

DINNER FOR NEW ZEALAND PRIME MINISTER

THURSDAY 18 JUNE 1981.

2000 HOURS

N.10.

CONFIDENTIAL

PRIME MINISTER'S DINNER WITH MR MULDOON: 18 JUNE 1981

BRIEF NO (i): NEW ZEALAND/EC RELATIONS

POINTS TO MAKE

RESTRUCTURING/CAP REFORM

1. Major task of UK Presidency. There will be preliminary discussion of Commission report at European Council on 29-30 June. But conclusions likely to be purely procedural. We are aiming for major decisions at November European Council.
2. Reform of CAP will have to play important contributory part in any solution. This should be helpful to New Zealand.
3. We are well aware of New Zealand's interests. We will oppose any attempts to overturn existing commitments or to steer reform towards greater protectionism against imports or increased subsidisation of exports.

BUTTER

4. Glad we reached satisfactory agreement for 1981-83. You can count on our support over 1983 quantities and on post 1983 arrangements.

Foreign and Commonwealth Office

9 June, 1981

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PRIME MINISTER'S DINNER WITH MR MULDOON: 18 JUNE

BRIEF NO (i): NEW ZEALAND/EC RELATIONS

ESSENTIAL FACTS

RESTRUCTURING/CAP REFORM

1. New Zealand's main interest in the restructuring negotiations is in the prospect for reform of the CAP. Any reform which reduces the overall level of support for Community farmers will be welcome to New Zealand both in terms of her opportunities in Community markets and her ability to compete with Community exports to third countries. At the same time, Mr Muldoon will no doubt wish to emphasise his concern that changes in the CAP should not involve overturning the Community's obligation to long-term preferential access for New Zealand butter or the arrangements for continued supply of New Zealand lamb concluded last year as part of the sheepmeat regime. More generally, he may want to be assured that we will oppose any pressure for increased protectionism or any move towards a more dynamic policy involving greater subsidisation of exports.

2. The Commission's report on restructuring is unlikely to appear until after Mr Muldoon's visit is over.

BUTTER

3. Agriculture Council agreed arrangements for post 1980 access on 1 April: 94,000 tonnes for 1981; 92,000 tonnes for 1982; 1983 quantity to be determined by 1 October 1982; arrangements after 1983 to be considered before 1 August 1983. Satisfactory for both UK and New Zealand. Mr Muldoon sent Prime Minister message of thanks on 9 April.

Foreign and Commonwealth Office

9 June, 1981

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PRIME MINISTER'S DINNER WITH MR MULDOON: 18 JUNE

BRIEF NO (ii): WORLD ECONOMIC PROSPECTS; RELATIONS WITH DEVELOPING COUNTRIES

POINTS TO MAKE

World Economic Prospects

1. Recession relatively shortlived in US but deeper and more prolonged than expected in Europe.

Firm monetary and fiscal policies need to be maintained despite the recession; inflation falling in most countries, but only slowly, and progress has been patchy.

Fiscal policy must be brought into better balance with monetary policy so interest rates are not put under excessive pressure.

Relations with Developing Countries

2. (If raised) Unproductive to continue preparatory discussions on Global Negotiations without Americans, or to put pressure on them for a definite response before Mexico Summit.

Foreign and Commonwealth Office

10 June 1981



PRIME MINISTER'S DINNER WITH MR MULDOON: 18 JUNE

BRIEF NO (ii)

WORLD ECONOMIC PROSPECTS; RELATIONS WITH DEVELOPING COUNTRIES:  
ESSENTIAL FACTS

1. Prospects for growth this year gloomier now than expected at the beginning of the year. Positive growth in US and Japan likely to be balanced by falls in GNP in most European countries.
2. Recession last year short and deep in US - GNP fell 9.9 per cent (ar) in Q2 1980. But activity recovered very quickly and GNP fell only slightly in 1980 as a whole. Surprisingly buoyant all round growth in Q1 1981 (8.4 per cent ar) now slowing down but no signs of a recession. GNP continued to fall in the main European economies in H2 1980. Some probably suffered a further decline in Q1 1981. A pick up from now on unlikely to prevent a fall in GNP for a year as a whole. Japanese growth slowed in the second half of 1980 but moderate GNP growth is still likely this year.
3. The oil market remains very weak because of depressed demand. Saudi hopes of price unification are a little closer. The price of Saudi crude should increase by \$2 a barrel this month. Some other countries have announced cuts in their prices.
4. Consumer price inflation has fallen back from 13.75 per cent in Q2 1980 to 9.7 per cent in April in the major industrial countries. But progress has been patchy. UK has done best. Price increases slightly accelerated recently in France, Germany and Canada.
5. Unemployment is rising in Europe and Japan but levelling off in US and Canada. Rate of unemployment over 10 per cent in UK and Belgium. Over 7.5 per cent in US, France and Italy. Five per cent in Germany and just over 2 per cent in Japan.



