close touch with the French Government. Mr Blaker will be meeting the responsible French Minister (M. Dijoud) in Paris on Monday (2 June). The meeting has been called to review the recent events and to consider how we should respond to the request from the New Hebrides Government for assistance.
5. The New Zealand and Australian High Commissions will be making a joint démarche to the FCO during the afternoon of Friday, 30 May. They are expected to express their concern at the events in Santo and their implications for stability in the Pacific.

SOUTH PACIFIC DEPARTMENT

30 MAY 1980



JAH
cc MAFK
CO

BF 30.5.80

10 DOWNING STREET

From the Private Secretary

28 May 1980

We spoke about Mr. Muldoon's visit. He is scheduled to see the Prime Minister at Chequers at 1500 hours on Saturday 31 May.

You have set in hand the preparation of suitable briefing on the outstanding EEC issues relating to New Zealand. The outcome of today's Agriculture Council will presumably provide the main new element in the briefing.

|| Could you please ensure that the brief reaches us by mid-afternoon on Friday.

I am sending copies of this letter to Garth Waters (Ministry of Agriculture, Fisheries and Food) and David Wright (Cabinet Office).

M. A. PATTISON

Malcolm Adams, Esq.,
Foreign and Commonwealth Office.

DSS

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FM UKREP BRUSSELS 271522Z MAY 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 2575 OF 27 MAY

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ROME DUBLIN PARIS BONN

SHEEPMEAT

TALBOYS/GUNDELACH MEETING: 23 MAY

1. THE NEW ZEALAND MISSION HERE HAVE GIVEN US AN ACCOUNT OF THIS MEETING, WHICH CAME AT THE END OF TALBOYS' TOUR OF EC CAPITALS.
2. TALBOYS REPORTED THAT A NUMBER OF MEMBER STATES' MINISTERS HAD AGREED THAT THE SHEEPMEAT REGIME, AS IT WAS NOW FIRING UP, COULD DAMAGE NZ, AND ALL, EXCEPT FRANCE, SEEMED PREPARED TO CONSIDER GIVING NZ SOME GUARANTEE.
3. GUNDELACH REPLIED THAT HE WAS LOOKING HARD FOR SOME FORMULA WHICH WOULD SATISFY NZ THAT THEY COULD SAFELY CONCLUDE AN AGREEMENT WITH THE COMMUNITY. HE ENVISAGED SOMETHING GOING BEYOND A VOLUNTARY RESTRAINT AGREEMENT; SOMETHING MORE IN THE NATURE OF A "BILATERAL AGREEMENT" BETWEEN NZ AND THE COMMUNITY. HE ENNUMERATED THE MAIN ELEMENTS OF SUCH AN AGREEMENT. AS REPORTED, THESE FOLLOW CLOSELY THE HEADINGS IN THE MANDATE FOR DISCUSSION OF VRAS SO LABORIOUSLY AGREED IN THE AGRICULTURE COUNCIL AT THE TURN OF THE YEAR. HOWEVER, GUNDELACH APPARENTLY ALSO OFFERED CONSULTATION WITH NZ OVER ANY EC SALES OF SHEEPMEAT IN THIRD COUNTRY MARKETS AND OVER FUTURE DEVELOPMENTS ON THE INTERNAL EC MARKET WITH A VIEW TO ENSURING THAT NZ'S POSITION WAS NOT ADVERSELY AFFECTED BY DEVELOPMENTS AFTER AGREEMENT HAD BEEN REACHED. GUNDELACH APPARENTLY REPLIED TO NZ QUERIES AS TO WHETHER THIS DID NOT GO BEYOND THE MANDATE BY SAYING (SOMEWHAT INCONSISTENTLY) THAT IT DID NOT, SINCE NZ COULD NOT BE EXPECTED TO SIGN UP FOR A DEAL LACKING THESE ELEMENTS.
4. NZ (UNDERSTANDABLY) SEEM TO HAVE COME AWAY FROM THE MEETING UNCLEAR AND UNEASY ABOUT JUST HOW MUCH OF A NEW INITIATIVE GUNDELACH WAS MAKING. IT COULD BE THAT HE WAS RESPONDING TO CONTINUED PRESSURE FROM NZ AND THE UK AND GENUINELY OFFERING SOMETHING NEW AND, PERHAPS, WORTH HAVING, OR IT COULD BE THAT HE WAS MAKING A WEASLY ATTEMPT TO GET HIMSELF PAST THE NEXT STAGE OF NEGOTIATIONS ON THE INTERNAL REGIME WITHOUT HAVING TO TELL THE COUNCIL THAT PROSPECTS

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WERE POOR FOR NEGOTIATING VOLUNTARY RESTRAINT WITH NZ. NZ SAY THE BALL IS IN GUNDELACH'S COURT AND THEY ARE WAITING TO SEE IF HE FOLLOWS UP HIS SUGGESTION. THEY TOLD US THAT THE NZ PRIME MINISTER'S INITIAL REACTION WAS SCEPTICAL. CLEARLY HE IS LIKELY TO WANT TO RAISE THIS ISSUE WITH THE PRIME MINISTER AT THE END OF THE WEEK.

5. THE NEW ZEALANDERS ARE PLAYING THIS ONE VERY QUIETLY. WE UNDERSTAND WELLINGTON HAS TOLD CANBERRA AND, APART FROM THE BRIEFING THEY HAVE GIVEN US HERE, THAT IS ALL THEY HAVE DONE. IT MAY BE THAT THEY WILL TELL US THE SAME STORY MORE OPENLY LATER IN THE WEEK, OR GUNDELACH WILL SAY SOMETHING IN THE AGRICULTURE COUNCIL, BUT UNTIL THEN WE WOULD BE GRATEFUL IF OUR SOURCE COULD BE PROTECTED AND WE DID NOT VOLUNTEER KNOWLEDGE OF GUNDELACH'S INITIATIVE.

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FCO - HANNAY, FITZHERBERT, SPRECKLEY

CAB - FRANKLIN

MAFF - PS/MIN, ANDREWS, G WILSON

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New Zealand

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10 DOWNING STREET

From the Private Secretary

24 September 1979

Visit by the Prime Minister of New Zealand

As you know, the Prime Minister of New Zealand had a working lunch with the Prime Minister on Friday 21 September. I enclose a copy of the record of their discussion.

I am sending copies of this letter, together with its enclosure, to Garth Waters (Ministry of Agriculture, Fisheries and Food), Tony Battishill (H.M. Treasury), and Martin Vile (Cabinet Office).

M. O'D. B. ALEXANDER

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office.

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RECORD OF THE PRIME MINISTER'S TALK WITH THE PRIME MINISTER OF NEW ZEALAND AT A WORKING LUNCH AT 10 DOWNING STREET ON 21 SEPTEMBER 1979 AT 1300

<p><u>Present:</u> Prime Minister</p> <p>The Foreign and Commonwealth Secretary</p> <p>The Minister of Agriculture</p> <p>Mr. Timothy Raison, M.P. Minister of State, Home Office</p> <p>Sir Michael Palliser</p> <p>Mr. Michael Franklin</p> <p>Mr. Clive Whitmore</p> <p>Mr. Michael Alexander</p>	<p>The Rt. Hon. R.D. Muldoon</p> <p>H.E. The Hon. L.W. Gandar</p> <p>Mr. B.J. Lynch</p>
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Sheep Meat Regime

Mr. Muldoon said that New Zealand did not want a sheep meat regime. They wanted total access to the EEC market and did not see why they should accept regressivity in the trade at which they were best. The problem should in any case be regarded as a bilateral one between the United Kingdom and New Zealand. New Zealand lamb was produced for the UK market. To adapt their product to a different market would involve changing breeding and agricultural practices in New Zealand. It would take New Zealand up to thirty years to adapt. If New Zealand were to lose the lamb trade, it would take the heart out of the New Zealand sheep raising industry. The industry was the largest single element in New Zealand's export trade. The British market for lamb was, literally, vital.

