

B. R.

LUNCH FOR PRIME MINISTER MULDOON  
OF NEW ZEALAND, 1300 HRS,  
WEDNESDAY, 11 MAY, 10 DOWNING STREET

1983



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



## VISIT BY NEW ZEALAND PRIME MINISTER

EC/NEW ZEALAND RELATIONS

## POINTS TO MAKE (if raised)

Butter: post-1983 access

1. UK supports New Zealand access as strongly as ever. But serious difficulties ahead; Community dairy surplus still rising, and recent European Parliament resolution calling for immediate end to New Zealand access will have encouraged New Zealand's opponents.
2. UK and New Zealand must start thinking seriously about what to aim for and how. On past form, Commission proposal will be crucial because of traditional splits among Member States. Discussions with Member States probably best kept to generalities at this stage: shared political interests, common interest in stable world dairy market. Important to lobby Commission at high level (Thorn, Haferkamp, Dalsager).

Increase in dairy export refunds

3. A regrettable decision, which we voted against, not least because of the effect on relations with New Zealand, as well as the US.

Sheepmeat: voluntary restraint arrangements (VRA's)

4. UK is arguing strongly in Community against French request for denunciation of VRAs which we regard as a binding international commitment. Do not believe French will attract much support.
5. May be helpful if New Zealand could give French and Irish some private assurance that they accept continuation of the 'sensitive area' arrangements.



CAP price fixing

6. UK has consistently pressed for price restraint and effective action to curb cost of surplus production. This year Commission have shown welcome firmness of purpose in sticking to their proposals. So tolerable outcome is on the cards. This would be clear signal to US that Community was taking world situation seriously and should strengthen hand of moderates in Washington.

EC/US

7. Agricultural dispute seems to be cooling down at present. US no doubt want to avoid a public row before Williamsburg, and most recent discussions (3 May) had some progress. No serious attempts have been made by French to mobilise the Community for a trade war, but risk still there. UK and EC partners very conscious that New Zealand and other agricultural exporters would suffer. Helpful if New Zealand could make clear to US what effect on them would be.

European Community Department (External)  
May 1983





BRIEF NO: 1

## VISIT BY NEW ZEALAND PRIME MINISTER

## EC/NEW ZEALAND RELATIONS

## ESSENTIAL FACTS

1. Mr Muldoon is seeing Mr Walker on 18 May. Detailed discussion of agricultural topics can be left to that meeting.

Butter: post-1983 access

2. The current arrangements for access for New Zealand butter run out at the end of 1983. Post-1983 arrangements are due to be considered by 1 August. But a solution acceptable to New Zealand will be very difficult to negotiate. Apart from the existing EC dairy surplus and 10 March European Parliament resolution, even the UK is expected to be self-sufficient in butter fat by 1984. The French and Irish (as well as UK farmers) are bound to latch on to this.

Butter: increase in export refunds

3. On 29 April a Commission proposal to increase dairy export refunds by about 10% was adopted. There were reasonable technical grounds for the increase, and the EC's market share had dropped. But we (and the Netherlands) voted against on the grounds that:

(i) the increase would worsen relations with New Zealand and the US;

(ii) the world market would see it as a panic measure, and prices would fall;

(iii) so the Community would not increase sales, but the cost of exports would rise.

This is exactly what will happen if (as is likely) the New Zealanders reduce their own price in retaliation.

/Sheepmeat





### Sheepmeat

4. The EC's Voluntary Restraint Agreements (VRAs) with its main sheepmeat suppliers (including New Zealand) run until 31 March 1984 and remain in force thereafter unless denounced at one year's notice. They allow the EC to restrict access to 'traditional quantities' in return for a reduced duty of 10% (compared with the normal 20%). 'Sensitive area' provisions further limiting imports into France and Ireland also expire on 31 March 1984 unless extended by agreement even if the VRAs remain in force.

5. The French have proposed that the EC should denounce the VRAs. They claim that expiry of the 'sensitive area' provisions would lead to an increase in costs for the Community. Their eventual objective appears to be to restrict EC sheepmeat imports. This would jeopardise our supplies of New Zealand lamb and have a serious effect on EC relations with all the suppliers. The French have so far attracted no support except from the Irish, though there are signs that the Commission is weakening.

### CAP price fixing

6. The Commission have proposed price increases averaging about 4% for 1983/4, and despite pressures from some Member States they have made no substantial changes to their proposals. An outcome at that level, though not ideal, would represent a step in the right direction.

7. No agreement has yet been reached. The Agriculture Council meets again on 16/17 May.

### EC/US

8. EC/US discussions aimed at reaching an accommodation on agricultural exports and avoiding a trade war in agriculture have now begun to make some progress. After their 'shot across the bows' of a large subsidised sale of wheat flour to Egypt, the US have refrained from further provocative sales, and appeared to take a more constructive line at the most recent talks (3 May). They may now judge that they have got nearly all they can out of the Community.