6. Over two-thirds of record OECD current deficit in 1980 accounted for by Germany, Japan, France and Italy. US current account in approximate balance. UK had a large surplus. Smaller countries have had severe current account problems. This year's expected fall in OPEC surplus will help US and Japan - not most LDCs or small OECD countries. New Zealand's current account deficit of about 4 per cent of GNP in 1980 is likely to deteriorate this year.

7. The level and volatility of international interest rates, which in general have tended to rise over the last few months, are causing many countries considerable concern. There has been a tendency to blame excessive reliance on and the implementation of monetary policy in the US. US rates fluctuated widely in 1980. They peaked at over 20 per cent at the end of the year, moved back to 13.5 per cent in March and are now around 20 per cent again. The recent rise has carried the dollar from strength to strength against other currencies. In order to resist currency depreciation, which would fuel domestic inflation, most governments have unwillingly followed the US example and jacked up their rates. American efforts to reduce inflation ought to be supported, even if the process is painful for others as well as them. But it is important to ensure that fiscal policy supports monetary policy so that interest rates are not put under excessive pressure.

8. Policy remains restrictive everywhere except France following Mitterrand's election. Money supply targets have been lowered in US, Canada and Germany. Most Governments are aiming to offset at least partially the effects of the recession on budget deficits by discretionary action.

9. New Zealand economy is overwhelmingly dependent upon agricultural exports. She therefore shares Australian concern at the growth of industrialised country protectionism in this sphere.



Inflation rose steeply in 1980, partly due to rising oil costs. New Zealand is not well endowed with mineral resources but has deposits of coal and gas. The impact of oil price rises should be better contained this year, and by the late 80s New Zealand hopes to be 50 per cent self-sufficient in automotive fuels.

10. Preparations for Global Negotiations are currently stalled. The Americans announced in May that they would take no further part in preliminary discussions until after the Mexico Summit. The President of the General Assembly will decide this month whether to attempt to continue without the US, or to adjourn discussions until the General Assembly reconvenes in October.

11. New Zealand has never been a candidate for participation at Mexico Summit, but may take an interest in Australia's attempt to secure an invitation.

12. New Zealand subscribes to the Australian view that 'North/South' issues should figure prominently at the Commonwealth Heads of Government Meeting in Melbourne. They believe that issues to be discussed at Melbourne should include energy as well as recycling, the future of the International Financial Institutions and trade liberalisation (with particular reference to commodities).

Foreign and Commonwealth Office

10 June 1981



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PRIME MINISTER'S DINNER WITH MR MULDOON: 18 JUNE

BRIEF NO (iii): COMMONWEALTH HEADS OF GOVERNMENT MEETING (CHGM).  
POINTS TO MAKE

GENERAL

1. Looking forward to CHGM (Melbourne, 30 September - 7 October).  
Australians seem to have arrangements well in hand.

PROSPECTS FOR CHGM

2. Could be very useful meeting. Relief to have a CHGM no longer dominated by Rhodesia problem; and we hope this year's will have a better balance.

3. Much however depends on Commonwealth reaction to Springbok tour of New Zealand (during Commonwealth Finance Ministers' Meeting in Auckland, 21-23 September: see brief no (iv)). Have heard reports that Nigerians want venue changed if tour goes ahead. Your views? Have you plans for damage limitation (re both meetings)? Can we help?

UK VIEWS ON CHGM AGENDA (IF RAISED)

4. Commonwealth Secretary General's suggestions only just received (in recent circular letter); but on expected lines. North/South issues and Southern African matters will obviously receive particular attention. Have not at this stage decided whether we shall be putting forward any new suggestions for agenda - but (agree with you that) important to take account of (especially) Pacific view that, with Rhodesian problem solved, CHGM series should give more time to subjects of greater interest to non-African countries. In any case, worth encouraging Pacific voices.

POSSIBLE UK INITIATIVES (IF RAISED)

5. Early days yet and nothing concrete in mind, but looking at one or two ideas. Major problem is lack of funds for any new projects at a period when we are having to make substantial cuts



in all government budgets.

NZ VIEWS ON AGENDA (IF RAISED)

6. Have seen recent NZ aide memoire. Causes us no difficulties.

Any more recent thoughts?

POSSIBLE NEW ZEALAND INITIATIVES

7. Are you considering any initiatives? (Within framework of our financial constraints) can we help?

Foreign and Commonwealth Office

10 June 1981



PRIME MINISTER'S DINNER WITH MR MULDOON: 18 JUNE

BRIEF NO (iii)

COMMONWEALTH HEADS OF GOVERNMENT MEETING (CHGM): ESSENTIAL FACTS  
PROSPECTS FOR CHGM

1. Nigerian High Commissioner said at Commonwealth Southern African Committee on 10 June that if, after 'a reasonable time' the New Zealand Government had done nothing to prevent the Springbok tour to New Zealand, his government would request the venue of Commonwealth Finance Ministers' Meeting (CFMM) to be changed. This view was supported by several African and Caribbean High Commissioners. The New Zealand High Commissioner reminded the meeting of his government's efforts to prevent the tour, and said he would report what had been said to his own government. The Chairman said that the matter would be re-considered when the Committee met again on 6 July.