The Prime Minister asked why New Zealand could not sell lamb to the UK without a sheep meat regime. The issue was of real concern to only three members of the Community. The Minister of Agriculture said that there would have to be a sheep meat regime. The terms of the Treaty of Rome made it impossible to argue that there should not be such a regime. Its introduction might be delayed but it would come. But it would of course be possible to call a non-regime a regime. There was already a 20% tariff on sheep meat imports as a result of the GATT agreement to which New Zealand was a party. This would have to be retained. But for the rest, the UK requirement was for free movement of sheep meat within the EEC. Since demand far exceeded supply there was no need for intervention to take place. The French and Irish had

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- 2 -

a transitional problem: the United Kingdom position was that producers in those countries could be paid a premium for three years at the expense of their own Governments. Since this approach was totally unacceptable to those Governments, there would be no agreement on the question.

Mr. Muldoon said that what was required was an amendment to the Treaty of Rome in the light of intelligent reconsideration. Treaties were not written on tablets of stone. They could be changed if the signatories of the Treaty had the will to do so. The Community would not necessarily last for ever. If it were to break down it might well be over the Common Agricultural Policy (CAP). Economic lunacy could not go on indefinitely.

The Foreign and Commonwealth Secretary said that the CAP was being used to finance the solution to the social problems of some Member States. Sir Michael Palliser pointed out that while it had in the past been used for essentially social purposes, this was no longer the case. But the CAP was politically very popular in a number of countries. It had become part of the political mythology in France and other Member countries. It would have to be retained. But of course a less extravagant way of financing it would have to be found. Mr. Muldoon asked what price the British public was paying for the CAP. The reasoning underlying it was untenable. Sir Michael Palliser suggested that this was not the right way to put the question. The basic problem was to ensure that we extracted the maximum benefit from our membership of the EEC. The other members of the EEC had to be brought to realise the need to take more notice of British concerns. It had been very difficult for the last Government because they were suspected of trying to undermine the Treaty. The present British Government were much better placed to ensure that their interests were taken into account.

The Prime Minister said that member countries should pay for their own social problems. She agreed with Mr. Muldoon that the reasoning underlying the CAP was untenable. Food prices were an important element in inflation and had to be contained. Moreover, the CAP was having a damaging effect on agriculture in non-member

CONFIDENTIAL countries.

countries. There was no overall view of its consequences. The Minister of Agriculture said that the burden of the CAP was excessive. The British contribution was monstrous. But it was important that we should not, in doing a deal to reduce our net contribution to the Budget, commit ourselves to the continuation of the CAP in its present form. The Foreign and Commonwealth Secretary said that one reason why the UK imported food from outside the EEC, thereby pushing up our contribution to the Budget, was that the British consumer wanted products eg hardwheat, not produced within the Community. The Prime Minister said that the CAP had come to such a pass that changes would have to be made. Agreeing with Sir Michael Palliser that the 1% VAT ceiling would in any case precipitate a crunch, the Prime Minister said that there was a risk that because of our requirement for change on the Budget, we should be blamed. It would be wise, therefore, for us to clear our minds about reform of the CAP before the 1% VAT ceiling was reached.

Reverting to the sheep meat question, Mr. Muldoon asked why the French were always able to call the tune. They seemed to have the other members perpetually on the wrong foot. They invariably got their way despite being in a minority of one. The Minister of Agriculture said that this was an over-simplified view. On many occasions the Community did line up against the French. But frequently the French were not in a minority of one. It was not realistic to suppose that the sheep meat regime could be avoided. The Foreign and Commonwealth Secretary said that the previous British Government had frequently been the one that was out of step but that the policy had not paid many dividends. Mr. Muldoon repeated his view that the sheep meat issue should be a bilateral one. Every round in the argument that was lost was a further nail in New Zealand's coffin. If a regime was agreed - and even if it was a non-regime - someone else would built on it at a later stage. The Minister of Agriculture said that the realities of the situation were that there was no problem about New Zealand lamb coming in. The only barrier was the GATT tariff. This would not be deconsolidated. The EEC would not go to GATT and ask for a lower tariff. The only possibility was that the Commission would propose the offer of a fixed volume of imports of New Zealand lamb in exchange for a lowering of the tariff. Mr. Muldoon said that

this approach was not acceptable. The Minister of Agriculture said that this was for Mr. Muldoon to decide. But it was important to remember that New Zealand's bargaining position was not strong. The UK would get the best quotas it could in 1981 but New Zealand had no other allies within the EEC.

Rhodesia

On Rhodesia, Mr. Muldoon asked whether there was anything he could do to help with the Rhodesia Constitutional Conference. He would be very happy to tell Mr. Smith that the end of the road had been reached. The Foreign and Commonwealth Secretary took note of Mr. Muldoon's offer.

The discussion ended at 1430.

Ants

21 September 1979

DUTY CLERK

New Zealand

GUEST LIST FOR THE PRIME MINISTER'S WORKING
LUNCH FOR THE PRIME MINISTER OF NEW ZEALAND,
MR. MULDOON, AT 1.00 P.M. FOR 1.15 P.M. IN
THE SMALL DINING ROOM AT 10 DOWNING STREET
ON FRIDAY, 21 SEPTEMBER 1979.

The Prime Minister

The Foreign and Commonwealth Secretary

The Minister of Agriculture, Fisheries & Food

Mr. Timothy Raison, M.P. (Minister of State
for Home Affairs)

Sir Michael Palliser, Foreign & Commonwealth Office

Mr. Michael Franklin, Cabinet Office

Mr. Michael Alexander, 10 Downing Street

Mr. Clive Whitmore, 10 Downing Street

The Rt. Hon. R. D. Muldoon, C.H., M.P.,
Prime Minister of New Zealand

Mr. B. V. Galvin,
Head of Prime Minister's Office

His Excellency The Honourable L. W. Gandar,
High Commissioner

Mr. B. J. Lynch,
Deputy High Commissioner



Foreign and Commonwealth Office

London SW1A 2AH

20 September 1979

Dear Michael,

Mr Muldoon's Visit

I wrote to you on 18 September enclosing briefs for the Prime Minister's discussion with Mr Muldoon on 21 September.

Paragraph 2 of Brief No 4 (Background) touches on the New Hebrides Constitutional Conference. You will wish to know that the Conference had a satisfactory outcome. The draft Independence Constitution was approved, and it was agreed that fresh elections would be held on 14 November. The date of independence was not discussed, but we still expect this will be in the first half of 1980.

This can be freely used with Mr Muldoon if necessary.

Yours ever

Paul Lyne

PP

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

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Foreign and Commonwealth Office

London SW1A 2AH

18 September 1979

Dear Michael,

Mr Muldoon's Visit

in folder attached to file.