European Community Department (External)

May 1983



## VISIT BY NEW ZEALAND PRIME MINISTER

NEW ZEALAND INTERNAL, UK-NZ BILATERAL RELATIONS AND PACIFIC MATTERS

## POINTS TO MAKE

New Zealand

1. Links between our two countries very close. Frequent visits of Mr Muldoon important factor.
2. Visit of Prince and Princess of Wales to New Zealand went well.
3. New Zealand quick to establish good relations with new government in Australia. Both will maintain the impetus given by the Agreement on Closer Economic Relations.

Pacific

4. We wish to preserve our good relations across the South Pacific, and the islands' pro-Western attitude.
5. Will do this through our regional network of diplomatic representation.
6. Will continue also our development presence. Our regional aid programme about £21 million a year though future aid levels likely to reduce gradually. Also contribute over £6 million a year to Pacific through multilateral agencies.





7. The Russians ready to exploit any vacuum created by withdrawal or reduction of interest by metropolitan Governments.

Matthew and Hunter Islands [if raised]

8. We responded to enquiry from Prime Minister Lini of Vanuatu in 1980 by saying British records indicate Islands are part of New Caledonia. Sovereignty is a matter for France and Vanuatu.





## VISIT BY NEW ZEALAND PRIME MINISTER

## NEW ZEALAND INTERNAL, UK-NZ BILATERAL RELATIONS AND PACIFIC MATTERS

## ESSENTIAL FACTS

New Zealand

1. Mr Muldoon's National Party was returned in the November 1981 elections, but with an overall majority of only 1 over Labour Party (and 2 Social Credit members). But this is workable in New Zealand terms. Mr Muldoon is also Minister of Finance; since the election, he also seems to have taken closer control of foreign affairs, with Mr Cooper, concentrating on foreign trade issues.
2. Following a period of depression, the New Zealand economy expanded rapidly in the 1981/82 period. However, unemployment at 5.8% is the highest in New Zealand's history. Inflation was 12.4% for the March 1983 year.

Anglo/NZ Relations

3. Anglo/New Zealand relations are very good. New Zealand Government's robust support during the Falklands crisis reflected in New Zealand public opinion. Regular bilateral contacts at all levels. Mr Muldoon visited London in May 1982 and again for the Commonwealth Finance Ministers' meeting in September. Lord Carrington visited New Zealand in September 1981; Mr Buchanan-Smith in February 1981; and Mr Atkins in March 1982. Mr Cooper (New Zealand Minister of Foreign Affairs and Overseas





Trade) visited London in March and September 1982. Lord Belstead visited New Zealand in October 1982.

#### Pacific

4. Prime British interest is for continued development of Western relationship with the islands, maintenance of political stability, and frustration of Soviet efforts to gain influence. Hence our regional aid programme - large per capita terms - and our network of small missions (6) with multiple accreditations that cover also our commercial interests in French territories - New Caledonia and French Polynesia - and UN Trust Territories.

5. We welcome New Zealand, Australian and Japanese presence in the region, as contributing to stability and economic development.

#### South Pacific Commission

6. We will remain members. Will maintain our financial contributions (almost £240,000 a year) so long as we retain a say in budgetary affairs of SPC or any successor organisation. Future of SPC - whether merged with South Pacific Bureau for Economic Cooperation (SPEC), or replaced by one Single Regional Organisation (SRO) - is primarily for regional members to decide.

#### Trends and Areas of Concern

7. Melanesian States, Vanuatu in particular, need watching:

- (i) issue of decolonisation (of French territories);
- (ii) (French) nuclear testing;
- (iii) (US and Japanese plans for) dumping of nuclear waste;
- (iv) perceived East-West rivalry in the region (in terms of Soviet and American naval fleets);





- (v) Non Aligned Movement (NAM) influence: Vanuatu joined NAM March 1983; Papua New Guinea had observer status at NAM Summit March 1983.

UK (and the West) has interest in maintenance of (at least) parity on (iv) but has no standing in decolonisation and nuclear issues. With South Pacific Forum increasingly critical of (i), (ii), (iii), our interests in maintaining good pro-Western relationship overall subjected to some strain. We may have to exercise influence in responding to these challenges.

8. USSR trying since mid-1970s to gain foothold in region, though unsuccessful so far. Soviet oceanographic and fisheries research ships are active in the region, though proposals to conduct marine surveys in some island waters were refused, as were Soviet aid offers in return for shore-based facilities for their fishing fleet. But Soviet needs for new fishing grounds will make unexploited areas of South Pacific more attractive. If poorer island states face crises of frustrated expectations - economic in particular - their vulnerability to Soviet advances likely to grow.