UK VIEWS ON AGENDA

2. Mr Ramphal's (circular) letter (of 27 May: copy at Annex A) not yet considered fully. Proposals seem unexceptionable, drawing particular attention to: current political tensions, including Southern Africa; North/South Issues; and Commonwealth functional cooperation. On latter, major UK problem is lack of funds; difficult to endorse any proposal, of which there are a number\* foreshadowed in Mr Ramphal's letter, which would result in increased UK expenditure. (We contribute to Commonwealth organisations, including Commonwealth Fund for Technical Cooperation (CFTC), at flat rate of 30%).

[Examples\*: increased subscriptions to CFTC, Commonwealth Foundation,

/Commonwealth



Commonwealth Youth Programme; additional Secretariat responsibilities for Human Rights, 'student mobility', Commonwealth Arts, media].

POSSIBLE UK INITIATIVES

3. Toying with several ideas, on eg NWICO (for possible declaration by CHGM upholding democratic principles in NWICO context) and Namibia (for possible Commonwealth seminar (not to be revealed) on an independent Namibia's economic future).

NZ VIEWS ON AGENDA

4. NZ ideas known from visit in April of two senior NZ officials (Mr I L G Stewart, Deputy Secretary MFA and Mr T Hannah, Head of MFA's European Department) who inter alia discussed CHGM prospects in FCO; and from NZ aide memoire (copy annexed at B) then passed to FCO by Australian High Commission. At that stage NZ Government: (a) 'supported identification of North/South issues' as CHGM's 'main concern', and (b) emphasised need to make CHGM 'relevant to the small Pacific states'. NZ also stressed special education needs and Southern African issues.

POSSIBLE NZ INITIATIVES

5. Not yet known (and perhaps helpful to know) if NZ Government planning initiatives.

FOREIGN AND COMMONWEALTH OFFICE

10 JUNE 1981



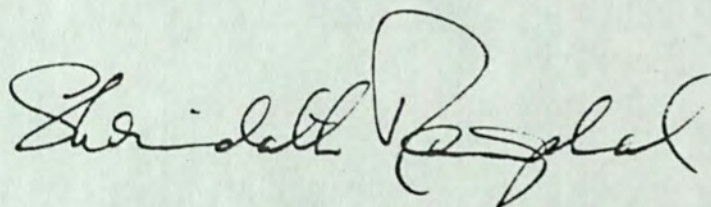
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~~TREAT AS  
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C.152/11/4

27 May 1981

I attach a message to your Head of Government on the subject of the agenda for the next Commonwealth Heads of Government Meeting in Melbourne from 30 September to 7 October 1981 together with an extra copy. I should be grateful if you would ensure that this is transmitted to your Head of Government as quickly as possible.



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Shridath S Ramphal



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Trial as  
CONFIDENTIAL  
~~SECRET~~

C.152/11/4

27 May 1981

As preparations enter their final phase for the Commonwealth Heads of Government Meeting in Melbourne from 30 September to 7 October 1981, I write to seek your views on the subjects which you would like to see discussed and to offer some preliminary ideas for your consideration.

I do so against a background in which the Commonwealth's established capacity for consensus building is perhaps more widely recognised and valued than ever before - and not just by member Governments but by the international community as a whole. Significantly, Melbourne will be the first major consultation at the highest level of 'North' and 'South' anywhere in the world since Lusaka. The challenge to the Commonwealth to improve the prospects for global harmony through its unique facility for direct and informal discussion between Heads of Government could hardly be more pointed than at this moment of acute difficulty for many countries and with the larger crises of the '80s looming ahead. In responding to that challenge, Heads of Government will, I am sure, be reinforced by recollections of the achievements of Lusaka and of Commonwealth roles since then.

On the political front it clearly is a time of unusual danger. The decline of détente, the acceleration of the arms race, the hardening of the policies of the superpowers across the board, the persistence of such areas of tension as Afghanistan and Kampuchea and the emergence of new flashpoints cannot but be matters of grave concern.

...2/.



And, as the set-back to the SALT process and the UN Conference on the Law of the Sea illustrate, there is the danger of an unravelling process which could further aggravate political tensions and difficulties. Some Commonwealth countries feel directly affected by particular situations, but a worsening of the political climate and threats to peace affect all nations. Heads of Government will no doubt wish to consider these developments in their review of the world political situation while recognising that, in a world in which issues become ever more closely inter-linked, they are not without relevance for development and international economic co-operation generally.