/// As requested in Bryan Cartledge's letter of 23 August, I enclose briefs (3 sets) for the Prime Minister's discussion with Mr Muldoon over lunch on 21 September.

Brief No 3 has been cleared with the Ministry of Agriculture, Fisheries and Food; Brief No 5 with the Home Office; Brief No 6 with the Department of Trade; and Brief No 7 with the Department of the Environment.

I am sending copies of this letter and of the briefs (2 sets each) to John Chilcot (Home Office), Garth Waters (MAFF) and Martin Vile (Cabinet Office).

yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

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PRIME MINISTER

DS
New Zealand

Visit by the New Zealand Prime Minister

You are giving a working lunch for Mr. Muldoon on Thursday 21 September.

The Foreign and Commonwealth Secretary has suggested the following participants on the UK side:

- The Foreign and Commonwealth Secretary
- The Home Secretary
- The Minister of Agriculture
- Sir Michael Palliser
- Sir Robert Armstrong
- Mr. Michael Franklin

Mr. Muldoon is likely to be accompanied by the Head of the Prime Minister's Department in Wellington, Mr. Galvin, and by the High Commissioner and Deputy High Commissioner here in London.

Together with yourself and a Private Secretary this would make a total of 12. Is the proposed list acceptable to you?

M. O'D. B. ALEXANDER

11 September 1979



10 DOWNING STREET

MICHAEL

Lunch for Mr. Muldoon:

Friday, 21 September.

The Foreign and Commonwealth Office suggested the Permanent Under Secretary of State at the Home Office for the extra name for this lunch. This will be Sir Robert Armstrong (until the beginning of October, and then Sir Brian Cubbon). What would you like to do?

Vanessa Burgess.

11 September 1979

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

4 September 1979

Dear Michael,

Mr Muldoon's Visit

Thank you for your letter of 23 August about the Prime Minister's working lunch for the New Zealand Prime Minister on 21 September.

Mr Muldoon has told our High Commissioner in Wellington that at the Prime Minister's lunch he would be interested mainly in discussing progress on sheepmeat and butter and in bringing himself up to date on Rhodesia. (As you know, Mr Muldoon's message of 16 August to the Prime Minister on Rhodesia concluded "I would be glad to be kept up with the play for, as I am sure you know, I want to be as helpful and constructive as I can"). He may also wish to mention the proposed amendments to British immigration rules, in which he has taken an interest, and perhaps also the proposed changes in British nationality law. Mr Muldoon might raise again, as he did in Lusaka, the question of our future diplomatic representation in the South Pacific islands (on which our High Commissioner in Wellington has been instructed to brief Mr Muldoon). We see no present need to raise any bilateral economic questions with Mr Muldoon at the lunch, as Mr Nott will be seeing New Zealand Ministers in Wellington on 20 September.

Against that background, Lord Carrington recommends that the UK participants might include himself, the Home Secretary, the Minister of Agriculture, Fisheries and Food and Sir Michael Palliser. Mr Muldoon is likely to be accompanied by the Head of the Prime Minister's department, Mr B V Galvin; by the New Zealand High Commissioner in London and by a member of the High Commission staff.

I am sending copies of this letter to Garth Walters (Ministry of Agriculture, Fisheries & Food) and Martin Vile (Cabinet Office).

yours ever
Roderic Lyne
(R M J Lyne)
Private Secretary

M O'DB Alexander Esq
10 Downing Street
LONDON SW1

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New Zealand High Commission

Reference

29 August 1979

New Zealand House
Haymarket
London SW1Y 4TQ
Telephone: 01-930 8422 Ext:
Telex: 24368

Mr B. G. Cartledge,
Private Secretary (Overseas Affairs),
Prime Minister's Office,
10 Downing Street,
LONDON S W 1.

h.s. [Signature] 30/8
Mr. Alexander
GA 30/8

Dear Brian,

I enclose a copy of the tentative programme for the visit of the Rt Hon R. D. Muldoon and Mrs Muldoon. This is how it stands at present. There is a little polishing up to be done yet.

Yours,

Gray Nelson

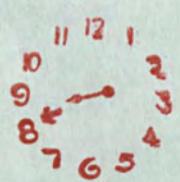
Gray B. Nelson
Counsellor (Assistant to
the High Commissioner)

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30 AUG 1979





New Zealand High Commission

Reference

New Zealand House

Haymarket

London SW1Y 4TQ

Telephone: 01-930 8422 Ext:

Telex: 24368

29 August 1979

Mr S. Cook,
South West Pacific Department,
Foreign and Commonwealth Office,
Downing Street,
LONDON S W 1.

The present state of the programme for the visit of the Prime Minister and Mrs Muldoon from Thursday, 20th, to Sunday, 23rd September is as follows:

Thursday, 20th September:

2100 Arrive Heathrow ex Concorde (Flight BA 170) from Washington - Prime Minister, Mrs Muldoon, Mr B. V. Galvin (Permanent Head Prime Minister's Department), Mr H. B. Hewett (Principal Private Secretary).

(Alcock and Brown Suite reserved)

Stay Berkeley Hotel (phone 235 6000)

Friday, 21st September:

1000 Prime Minister calls on Rt Hon John Biffen, Chief Secretary of the Treasury; accompanied by High Commissioner and Mr Galvin.

1145 Prime Minister calls on Rt Hon Peter Walker, Minister of Agriculture and Food; accompanied by Deputy High Commissioner and Trade Minister.

1300 Attend Working Luncheon hosted by Prime Minister, for the Rt Hon Margaret Thatcher, at 10 Downing Street.

1315 Prime Minister, High Commissioner, Mr Galvin, and a note taker.

(Mrs Muldoon

1230 Attend luncheon hosted by Mrs Gandar at 43 Chelsea Square.)

1500 Press Conference, New Zealand House.

Evening Dine privately at Berkeley Hotel.

Saturday, 22nd September:

Afternoon Attend First Division Football Match.

Prime Minister, Mrs Muldoon, High Commissioner and Mrs Gandar, Mr Galvin and Mr Hewett.

(This is in the course of being arranged).

1815 Attend pre-theatre party hosted by New Zealand Shipping Corporation at Ivy Restaurant, West Street.

2030 Attend play 'Night and Day' at Phoenix Theatre, Charing Cross Road.

Prime Minister and party, High Commissioner and Mrs Gandar, Deputy High Commissioner and Mrs Lynch.

Sunday, 23rd September:

1230 Lunch at the Compleat Angler, Marlow, as guests of Sir Ian Bowater and Lady Bowater.

Prime Minister and Mrs Muldoon, High Commissioner and Mrs Gandar.

1500 Leave for Heathrow.

1635 Depart Heathrow on BA 768 for Bremen.

Prime Minister and Mrs Muldoon, Mr B. V. Galvin and Mr H. B. Hewett.

(De Havilland Suite reserved)

In addition to this the Prime Minister's party will pass through Heathrow en route to Malta on Tuesday, the 25th.

They will return from Bremen accompanied by the High Commissioner and Mrs Gandar on LH 046 at 10.55, arriving at the Brabazon Suite, and then depart from the Kingsford Smith Suite at 1320 hours on KM 101.

Copy:

Mr B. Cartledge

New Zealand JPH



10 DOWNING STREET

From the Private Secretary

23 August 1979

1) Ref 31.8.79
2) Ref 18.9.79

Dear Stephen,

Mr. Robert Muldoon

The New Zealand High Commission have told me that their Prime Minister, Mr. Rob Muldoon will be in London for one day on Friday 21 September, and that he hopes that it would be possible for him to call on the Prime Minister (I understand that he is also hoping to see the Foreign and Commonwealth Secretary and the Minister of Agriculture).