#### China

9. We have not so far identified any particular Chinese interest in the South Pacific. However, with the visit in April of the Chinese Prime Minister to New Zealand (and Australia) the Chinese may now be paying more attention to the area.

#### French Policy in South Pacific

10. France seen as the only remaining colonial power in the region. (Continued colonial status of American Samoa not a contentious issue.) While Mitterrand Government appears slightly





more sensitive to regional views, retention of nuclear testing site at Muroroa (French Polynesia) is central to France's policy of maintaining an independent nuclear strike capability. The value of the nickel deposits in New Caledonia and the pressure to maintain the status quo exerted by the large expatriate French community there are additional reasons why French will be reluctant to relinquish control.

11. In New Caledonia, organised opposition to continuing French colonisation becoming increasingly violent. French Government now proposing Statute of Autonomy, and Secretary for Overseas Territories will visit Noumea in May to discuss this with local political groups, which include French colons and francophiles opposed to independence.

#### United States Policy in South Pacific

12. US activity concentrated on Pacific rim, with loose security blanket over Pacific basin. Part exception to this are US-administered Trust Territories in North West Pacific, where US apply concept of "strategic denial". Through ANZUS alliance, Australian/New Zealand role is central to defence of US and Western interest in South Pacific.

13. But US's distant attitude risks unawareness of threatening trends: eg. Vanuatu on regional East-West balance; islands' strong disappointment with US attitude to LOS. Could rebound against our interests in long term if US did not show greater sensitivity.

#### Matthew and Hunter Islands

14. These two uninhabited (probably uninhabitable) volcanic islands lie halfway between Vanuatu and New Caledonia. Most





British and other record indicated islands formed part of French territory of New Caledonia. But following Fiji-France agreement (December 1982) on demarcation of Fiji-New Caledonia maritime boundaries, Vanuatu protested at implication that Matthew and Hunter belonged to New Caledonia. UK is on record as being content with French view (expressed formally in 1965 and 1980) that islands are part of New Caledonia.

South Pacific Department  
Foreign and Commonwealth Office  
May 1983



## VISIT BY NEW ZEALAND PRIME MINISTER

## INTERNATIONAL ECONOMIC SITUATION

POINTS TO MAKE

- i. Encouraging signs of a recovery this year but right to remain cautious.
- ii. Lower oil prices may adversely affect some oil exporting debtors but should on balance, improve growth and reduce inflation.
- iii. Policies need to sustain recovery but should resist calls for excessive reflation. With sound financial policies those countries with lower inflation should have greater room for growth.
- iv. Major countries should pursue convergent policies to achieve non-inflationary growth. Only way to exchange rate stability.
- v. Important to resist drift into protectionism in all its forms which would impoverish us all. Developing countries in particular need access to markets.

ESSENTIAL FACTS

Signs of the modest growth of about 2 per cent growth forecast for the major economies are accumulating. In the US much of the first quarter increase in GDP may be due to lower destocking. But industrial production and housing starts have continued rising. In Europe and especially in Germany, business confidence is turning round. World trade is set to recover.

2. Non oil developing countries (NODC's) are likely to grow by around 2-2½ per cent this year after growth of only about 1½ per cent in 1982. Some oil exporters may face short term difficulties due to the falling oil price but on balance lower prices should increase activity.

3. The year-on-year rate of inflation has fallen faster than expected. For the major countries it has come down from 12 per cent on average in 1980 to under 5 per cent this February. Some further fall is likely but thereafter higher activity may push inflation up somewhat.





4. Nominal interest rates fell markedly late in 1982. In the US rates were flat in the early part of this year, with three month rates around  $8\frac{1}{2}$  per cent. Rates rose to above 9 per cent in March although they have subsequently fallen back. Elsewhere interest rates recently have generally fallen. Real interest rates remain clearly positive.
5. Current account imbalances among the industrialised countries are likely to widen in 1983 as the US deficit may increase to over \$20 billion and the German and Japanese surpluses increase.
6. NODC's adjustment last year cut imports reducing their current account deficit from \$100 bn to \$90 bn. It may fall again this year as export earnings recover. Net new bank lending to NODCs contracted sharply last year - 9 per cent growth compared to over 20 per cent in previous years - and may not build up again in 1983.
7. Most major debtors (Mexico, Brazil and Argentina) are now implementing IMF programmes, though some financing difficulties still persist. The  $47\frac{1}{2}$  per cent increase in IMF quotas (from SDR 61 billion to SDR 90 billion) together with the extra GAB resources should enable the Fund to fulfill its role effectively. The arguments for a new SDR allocation need to be carefully considered.
8. A mechanism has now evolved, particularly for Latin American debtor countries, with the IMF giving a positive lead to the commercial banks by making its own support conditional on the provision of parallel assistance by the banks. But there are signs that commercial banks may become increasingly unwilling to commit new funds to problem countries and also of a growing reluctance to use the established machinery of the Paris Club for the multilateral negotiation of the rescheduling of official debt (eg Mexico, Brazil, Yugoslavia) which could cause problems in the future. A number of generalised solutions to the problem of sovereign debt have been proposed - however these invariably involve a risk to public finance and substitute public sector decisions for the working of the market. So it seems best to stick with the existing institutions and the case by case approach.