Zimbabwe's independence after long years of travail was a source of particular pride and satisfaction to the Commonwealth. Its presence at Melbourne will be a reminder of the unfinished business of Southern Africa. After years of patient negotiation, Namibia's progress to independence and Commonwealth membership has now suffered a major set-back; while much will obviously depend on events over the next few months, the situation inevitably occasions grave concern. Within South Africa, apartheid continues to constitute an affront to the world community, undermining the prospects for peace and stability of the entire region. Recalling the Lusaka Declaration on Racism and Racial Prejudice, and the earlier and more particular Gleneagles Agreement, Heads of Government will, I am sure, wish to consider urgent ways and means of shaping events towards internationally agreed objectives. And a similar wish will certainly obtain in relation to the situation in Cyprus which has continued to defy resolution.

On the economic side, I am keenly aware of the opportunity which the Melbourne Meeting presents to focus upon the crisis which affects the world economy in general and the developing countries in particular and to consider what measures Commonwealth countries, individually and collectively, might take in the context of broader international action to help improve the situation. The timing of the Melbourne discussions - after the Ottawa Summit of the major industrialised nations (in July) and prior to the summit of world leaders of both industrialised and developing countries in Mexico (later in October) - invests Melbourne with added significance.

Since Heads of Government last met in Lusaka two years ago, the international economic situation has unquestionably deteriorated, manifesting itself in massive economic problems and enlarging poverty and instability in the developing 'South' and rising unemployment and falling output in the industrialised 'North'. At such a time when the need for sustained action at the global level has never been greater, individual Governments are tending to turn



inwards, and negotiations on the form and substance of that action remain painfully deadlocked.

At Lusaka, Heads of Government agreed on a study by an independent group of experts with a view to identifying specific measures to reduce or eliminate as a matter of urgency constraints on structural change and economic growth in both developed and developing countries. The Report of the Expert Group led by Professor Arndt of Australia ('The World Economic Crisis'), was circulated to the 11th Special Session of the United Nations last year and has received much attention. With appropriate updating, which the Secretariat will provide, the Report provides an eminently suitable starting point for the discussions at Melbourne. In the context of prevailing conditions in the world economy, food, energy, trade and financial flows would seem to emerge as critical issues for attention.

As in the past, the Commonwealth, by virtue of its special capacity to view the world situation from both North and South can lend a much needed impetus to the processes of global negotiation. By helping to point the way forward, Commonwealth leaders can contribute to progress at the Mexico Summit and in the 'Global Round'. I would welcome your thoughts on how Melbourne might best serve these purposes.

Finally, there is the important area of functional co-operation. The Commonwealth's capacity to contribute to wider global issues is of course rooted in and sustained by practical co-operation between Commonwealth countries themselves. Past Heads of Government meetings have successively enlarged the scope of such endeavours particularly in the field of development. It was in this spirit that Lusaka initiated a programme of industrial co-operation and already gratifying progress has been made in initiating new industrial projects in a number of countries. In this vein and responsive to current needs, I venture to suggest a few areas of special emphasis at Melbourne. These involve, in the main, not the initiation of new programmes but the strengthening of existing ones:

- I have mentioned 'food' as one of the global issues to which Heads of Government might pay particular attention. I know it is high among the concerns of many leaders. There may well be important practical ways in which the Commonwealth can respond to these concerns and the needs they reflect. Enhanced co-operation in food production in particular can be of immense value to many Commonwealth countries facing serious food deficits and the prospect of major global food shortages. At their recent meeting in Dacca, Commonwealth Agricultural Ministers urged an enlarged Commonwealth role in



this area including measures to harness Commonwealth experience and skills in a manner that could yield practical results. I propose, therefore, to submit for consideration some specific proposals in this respect.

- Heads of Government of the Asia-Pacific region held their second meeting in September 1980 in New Delhi and the evolution of this important regional initiative will be of interest to the Commonwealth as a whole, as will other efforts at regional co-operation involving Commonwealth countries - one of which, the Southern Africa Development Co-ordination Conference (SADCC) emerged since Lusaka.
- Lusaka gave emphasis to special programmes of assistance to our island developing and specially disadvantaged member countries, a theme which was pursued further at the regional meeting in New Delhi. Commonwealth work in this area has been essentially pioneering and it requires reinforcement. It would be particularly helpful to consider how bilateral and multilateral programmes may be strengthened and given greater momentum, responsive to the wishes of the countries concerned.

There will be need, too, to review or carry forward a number of specific decisions that were taken at Lusaka or at subsequent Ministerial Meetings:

- Heads of Government will have before them the Report of the Working Party on Human Rights which seeks to respond to its mandate in this important but sensitive area.
- Heads of Government will also have before them a Report of the Commonwealth Committee on Communication and the Media as well as a Report on the proposal for a Commonwealth Film and Television Institute.
- The ongoing work and resource problems of the Commonwealth Youth Programme and the Commonwealth Foundation will require close attention if they are to continue to fulfil the purposes for which they were established.



At their meeting in Sri Lanka in August 1980, Commonwealth Education Ministers requested me to convene a Consultative Group to examine ways in which student mobility between Commonwealth countries could be maintained and fostered. The Group's recommendations are now before Education Ministers but in view of the urgency and importance of the matter, Heads of Government may wish to give some attention to it at Melbourne.