The Prime Minister has agreed to offer Mr. Muldoon a working lunch at No. 10 on 21 September. I should be grateful for your recommendations on a guest list for six UK participants (assuming Mr. Muldoon's contingent number no more than four) including both Ministers and officials. It would be helpful if this could reach me by Friday 31 August.

I should also be grateful if you would arrange for briefing for the Prime Minister's discussion with Mr. Muldoon over lunch to be prepared in time to reach Michael Alexander not later than 1700 on Tuesday 18 September.

I am sending copies of this letter to Garth Waters (Ministry of Agriculture, Fisheries and Food) and Martin Vile (Cabinet Office).

Yours ever,
Byron Cardwell.

J.S. Wall, Esq.,
Foreign and Commonwealth Office.

lw

cc Miss Stephens.

1

PRIME MINISTER

Mr. Muldoon

Mr. Rob Muldoon will be in London for one day on Friday, 21 September. He would very much like to call on you. He is also arranging to see the Foreign and Commonwealth Secretary and the Minister of Agriculture.

On present plans, you will be at Chequers on 21 September. Would you like to ask Mr. Muldoon to lunch with you there? Or would you prefer to offer him a small working lunch at No.10?

B.M.

No. 10.

ant.

22 August, 1979.

SUBJECT



Prime Minister

BM
12/6

✓ Mr Lever (FLO) New Zealand 2
Mr. Walker (MAFF)
Mr. Vile (Labour MP)

Prime Minister
Wellington
New Zealand

11 June 1979

Rt. Hon. Margaret Thatcher,
Prime Minister,
10 Downing Street,
London.

PRIME MINISTER'S
PERSONAL MESSAGE

SERIAL No. T24/79T

My dear Prime Minister,

It gave me great pleasure to see you again today and to enjoy your warm hospitality. Thank you also for the opportunity to renew my friendship with Willie Whitelaw and Peter Carrington, and to meet Peter Walker whose responsibilities in your Government lie in areas of such key concern to New Zealand.

I want you to know that I was immensely encouraged by your understanding of the difficult situation that New Zealand is facing, and of how vitally important it is for us to safeguard the access of our dairy products and lamb to your market.

The immediate preoccupation for us, of course, concerns the future of our butter imports to Britain after 1980. The figure of 90,000 tonnes for 1985 and thereafter which Gundelach proposed to us in Wellington would involve a sizeable reduction in the quantities we are sending at present, but it is a level we could just live with at the end of the day. Anything less would cause us serious difficulties given the lack of alternative markets. In order to secure even that quantity, the Commission will inevitably have to open the negotiations at a substantially higher level and to maintain his position Gundelach will need strong British support. I am grateful therefore for Peter Walker's offer to suggest to Gundelach that his opening proposal should be 100,000 tonnes and to argue the case for New Zealand from the British corner in terms of 115,000 tonnes or thereabouts. I also appreciate your ready acceptance of the reasons why we are opposed to any attempt to limit our future butter supplies to a specified share of your market.

It is good to know as well that your views are so close to mine on the question of a sheepmeats regime and what its consequences could be for the New Zealand sheep industry which contributes such a major share of our overseas earnings. I am heartened, as I know my Cabinet colleagues in Wellington will be, by your determination to resist any measures that could jeopardise the future of our lamb exports to Britain.

I have no illusions about how tough the negotiations ahead on these questions are going to be, and I know full well the pressures your Government will be under to accept arrangements for New Zealand that would fall far short of our crucial needs and could mean disaster for us. It was reassuring therefore to receive this strong and unequivocal commitment from you to uphold our position in the British market. I am more than ever convinced, following our talk today, that this must and can be done, not simply to maintain the important trading links we have but to underpin all those other ties between Britain and New Zealand.

With kindest regards,
Noel Hurndell

CONFIDENTIAL



SN
New Zealand

10 DOWNING STREET

From the Private Secretary

11 June 1979

Dear Sir,

Prime Minister's Discussion with the Rt. Hon. Robert Muldoon
at 10 Downing Street on 11 June 1979

As you know, the Prime Minister gave a lunch today for the Prime Minister of New Zealand, the Rt. Hon. Robert Muldoon. I enclose a summary record of the discussion which took place during the meal. I should be grateful if you and the other recipients of this letter, would ensure that it is given an appropriately restricted distribution.

I am sending copies of this letter and enclosure to Garth Waters (Ministry of Agriculture, Fisheries and Food), Tom Harris (Department of Trade) and Martin Vile (Cabinet Office).

Yours ever,

Bryan Cranston.

J. S. Wall, Esq.,
Foreign and Commonwealth Office.

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10 DOWNING STREET

From the Private Secretary

11 June 1979

Dear Sir,

Prime Minister's Discussion with the Rt. Hon. Robert Muldoon,
at 10 Downing Street on 11 June 1979: CHGM, Lusaka

I have sent you separately today a copy of my summary record of the discussion which took place during the Prime Minister's lunch for Mr. Muldoon on EEC and trade matters. At the end of the lunch, there was a short exchange, which Mr. Muldoon initiated, on the forthcoming CHGM in Lusaka and in particular on the question of The Queen's security. I enclose a copy of my note of this part of the conversation.

I am sending a copy of this letter and enclosure to Roger Facer (Ministry of Defence) and Martin Vile (Cabinet Office).

Yours ever,

Bryan Cartledge.

J. S. Wall, Esq.,
Foreign and Commonwealth Office.

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cc: Master Set of Records
Euro. Pol, May 79, CAP.

SUMMARY RECORD OF DISCUSSION DURING A LUNCH GIVEN BY THE PRIME MINISTER FOR THE PRIME MINISTER OF NEW ZEALAND, THE RT. HON. ROBERT MULDOON, AT 10 DOWNING STREET on 11 JUNE 1979 AT 1315 HOURS

Present:-

Prime Minister	Rt. Hon. R.D. Muldoon, CH, MP
Rt. Hon. William Whitelaw, MP	HE the New Zealand High Commissioner
Rt. Hon. Lord Carrington	Mr. Alistair Bisley (Foreign Affairs Adviser to the Prime Minister)
Rt. Hon. Peter Walker, MP	Mr. B.J. Lynch (Deputy High Commissioner)
Sir Harold Smedley (High Commssioner, Wellington)	
Mr. B.G. Cartledge	

Butter

When the conversation turned to political matters, the Prime Minister asked Mr. Muldoon how he saw the prospects for New Zealand butter. Mr. Muldoon said that the Prime Minister had only to remember one figure: 100,000 tonnes. This was the quota figure which New Zealand wished to agree with the EEC. The proposals put forward by Commissioner Gundelach were in general satisfactory, subject to the insertion in them of the right basic quota figure. The Commissioner's proposals met New Zealand's requirement for a long term agreement with the Community, instead of annual arguments. Mr. Muldoon said that Commissioner Gundelach had told him that he spent more time on the affairs of New Zealand than on those of any other country outside the Community. Mr. Muldoon went on to explain that unless New Zealand could achieve economic growth, she would never be able to overcome the problems created by the world increase in oil prices.