Underpinning all these activities, and indeed the Secretariat's entire operational capability in the field of development, is the Commonwealth Fund for Technical Co-operation. Despite impressive achievements, it is a matter of major concern that the last two years have seen a decline in real terms in the Fund's resources and a corresponding diminution in its capacity to meet the needs of member countries. That this should have happened during a period of sustained Commonwealth achievement on the world stage is all the more disquieting. I very much hope that at Melbourne Heads of Government will attach importance to reversing this trend and will consider favourably the Report of the Working Party on CFTC Resources set up by Finance Ministers last September. I cannot emphasise too strongly the intimate link between the fortunes of the Fund and the elan of the Commonwealth connection, which will be weakened if the Fund declines. The amounts involved are relatively small but the returns are of disproportionate value and significance. For the major contributors to the Fund it is much less a question of additional resources than of priorities within existing development assistance programmes. Melbourne will offer an opportunity to respond in priority terms to what the Commonwealth relationship both needs and deserves.

Separately, a more general question has been raised about the possibility of greater co-operation in the cultural sphere. The Commonwealth Institute hopes Heads of Government will take note of its work and consider ways in which it could be of greater service to Governments; and the recently formed Commonwealth Arts Organisation seeks official support. I would welcome your guidance.

As I indicated earlier, these are preliminary thoughts on the broad contents of the agenda, based on my assessment of the current concerns of Commonwealth Governments. I assume Heads of Government will wish the agenda's actual format to follow the successful pattern of recent Meetings, with broad and flexible headings under which specific topics can be inscribed.



I shall be grateful to have your views, if possible by mid-July, along with an indication whether it will be your intention to present any papers to the Meeting. In the light of the responses I receive, I hope to be able to circulate an annotated draft agenda in the first week of August.

Meanwhile, having just returned from Canberra, I am glad to be able to report to you on the excellence of the arrangements for the Meeting, and how much effort and care the Australian Government has devoted to them. You are assured of a warm welcome and of facilities designed to make your consultations as productive as possible.

With deep respect,

Shridath S Ramphal



AIDE MEMOIRE

New Zealand officials and Ministers have been giving thought to the shape of the agenda for the next Commonwealth Heads of Government Meeting and the following views are advanced for discussion with the Secretariat and with the host Government.

There are two main points we would wish to make at this stage:

(I) New Zealand supports the identification of North/South issues as the main concern of this year's CHOGM. The Brandt Report called attention in a very clear way to the nature of the problems and the urgent need to come to grips with them. Yet the Global Negotiations planned in the United Nations framework have not yet got under way and there can be little ground for optimism that progress will in fact be made this year. The Secretary-General has argued that the active involvement of political leaders is needed to move out of the present impasse and while, as he says, the Commonwealth cannot negotiate for the world, it can help the world negotiate. In supporting discussion of North/South issues as the main concern for the Melbourne meeting we look forward to a clear articulation of a Commonwealth commitment to progress in the dialogue which could in turn have an influence on international negotiations.

Within the complex of North/South issues the energy question may offer potentially the most productive area for intra-Commonwealth discussion. Apart from the four or five oil producers in the Commonwealth, the economies of both developed and developing members have been damaged by the successive oil crises of the 1970s. It should be possible in the CHOGM setting to have more relaxed discussions on such questions than in more universal or regional bodies. Other issues to be addressed are recycling, the role and future of international financial institutions, the liberalisation of international trade in particular commodities, the Common Fund and food aid and security.

(II) New Zealand would also emphasise the need to make the CHOGM meeting relevant for the small Pacific states. We wish to help ensure that they are not forgotten in discussion or deterred from participation in exchanges by concentration on issues remote from their concerns. Their interests need to be accommodated under each of the main agenda headings. CHOGM is one of the few global forums in which most independent Pacific Island countries participate and it provides them with an opportunity to make their concerns known to a broadly based group. The North/South item provides an opportunity for them to advance the special economic problems of small island states which they share with some Commonwealth members in the Caribbean and Indian Ocean. (Some reference might be made to the case being made in the United Nations for LLDC status for Tonga, Tuvalu and Kiribati.)



Prime Minister Muldoon has already indicated (via a letter from the High Commissioner to the Secretary-General) his view that the special education needs and problems of small states is a topic meriting discussion at Melbourne under the agenda heading of Functional Cooperation. Further consideration and discussion with Island leaders may suggest some other specific topics.

As regards other matters for discussion at Melbourne we consider there will be a need to pay close attention to Southern African issues. Namibia will certainly figure in the discussion and there may be some follow-up to the Zimbabwe Donors' Conference and to the Geneva United Nations meeting in April on the African refugee problem. In the light of various developments, including those in connection with the English Cricket Tour of the West Indies, it is foreseen that the question of sporting contacts with South Africa may also be raised.

Providing there is no sharp deterioration in some other aspect of international relations the New Zealand authorities consider that the remaining areas of main interest at Melbourne are likely to include the question of great power activity in the Indian Ocean and the related problem of Afghanistan where there are some fairly sharp divergences of approach amongst Commonwealth countries. Middle East issues and the Iran/Iraq war can also be expected to figure although in less depth. Depending on developments in the South East Asia area, some members may also wish to raise the situation in Kampuchea.



PRIME MINISTER'S DINNER WITH MR MULDOON: 18 JUNE

BRIEF NO (IV) SPORTING CONTACTS WITH SOUTH AFRICA  
POINTS TO MAKE

Springbok Tour of New Zealand

1. Sympathise with position of New Zealand Government. Similar to our own. Done all they can to persuade the New Zealand Rugby Football Union (NZRFU) to cancel the tour.

Renegotiation of Gleneagles Agreement: Commonwealth Heads of Government Meeting

2. Gleneagles Agreement certain to be discussed at Melbourne. Sonny Ramphal seems relaxed, but understand Nigerians and Abraham Ordia may be seeking to tighten it. Want to avoid modification. Hope it can be discussed informally and acrimonious debate avoided.

3. We already discourage sporting contacts. But our sports bodies are independent. So are our sportsmen. We cannot stop them visiting South Africa or any other country, as witness the Moscow Olympics.

United Nations Blacklist

4. Every country has a right to refuse entry to non-nationals. But our own traditions of individual freedom lead us to deplore a blacklist of this nature. It is not binding. We shall not apply it though others will. Too early to know how it will work out.

Commonwealth Games: Brisbane: 1982

5. Illogical and unjust to boycott Commonwealth Games in response to ill-considered actions by one group of sportsmen whose sport, rugby, will not even be represented at Brisbane. We will do what we can to minimise damage to Games.

Irish Rugby Football Union (IRFU) Tour of South Africa

6. Did all we could. Supported Irish Government's efforts. Our Minister for Sport wrote to President of IRFU advising Union to reconsider and to advise potential participants from Northern Ireland of our concern

/Initiative



Initiative by South African Government to relax Apartheid in Sport

7. We welcome any move by South Africa to normalise sport. But it will not soften African attitudes: they want the abolition of Apartheid in general, not just in sport.

Trawl of Likely Attitudes of other Commonwealth Governments if Gleneagles Discussed at CHGM, Melbourne

8. We have copied to the New Zealand High Commission the replies already received from our posts and will be preparing a summary for Mr Stewart of NZMFA when the exercise is completed.

Defensive

9. Commonwealth Finance Ministers' Meeting: Auckland 22-23 September

Have heard reports that if Springbok tour of New Zealand goes ahead Nigeria may propose change of venue for Finance Ministers. What can we do to help minimise the damage? Suggestion that consideration of sporting contacts with South Africa be shelved until CHGM might save Finance Ministers meeting. But atmosphere for CHGM itself might be soured, and prospects of considering sporting contacts informally at Canberra rather than at Melbourne reduced.

Foreign and Commonwealth Office

8 June 1981



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PRIME MINISTER'S DINNER WITH MR MULDOON: 18 JUNE

BRIEF NO (IV)

SPORTING CONTACTS WITH SOUTH AFRICA: ESSENTIAL FACTS

1. The New Zealand Rugby Football Union (NZRFU) have invited a South African rugby team (Springboks) to tour New Zealand during July/September 1981. Despite intense pressure the NZRFU have remained adamant that the tour will take place. Although sensitive to the issue the New Zealand Government have refused to withhold visas from the Springboks. Given our own policy on sporting contacts with South Africa we are not in the position to urge New Zealand Government to do more. They have told the NZRFU that if the tour goes ahead the Government grant (of about £5,000 each year for the development of rugby in secondary schools) will be withheld. In this they have gone further than we were prepared to go in response to the 1980 British Lion's tour of South Africa.

Renegotiation of Gleneagles Agreement: Commonwealth Heads of Government Meeting (CHOGM)

2. Recent actions by the Nigerian and Guyanese authorities have focussed attention on the Gleneagles Agreement and raised questions about its interpretation. Four Caribbean Governments have already indicated their intention of raising Agreement at CHOGM with a view to securing its more effective implementation. It would be unrealistic to expect support for a move to relax it. It may be difficult to prevent it being discussed in open session rather than at the informal weekend which is what we would prefer.

United Nations Blacklist

3. On 15 May 1981 the UN Special Committee Against Apartheid published a Report which includes a "register" covering the period 1 September 1980 to 31 March 1981. The Register contains three lists:-



- (i) A list of sports exchanges with South Africa;
- (ii) A list of sportsmen and women who participated in sports events in South Africa;
- (iii) A list of promoters and administrators who have been active in collaboration with 'apartheid sport'.