Mr. Walker said that, when he had himself met Commissioner Gundelach a few days before, the Commissioner had mentioned the figure of 90,000 tonnes as a possible target. Mr. Muldoon expressed considerable interest in this and commented that if a compromise were eventually to be reached on a figure of 90,000 tonnes, New Zealand could probably live with this: but in order to achieve it, they would have to put in an opening bid of 100,000 tonnes.

/Mr. Walker

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Mr. Walker said that Mr. Gundelach's visit to New Zealand had produced a very good and positive effect. There was, however, a problem in the proposal that supplies of New Zealand butter should be limited to a specified percentage of the British market. Mr. Muldoon confirmed that this would not be acceptable to New Zealand. The Prime Minister said that she could well understand this, since the UK market depended on the fluctuating price relationship between butter and margarine. Mr. Walker pointed out that the other Members of the Community believed that the market for butter would decline; they consequently preferred to establish the New Zealand quota on a percentage basis rather than commit themselves to a fixed quantity. He thought that the Community might be prepared to offer, for example, a figure of 110,000 tonnes, tied to a percentage of the UK market, or alternatively a quota of 80,000 tonnes with no percentage link. The British Government would need advice from the New Zealand Government on the optimum figure between these extremes for which New Zealand could settle. Mr. Muldoon said that New Zealand definitely wished to avoid a percentage link but might be able to settle for a quota of 90,000 tonnes with no such link.

Mr. Walker said that he thought that the New Zealand Government had achieved considerable success in their careful cultivation of EEC Members; they had created an atmosphere in which the Community would feel acutely guilty about any measures which could be represented as ill-treatment of New Zealand. New Zealanders should maintain their diplomatic efforts. Mr. Muldoon commented that he was trying to moderate his public comment on the EEC. Mr. Walker added that the UK would have to work very hard on the Irish.

Sheep Meat

Mr. Walker said that the sheep meat problem would come before the Council of Ministers in July. The kind of sheep meat regime on which the UK was at present insisting would, he was sure, prove unacceptable to the French. The Prime Minister made it clear that

/she had

she had strong reservations about a sheep meat regime in any form. Mr. Walker said that he thought that the UK should be prepared to accept a regime provided that New Zealand's interests were adequately safeguarded and that the regime allowed for the free export of UK lamb to France. If the French were prepared to accept these conditions, well and good; if not, there would be no regime.

Mr. Muldoon said that sheep were New Zealand's single most important product and an integrated industry, for wool as well as meat, had been built around it. If New Zealand could not secure a growth area in her exports, her economy would inevitably go downhill. In answer to a question from Lord Carrington, Mr. Muldoon confirmed that New Zealand had developed a breed of lamb for the UK market and that this type of lamb was unsaleable elsewhere. Mr. Walker said that the UK should be able to make more room in our domestic market for New Zealand lamb if we could export more to the Continent. Lord Carrington said that the French would either have to disregard the European Court's latest ruling or agree to take in UK lamb; he thought that they would, in the end, accept a regime of the sort we had in mind. The Prime Minister said that the trouble with any regime was that its terms might be acceptable initially, but that these could subsequently be modified. Mr. Walker pointed out that this could only be done with the agreement of all concerned, including the UK.

Mr. Muldoon told the Prime Minister that New Zealand had at present a deficit of \$250 million on her invisibles account with the UK, although New Zealand had an overall trade surplus. If New Zealand was pledged to accept a sheep meat regime, this would amount to a loss of ground since, as the Prime Minister had said, the terms of a regime could always be tightened. A Bill on beef imports, which would allow the import of beef into the United States only when this was necessary to make up for a domestic shortfall, was currently under consideration by the US Congress and, although modifications might be made to it, the "counter-cyclical" formula had evidently been accepted. Mr. Muldoon went

/on to say

on to say that, in his view, the entire Common Agriculture Policy was a nonsense so far as the UK was concerned: not only did it have the effect of raising prices for the UK consumer but it pledged the British Government to pay for this as well. The Prime Minister agreed and mentioned a possible French proposal under which the countries which produced agricultural surpluses would become responsible for paying for them. Mr. Walker said that he thought the French were talking only about future surpluses: their purpose was to freeze British agriculture at its present level of production, while safeguarding French agriculture which had reached its ceiling. France was using the CAP to defend her social structure. Unfortunately, it was not in the UK's power to achieve a substantial reform of the structure of the CAP. Mr. Muldoon said that he was inclined to question this, in view of the fact that the CAP had already been subjected to significant amendment.

Mr. Muldoon went on to say that he regarded the OECD trade pledge as an exercise in diplomatic hypocrisy. Every year one of the nations which had signed the trade pledge tightened up its restrictions against New Zealand's agricultural exports. He thought there was so wide an understanding of the basic weaknesses of the CAP that change should surely be possible. The Prime Minister commented that Chancellor Schmidt had a clear understanding of these weaknesses but was unable to do anything about it because his Agriculture Minister, Herr Ertl, belonged to the other coalition party. Mr. Walker suggested that the UK and New Zealand should keep in close touch on the tactics to be pursued with the EEC; they clearly shared the same objectives.

Lord Carrington asked Mr. Muldoon whether Australia was holding back from New Zealand's markets. Mr. Muldoon said that there were informal agreements which had this effect; Australia and New Zealand were co-operating in third markets. Negotiations were in train which could result in a run down of Australia's dairy industry. Mr. Muldoon repeated that the 15 per cent gap

/in New Zealand's

E. R.

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in New Zealand's terms of trade could only be made up by achieving growth. The New Zealand fruit industry, for example, was growing fast but not sufficiently fast to pay for increased oil costs; New Zealand's oil imports had cost \$193 million in 1973, had risen to \$630 million in 1979 and would amount to \$730 million in 1980. The New Zealand Government were making slow progress with the Japanese on fish. The Japanese hated to give ground but they had agreed to use New Zealand's agricultural products for their food aid programme, in return for some access to New Zealand's fishing grounds. He had been advised not to embarrass the Japanese in public but he had also been told that he would not make progress unless he did so; in his experience, the second line of advice was the right one. Japan's access to New Zealand's waters would be strictly controlled; New Zealand had already arrested two Japanese fishing vessels, as well as ships from Korea and the Soviet Union. So far as New Zealand's wool industry was concerned, exports were increasing satisfactorily, especially to the West Coast of the United States.

[The discussion concluded with some exchanges on the forthcoming Commonwealth Heads of Government Meeting in Lusaka, which have been recorded separately.]

Bm.

11 June 1979

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cc: Master Set of Record
Queen, May 79, Visit to Afr

PARTIAL RECORD OF A DISCUSSION DURING THE PRIME MINISTER'S LUNCH FOR THE PRIME MINISTER OF NEW ZEALAND, THE RT. HON. ROBERT MULDOON, AT 10 DOWNING STREET ON 11 JUNE 1979

At the end of the Prime Minister's lunch for Mr. Muldoon, there was a short exchange on the question of The Queen's security at the forthcoming Commonwealth Heads of Government meeting in Lusaka.

Mr. Muldoon asked the Prime Minister whether she shared his concern that The Queen's security might be at risk in Lusaka. The Prime Minister said that she did: President Kaunda was clearly not in complete control and he could not rely on his own security forces. There would be a particular risk to aircraft flying in and out of Lusaka. The British Government was keeping a close watch on the situation and would have to make an official judgement nearer the time. Lord Carrington said that if developments over Rhodesia were to reach a point at which the Patriotic Front guerillas thought they were losing, they might resort to some act of desperation.