4. Britons feature prominently throughout and the Sports Council Chairman (Mr Richard Jeeps) together with one other member (Mr Bill Hicks) are included in the third section of the register. Commonwealth Games, Brisbane, 30 September to 10 October 1982

5. If the Springbok tour of New Zealand takes place there could be an African boycott of the Brisbane Games, unless the New Zealanders stay away. But a recent visit to Australia by Mr Abraham Ordia, the President of the Supreme Council for Sport in Africa went very well. The Australians handled the visit skilfully and Mr Ordia did not close the door completely on a compromise. During his visit he praised Mr Fraser and Australia for their support in the battle against apartheid in sport. The Australians, as hosts, are particularly anxious that there should be no disruptions.

Irish Rugby Football Union (IRFU) Tour of South Africa

6. The IRFU decided on 2 January to undertake a short tour of South Africa in May. The Union is responsible for rugby for the whole of Ireland and it was inevitable that some Northern Ireland players would be selected. Both we and the Irish Government made every effort to persuade IRFU to call off the tour but it went ahead as planned. Most critical comment has been directed towards the Republic, but they have also been praised for the strength of their attempts at discouragement.

Initiative by South African Government to relax Apartheid in Sport

7. Dr Viljoen, Minister of National Education, stated on 22 May 1981 that the South African Government had decided in principle to



amend certain apartheid legislation to exclude sport. Although this could take time it was hoped the decisions would confirm both in South Africa and abroad that the Government regarded multi-racial sport and the removal of obstructive measures as a matter of concern.

8. We welcome proposed changes as a step in the right direction. But our policy will remain unaltered resting as it does on 'Gleneagles'. A majority of Commonwealth governments will continue to take the view that "normal sport is impossible in an abnormal society".

Trawl by our High Commissions on likely attitude to CHGM Melbourne

9. We have asked our posts to ascertain discreetly the views of Commonwealth governments on discussion of the Gleneagles Agreement at Melbourne. We are sharing the results with New Zealand and have offered, through the High Commission in Canberra, to share them also with Australia.

Future British Sporting Contacts with South Africa

10. There is only one definite rugby contact expected in the foreseeable future: the Welsh Academicals are intending to tour South Africa for three weeks in late July/August 1981. Mr Monro has written to the President of the Welsh Rugby Union but the tour will go ahead.

Foreign and Commonwealth Office

8 June 1981



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PRIME MINISTER'S DINNER WITH MR MULDOON: 18 JUNE 1981

BRIEF NO (V): ELECTION OF PRESIDENT MITTERRAND

Points to Make

General

1. Stability of Fifth Republic demonstrated by smooth accession of Socialist President. French surprised but clearly pleased by their boldness. Expect victory of Left at legislative elections.
2. Expect to continue working normally with new French administration at all levels and in all fields. Successful meeting between Lord Carrington and M Cheysson. What impressions has New Zealand received?

Foreign Policy

3. No basic changes expected in French foreign policy though the approach to some issues may be different, eg Southern Africa/Namibia.

Communist Participation (if raised)

4. Electoral pact between Socialist and Communist parties means that, depending on outcome of legislative elections, limited Communist participation in future government cannot be excluded but no Socialist commitment to this option as yet. If there is Communist participation, unlikely to be in sensitive areas and French method of government should ensure that Communist Ministers have little or no influence on matters of sensitivity to allies. Prospect is certainly unwelcome but Mitterrand's hand will only be made harder to play if allies speak out.

FOREIGN AND COMMONWEALTH OFFICE

10 June 1981

CONFIDENTIAL



PRIME MINISTER'S DINNER WITH MR MULDOON: 18 JUNE 1981

BRIEF NO (V)

ELECTION OF PRESIDENT MITTERRAND

Essential Facts

1. The French legislative elections will be held on 14 and 21 June. President Mitterrand has said that the present interim government will be replaced by one reflecting the allocation of seats in the National Assembly. A Socialist Party (PS) electoral arrangement with the Communists (PCF) is intended to ensure that the weaker candidate steps down in favour of the stronger for the second round. In reaching this agreement with the PCF, the PS have made no commitment to include Communist Ministers in the next government, but some (perhaps three) Communists may be appointed, in less important Ministries in areas where PS and PCF policies are similar, unless PS can put together a majority of the Left in Parliament without the help of the PCF, or Communists can be compensated for their support in some other way. We assume that Communists will not obtain portfolios in security, defence and foreign affairs fields.

2. There is no practical alternative to dealing normally with the French Government, even if it contains Communist Ministers. To suggest otherwise, especially in public, would only weaken President Mitterrand's freedom of manoeuvre: he might even feel obliged to appoint Communists in order to

/avoid



avoid suggestions that he had succumbed to foreign pressure.. It will therefore be in our interests and those of our Allies, to refrain from such suggestions and public speculation on the consequences. In the event of Communist Ministers being appointed, we might have to revise our attitudes if it seemed that they were in fact being given access to sensitive material.

3. It is clear that the new French administration will continue to assert France's independence and to maintain her present defence posture and attitudes to the NATO Alliance. Similarly, the French will continue vigorously to pursue their national interest in the European Community. However, first contacts with the new administration, notably the Secretary of State's talks on 28 May with M Cheysson, have shown a French willingness to take a fresh look at areas where France and the UK could cooperate to their mutual benefit.

4. The economic problems which the French government formed after the legislative elections will have to face are daunting in aggregate. Some of them, particularly an accelerating inflation rate, will have been wished on themselves by the new government through political choice (especially by raising the minimum wage and if the 35 hour week is introduced as forecast). The short term prospects are for a much bigger trade deficit and considerably higher levels of inflation than previously foreseen, a significant squeeze on corporate

/profit



profit margins (affecting small to medium size businesses disproportionately), a consequent drop in investment, a traumatized stock exchange, a budget deficit twice as large as planned for the current year and a currency needing constant support both from within and without, especially as President Mitterrand will do everything he can to keep the franc within the EMS at its present parity until the legislative elections are over.

5. The pace and amplitude of the probable deterioration will depend upon the nexus of political and economic developments in France and their repercussions on external confidence. For the moment there is a pause while everyone waits for the elections. President Mitterrand and senior Ministers in the present government appear to be basically realistic and moderate in intention but their hands may be forced by political and economic events. The greatest danger would be posed by a major sustained run on the franc and rapidly deteriorating balance of payments figures which could create a situation where the hands of the protectionist, nationalising left-wing of the Socialist Party would be strengthened. However, the Ministers primarily concerned appear to be staunch advocates of an open market system and would be expected to resist such pressure to the best extent possible. It may be that the post-election situation will still not be clear-cut either way and that the prevailing uncertainty will persist for some time to come.



CONFIDENTIAL

PRIME MINISTER'S DINNER WITH MR MULDOON: 18 JUNE 1981

BRIEF NUMBER (vi)

US FOREIGN POLICY:

POINTS TO MAKE:

None

CONFIDENTIAL



PRIME MINISTER'S DINNER WITH MR MULDOON: 18 JUNE 1981

BRIEF NUMBER vi

US FOREIGN POLICY: ESSENTIAL FACTS

1. No coherent foreign policy has yet emerged; but the central theme is the arrest and removal of Soviet and proxy advances in the third world. In a speech on 5 May, Secretary of State Haig described the four major points in the Administration's approach to foreign policy as an insistence on reciprocity and restraint in East/West relations; determination to strengthen the Alliance; a constructive role in the third world and a firm resolve to strengthen the US economy and defences. A number of the more extreme standpoints adopted by the Republicans prior to office have been modified. Others (eg deemphasis on human rights) have been largely retained.
  
2. Potential trans-Atlantic difficulties over particular problems such as approaches to detente, arms control, Arab/Israel and Southern African questions still remain. The US decision to review UNLOSC at the eleventh hour was not well received, nor was the lack of consultation over the grain embargo decision. Nonetheless, the evidence points to greater warmth between the US and her major European allies than at the end of the Carter Administration. The Germans and French (as well as UK) have paid successful high level visits to Washington.
  
3. In the Middle East the Administration is still considering the way forward: the differences of view between the US and the EC over the European initiative have yet to be resolved; problems have surrounded the US decision to supply AWACS for Saudi Arabia; and the US - in the person of special presidential envoy Philip Habib - are heavily (and constructively) involved in the Lebanon crisis. A coherent policy on Southern Africa has also yet to be formulated and there is considerable Allied (as well as Black African) anxiety about alleged US softness towards the South Africans. Deputy Secretary of State Clark's visit to Southern Africa this week will be important. On arms control,

.../there



there is relief among the allies that the Americans have at last set the ball rolling for a dialogue with the Russians (meetings in Washington between Mr Eagleburger and the Minister in the Soviet Embassy in Washington).

4. Relations with the UK are traditionally close and President Reagan and the Prime Minister have a broad common outlook. The US Administration recognises that HMG is fully committed to a strong NATO defence despite the problems of the British economy and speculative press reports about defence cuts arising from the British Defence Review. Mr Nott's visit to the USA on 20/21 June should put this into perspective for the Americans.

5. President Reagan has made good relations with his neighbours Mexico and Canada a priority aim. President Lopez Portillo was the first foreign leader he visited as President-elect and the two presidents met at Camp David on 8 June for further talks. President Reagan's first overseas visit was to Canada where he succeeded in injecting greater warmth into US/Canadian relations.

6. Despite the legacy of Republican commitment to the Taiwan lobby (The Taiwan Relations Act) the US have reassured Peking that the US wants normal relations with China. Secretary of State Haig visited China from 14 to 16 June. The Administration also attach important to their relationship with Japan. During Premier Suzuki's visit to Washington the US sought to strengthen the defence relationship, in the hope of obtaining a greater Japanese contribution.

NORTH AMERICA DEPARTMENT

11 June 1981