Mr. Muldoon agreed and asked whether the leaders of the Commonwealth countries had the right to expose The Queen to a risk which could not be defined. The Prime Minister said that much would depend on whether it proved possible to monitor the removal of ground-to-air missiles from the guerillas and to maintain this position right up to the time of the Conference. Mr. Muldoon commented that the shooting down of two Rhodesian Viscount aircraft had shown that there was no need for the missiles which the guerillas had in their possession to be fired with skill or accuracy.

The Prime Minister said that she would not take a decision on the advice which she should give to The Queen without consulting her Commonwealth colleagues. *Passage deleted and closed under FOI exemption..* *Wayland, 26 August 2014*
Mr. Muldoon said that, as the time of the Conference approached, it would become increasingly difficult to take a decision which would result in switching its venue. Lord Carrington pointed

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out that the last date on which the Conference could have been switched to Nairobi, namely 1 May, had already long passed. The Prime Minister said that a decision to change the venue of the Conference could not be taken by the UK alone; it would have to be taken by the Commonwealth as a whole. One possibility might be to hold the Conference without The Queen being present. Sir Douglas Carter expressed the view that only a minority of Commonwealth opinion would support a decision to advise The Queen not to attend. Mr. Muldoon repeated that the Commonwealth leaders had a responsibility to preserve their Sovereign.

Lord Carrington asked whether it might not be possible for other countries, such as the Indians, to conduct an objective check on the security of Lusaka airfield. Mr. Muldoon said that he would shortly be meeting Mr. Lee Kuan Yew in Singapore and would discuss this matter with him.

The Prime Minister said that in view of the nature of the debate on Rhodesia which could be expected at the Conference, any decision which would have the effect of stopping it would be more than usually difficult to take. She repeated that she would consult her Commonwealth partners.

Mr. Muldoon said that the New Zealand Government would support the UK in whatever the Prime Minister decided to do, and would follow her lead.

By M.

11 June 1979

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LIST OF GUESTS ATTENDING THE LUNCHEON TO BE GIVEN BY THE PRIME MINISTER
IN HONOUR OF THE RIGHT HONOURABLE R.D. MULDOON, CH, MP, PRIME MINISTER
OF NEW ZEALAND ON MONDAY, 11 JUNE 1979 AT 1.00 PM FOR 1.15 PM

The Prime Minister

The Right Honourable R.D. Muldoon, CH, MP

Prime Minister of New
Zealand

His Excellency the High Commissioner for New Zealand

Mr. Alistair Bisley

Foreign Affairs Adviser
to the Prime Minister

Mr. B.J. Lynch

Deputy High Commissioner
for New Zealand

The Rt. Hon. William Whitelaw, MP

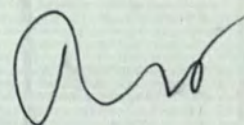
The Rt. Hon. Lord Carrington

The Rt. Hon. Peter Walker, MP

Sir Harold Smedley

H.M. High Commissioner,
Wellington

Mr. Bryan Cartledge



DRAFT SEATING PLAN FOR LUNCH ON MONDAY, 11 JUNE 1979

Sir Harold Smedley

Mr. Bryan Cartledge

HE The High Commissioner
for New Zealand

Mr. Alistair Bisley

PRIME MINISTER

Rt. Hon.
William Whitelaw

RT. HON. R.D. MULDOON

Rt. Hon. Lord Carrington

Rt. Hon. Peter Walker

Mr. B.J. Lynch

ENTRANCE



10 DOWNING STREET

Prime Minister *W*

I attach below the
guest list and seating
plan for your lunch
for Mr. Mulholland: and
a copy of a letter ^{6.6.79}
from Mr. Talboys
to Mr. Walker about
New Zealand / EEC
relations which you
should see. *But*
8/6

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Foreign and Commonwealth Office

London SW1A 2AH

8 June 1979

Dean Bryan

Visit of New Zealand Prime Minister: EEC/New Zealand

Since the briefing for Mr Muldoon's lunch with the Prime Minister on 11 June was prepared, the Minister for Agriculture, Fisheries and Food has received a letter from the New Zealand Deputy Prime Minister, Mr Talboys, giving (in strict confidence) further details of the discussions in Wellington between the New Zealand Government and Commissioner Gundelach at the end of May.

On butter Mr Gundelach told the New Zealanders that while there would have to be an early drop in the level of New Zealand sendings he was prepared to advocate their stabilisation from 1985 onwards at a level of 90,000 tonnes, subject to review. This would, however, be accompanied by reductions of 10,000 tonnes in New Zealand's current entitlements for 1979 and 1980 (120,000 and 115,000 tonnes respectively).

No 1
Mr Gundelach also wished to limit New Zealand supplies to a specified percentage of the British market. The New Zealanders are particularly concerned about this proposal since it might undermine the value of any quantitative assurances. If necessary, they would prefer to see a review clause linked to the eventuality of a substantial decline in the volume of British consumption because of unforeseen circumstances, although even this would leave them feeling uneasy.

On sheepmeat Mr Talboys said that the New Zealanders would be prepared to consider an arrangement proposed by Commissioner Gundelach whereby in return for voluntary restraint at an agreed level based on recent exports, New Zealand would benefit from a reduction in the Community's external tariff from the present 20% to around 8%.

Advance contact with a member of Mr Muldoon's party has confirmed an impression of qualified New Zealand optimism about their future arrangements with the Community. Mr Muldoon's officials say that they expect him to ask the Prime Minister to support vigorously Commissioner Gundelach's proposals on both butter and sheepmeat once they are tabled. The Prime Minister may wish to say that our position in detail can only be made clear once the Commission proposals see the light of day; it

/remains

Bryan Cartledge Esq
10 Downing Street

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remains to be seen whether in fact they turn out to be as satisfactory as those outlined in Wellington by Mr Gundelach.

I am copying this letter to John Chilcot (Home Office), Garth Waters (MAFF), and to Martin Vile (Cabinet Office).

Yours ever,
J S Wall

J S Wall
Private Secretary

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Foreign and Commonwealth Office

London SW1A 2AH

8 June 1979

Dear Mr Cartledge,

Visit to London by the Prime Minister of New Zealand: 11 June

enclosed in folder

As requested in your letter of 16 May, I enclose briefing (3 sets) for the Prime Minister's discussion with Mr Muldoon over lunch on 11 June.

Mr Muldoon is always very careful to cultivate the press, and may talk to them frankly about his conversation with the Prime Minister if he sees no reason why he should not. But we are confident that he will respect confidentiality where he sees the need, or when asked.

I am sending copies of this letter and briefing (2 sets each) to John Chilcot (Home Office), Garth Walters (MAFF), and Martin Vile (Cabinet Office).

*Yours aw,
Steph. Wall*

P.P (J S Wall)

B G Cartledge Esq
10 Downing Street



From the Secretary of State

B Cartledge Esq
10 Downing Street
LONDON
SW1

7 June 1979

Dear Bryan

PRIME MINISTER'S LUNCH WITH MR MULDOON

I attach a copy of this Department's brief for Mrs Thatcher's lunch with Mr Muldoon on Monday 11 June. I am aware that this topic was not included in the FCO's original list, but they have been informed of its submission and copies have been circulated to their Ministers and to Sir Harold Smedley, our High Commissioner in New Zealand, whom I believe is attending the lunch.

I am copying this letter (with enclosures) to the Private Secretaries of the Foreign and Commonwealth Secretary, the Home Secretary and the Minister for Agriculture, Fisheries and Food.

Yours sincerely

Hugh Bartlett

H W BARTLETT
Private Secretary

Encs.



NEW ZEALAND COMPENSATION TRADING

LINE TO TAKE

We readily recognise New Zealand's need to find alternative markets for her exports, particularly if she is to pay for major public sector purchases. Nonetheless we have been somewhat disquieted to learn that, on the instructions of the New Zealand Government, recent public sector calls to tender have advised tenderers to submit reciprocal trade proposals - over and above local content. While reciprocal trading facilities are a familiar feature of the open market, their pursuit as a matter of Government policy could lead to the kind of bilateralism which both our Governments have striven to avoid in world trade. I believe it would be useful if we agreed that our officials should discuss this matter together.

BACKGROUND

This arises out of three recent cases where New Zealand public authorities issuing advice to tenderers have formally intimated that consideration will be given to reciprocal trade arrangements offered by the tenderers. The High Commissioner believes Mr Muldoon to be the instigator in formalising a tendency encouraged by the New Zealand Government for some years past. Given the pattern of our trading relationships with New Zealand it is not easy for our exporters to secure extra trade on the UK market; if orders are found in third world markets they could well be in competition with direct trading from New Zealand at prices favourable to nobody except New Zealand's customers; insofar as the technique steers New Zealand orders to suppliers whose prices, quality and deliveries are not competitive in their own right this could be a two edged sword for the New Zealanders themselves. It certainly will not make it easier for us to argue New Zealand's case in Brussels.



HMG's attitude to compensation trading outside the specialised field of defence has tended to leave the matter to commercial judgement. The distinguishing factor in the present circumstances is the public emergence of a formal Government policy in Wellington.



Reference

New Zealand High Commission

New Zealand House
Haymarket
London SW1Y 4TQ
Telephone: 01-930 8422 Ext:
Telex: 24368

6 June 1979

Mr Bryan Cartledge
Prime Minister's Office
No. 10 Downing St
SW1

Dear Bryan,

I have attached for your information, a copy of the text of a letter we have passed today to the Minister of Agriculture from the New Zealand Deputy Prime Minister, regarding certain confidential "understandings" Mr Talboys reached with Mr Gundelach during the latter's recent visit to New Zealand. I have sent copies also to Michael Franklin and John Fretwell.

Kind regards,

Brian

(B. J. Lynch)
Deputy High Commissioner

6 June 1979

Rt. Hon. Peter Walker, MBE,
Minister of Agriculture, Fisheries and Food,
Ministry of Agriculture, Fisheries and Food,
Whitehall Place,
London.
SW1A 2HH

I have been asked by Brian Talboys to pass the following message to you as a matter of urgency:

"Dear Minister,

I was glad to receive an account from our High Commissioner of his recent call on you and to gain an outline of your views on our current agricultural trade preoccupations with the Community. Sir Douglas told me that his discussion with you included reference to Commissioner Gundelach's recent visit to New Zealand, and it is about the exchanges that I had with Mr Gundelach that I am writing to you now.

You already know of our general satisfaction with the visit and the broad coverage of our talks, which covered not only arrangements governing our access for butter, both present and future, but also the question of a sheepmeats regime and the effects on our trade of Community Veterinary Legislation (the Third Country Veterinary Directive). In our talks it was possible to narrow the areas of concern to us in some contexts to a quite encouraging degree. In others, of course, the same could not be said. I am acutely aware moreover that what the Commission proposes - regardless of the extent to which it goes in meeting our minimum concerns - is not the end of the story. Nevertheless it remains of fundamental importance to get the best possible recommendations from the Commission into the Council arena.

Mr Gundelach will tell you of his thinking on handling our butter and lamb preoccupations in the light of his talks here, in terms of scenario and timing as well as substance. When he concluded our talks I agreed to his request that what passed between us should be treated as confidential to him and myself, and this need-to-know approach has been diligently applied at our end. But the Commissioner is aware of the traditional frankness on such issues in our dealings with you, and does not, I know, intend this to be circumscribed in any self-defeating way. So on a strictly personal basis, and for your own information, I want to note that our talks here with Mr Gundelach produced some mutual understandings which can be summed up as follows.

On future arrangements for butter, Gundelach was insistent that there had to be an early drop in the figures but that thereafter the degression could flatten out and from 1985 on could remain stable although subject to review. He was prepared to advocate a figure of 90,000 tonnes for 1985 and beyond. He also was prepared to support a significant early increase in our take-home returns eventually reaching a proportion of the order of 75 percent of the intervention price. The concession that we would, he felt, have to make involves particularly our agreement to very substantial reductions, of the order of 10,000 tonnes, of our sendings in both 1979 and 1980. He would also envisage our agreeing to arrangements for a regular pattern of debonding supplies to the British market.

What did cause particular difficulties was Mr Gundelach's view that it was virtually inescapable to build into his proposals some limitation of New Zealand supplies to a specified percentage of the British market. Such an arrangement would of course undercut any quantitative assurance that might be agreed, and we did our best to wean him off the idea. One alternative we discussed which would still have serious potential dangers although in a slightly less stark form than the percentage concept, was an arrangement for consultation and, if appropriate, a review if the volume of consumption declined substantially because of unforeseen circumstances. We would hope nevertheless that the uncertainty represented by a variable ceiling would be removed, and that the entitlement figures agreed will be firm.

On sheepmeats, you will know that New Zealand has been fundamentally concerned about the prospect of a Community regulation because of the danger that over time a regulation could lead to a controlled market and pressure for import controls. I should say, first, that Mr Gundelach's visit has not laid completely to rest our fears in this regard and we remain sure that when a regulation is discussed and possibly agreed, the protection of New Zealand's interests will depend very much on the continued support of the British Government and its continuing opposition to any measures which could threaten New Zealand's vital sheepmeat exports to Britain.

Mr Gundelach did raise with us the possibility that New Zealand might agree to restrain its sheepmeat exports to an agreed level based on exports over a recent representative period and with provision to take account of new Community members such as Greece. This would, he felt, be a significant contribution towards resolution of Community discussions on sheepmeat. In exchange, New Zealand would benefit by a reduction in the Community's common external tariff to perhaps 8 percent. The present tariff of 20 percent is a very heavy burden on New Zealand and we are most anxious to see it removed or reduced. I expressed a readiness to consider an arrangement along these lines.

I appreciate that the foregoing is confined to the principal features of some very thorough exchanges we had here on different aspects of our trade interests with the Community. But as I know you and Mr Gundelach will have a number of other concerns to discuss and the occasion may not lend itself to any very detailed exchanges about issues related to New Zealand I judged it best not to put to you too long a presentation of our concerns at this early stage.

The Prime Minister would no doubt be interested in any observations you can offer on your meeting with the Commissioner when he sees you at luncheon next week and I myself hope we shall have an opportunity before long for a fuller exchange about our mutual concerns.

With best wishes,

Yours sincerely,

Brian Talboys
Deputy Prime Minister"

High Commissioner

7 JUN 1979



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PRIME MINISTERcc. Miss Stephens
Mrs. GoodchildYour Lunch for Mr. Muldoon on Monday, 11 June

You said that you would like to give a small lunch for Mr. Muldoon. Would you be content with the following guest list:

Prime Minister

Mr. Muldoon

Home Secretary

Foreign and Commonwealth Secretary

New Zealand High Commissioner

U.K. High Commissioner in Wellington (Sir Harold Smedley)

Mr. Cartledge

If you wished to make this an entirely "political" lunch, Sir Harold Smedley and I could of course drop out.

B. G. CARTLEDGE

25 May 1979

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

24 May 1979

Dear Bryan,

Visit to London by the Prime Minister of New Zealand: 11 June

Thank you for your letter of 16 May. Mr Muldoon told Sir Harold Smedley, our High Commissioner in Wellington, on 17 May that he was very pleased that the Prime Minister was invited him to lunch.

The New Zealand High Commission are seeking a call for Mr Muldoon on the Minister of Agriculture, Fisheries and Food. He already had an appointment to see the Commonwealth Secretary-General and is due to have an audience of The Queen.

Sir Harold Smedley, whom the Prime Minister met during her visit to New Zealand in 1976, will be in London at the same time as Mr Muldoon. The Foreign and Commonwealth Secretary thinks it might be useful if Sir Harold Smedley too attended the Prime Minister's lunch with Mr Muldoon and wonders if the Prime Minister would consider inviting him.

I am sending copies of this letter to John Chilcot (Home Office) and Garth Walters (MAFF).

Yes ever,

Stephen

J S Wall
Private Secretary

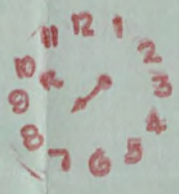
Bryan G Cartledge Esq
10 Downing Street
LONDON

CONFIDENTIAL

London and Commercial Office

London W1V 6AH

24 MAY 1979





pc Miss Styles
Mrs Goodhall

New Zealand
w

10 DOWNING STREET

From the Private Secretary

B/F 7.6.79.

16 May 1979

Visit to London by the Prime Minister of New Zealand,
11 June'

The New Zealand High Commission asked me a few days ago to inform the Prime Minister that Mr. Robert Muldoon would be passing through London for one day on Monday 11 June and that he would like to call on her.

The Prime Minister has agreed to offer Mr. Muldoon lunch at No.10 on that day (1300 for 1315); it will be a small informal occasion, to which the Prime Minister would like to invite the Foreign and Commonwealth Secretary and the Home Secretary, and the New Zealand High Commissioner. I have informed the High Commission of this and they will be passing the message back to Mr. Muldoon. I should be grateful if a brief for the Prime Minister's discussion with Mr. Muldoon over lunch could reach me not later than 1800 on Thursday 7 June.

I am sending a copy of this letter to John Chilcot (Home Office).

B. G. CARTLEDGE

J.S. Wall, Esq.,
Foreign and Commonwealth Office.

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PRIME MINISTER

Lunch for Mr. Muldoon, Monday 11 June

Would you like this to be a small lunch with just yourself, the Prime Minister of New Zealand, the High Commissioner and one or two others or would you like to make it into more of a state function which you did for Chancellor Schmidt? I have had a word with Bryan Cartledge about this and he says the decision is entirely yours. Mr. Muldoon is only staying for the one day. If you would like a larger function Bryan will draw up a guest list for you.

EJ.

15 May 1979

Prefer smaller lunch.

MS

*M.T.
U.W.
P.C.
Mr. Muldoon
& H.C.*

PRIME MINISTER

Mr. Muldoon

The Prime Minister of New Zealand, Mr. Muldoon, is paying a one-day visit to London on Monday 11 June. He would very much like to call on you if this can be arranged. His only unalterable commitment at this stage is to an Audience with The Queen at 1600.

The commitments in your own diary so far are to a meeting with Lord Thorneycroft at 1030 and lunch with Mr. Whitelaw.

Would you like to ask Mr. Muldoon to call at 12 noon and give him a pre-lunch drink? Alternatively, if there was any possibility of postponing your lunch with Mr. Whitelaw, I am sure that Mr. Muldoon would greatly appreciate the offer of lunch instead.

But

Of course

Mr

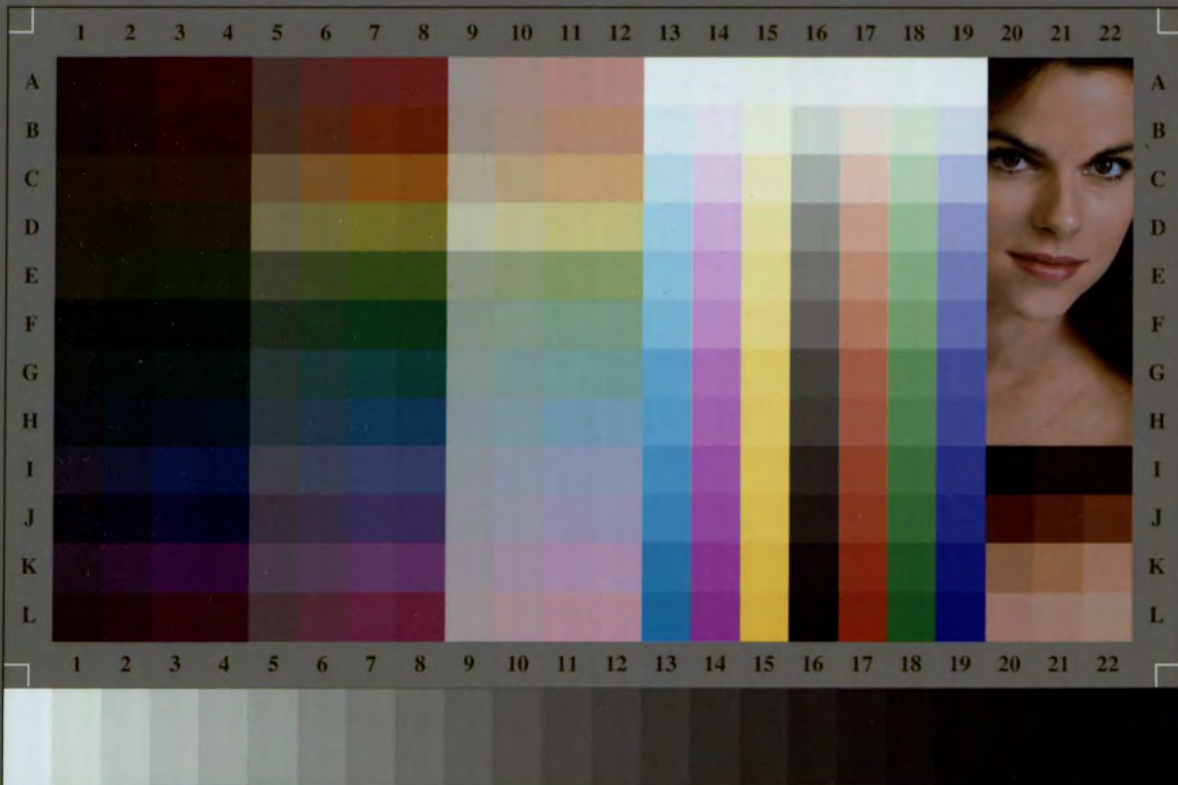
14 May 1979

PART 1 ends:-

CDP to FCO (meeting record) 4.3.85

PART 2 begins:-

FCO to CDP 6.2.86



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