9. Exchange rates have remained volatile as the EMS realignment has demonstrated. After its depreciation at the end of 1982 the dollar has strengthened recently. The yen remains undervalued despite its strong appreciation earlier.
10. Experience with monetary policy last year was affected by institutional distortions and shifting liquidity demands, especially in the US. Monetary growth in many countries was at the top end or above target ranges. In the US the Fed has announced higher targets for 1983 partly reflecting the continuing impact of distortions but emphasised its counter-inflationary objectives. The Fed has expressed concern over the rapid monetary growth so far this year but despite some recent slowdown growth remains above target.
11. As regards fiscal policy, despite restraint general government budget deficits have increased from 2 per cent of GDP to over 4 per cent in 1982, mostly due to the recession. With only a modest recovery in prospect deficits may not fall this year. Only Japan and the UK have achieved a reduction in their deficits. The US Administration's budget proposals are intended to reduce the Federal deficit from  $6\frac{1}{2}$  per cent of GDP now to  $3\frac{1}{2}$  per cent by fiscal year 1986. These deficits are historically high and depend on rapid growth. Congress has recently passed a jobs bill and a social security bill but has yet to agree on the main budget measures. So far the Administration has not yet completely satisfied concern over its future fiscal stance.

HM Treasury

May 1983





## VISIT BY NEW ZEALAND PRIME MINISTER

EAST/WEST ECONOMIC RELATIONS

## POINTS TO MAKE

1. Pleased that approval given at IEA/OECD Ministerials to studies on East/West Trade and Financial Relations and Energy Security. Completion of these studies, and recommendations for future work, should help eliminate areas of disagreement in western conduct of our economic relations with the East.
  
2. Conclusion of OECD and IEA studies important for Williamsburg, where we can review overall progress in all the work. If there is general satisfaction at the achievements so far, we would not expect disagreements at the Summit over East/West Economic Relations.

Trade Relations and Exports Department  
May 1983





VISIT BY NEW ZEALAND PRIME MINISTER

EAST/WEST ECONOMIC RELATIONS

ESSENTIAL FACTS

1. Discussion of East/West Economic Relations (EWER) at OECD Ministerial meeting of 9/10 May focussed on Secretary General's paper on Economic and Financial situation in Eastern Europe and USSR, and recent trends in East/West trade. Approval given to conclusions advocating that EWER be governed by 'normal economic and commercial considerations', with minimum government intervention. Recommended follow-up work calls for regular review of balance of advantage of trade, financial, and credit relations with East.
2. On Sunday 8 May IEA Energy Ministers (including Mr Lawson) met under chairmanship of New Zealand Energy Minister, Mr Birch, to endorse Energy Security Study. This concludes that OECD countries should continue efforts to improve energy security by conservation and increased indigenous production and recommends contingency plans against oil and gas supply interruptions, mainly in Europe. None of this presents the UK with major difficulties. Earlier contentious suggestion that no country should be dependant on one source for more than 30% of its gas supplies has been dropped.
3. Of the other EWER follow-up studies, that in NATO on Security aspects will be submitted to the NATO Council on 18 May. Its anodyne conclusions involve no new departures and accept that East/West trade contributes to constructive East/West relations provided it is consistent with Allied security concerns, is on commercially sound and financially prudent terms, and is mutually advantageous. Work in COCOM on review of strategic criteria and on Other High Technology is a longer term process and will continue after Williamsburg.
4. New Zealanders have been kept abreast of these developments and are aware of difficulties over EWER in run-in to





Williamsburg. With this in mind, Mr Muldoon may ask about current prospects for the Summit. With two EWER studies completed and agreed by Ministers, and satisfactory progress elsewhere, a useful dossier should be available for consideration there, and it is to be hoped that the Americans will be satisfied with taking stock of progress to date.

Trade Relations and Exports Department  
May 1983





## VISIT BY NEW ZEALAND PRIME MINISTER

## MR MULDOON'S PROPOSALS FOR A NEW BRETTON WOODS

POINTS TO MAKE

1. Interested to have seen your ideas on need for new Bretton Woods Conference.
2. As you will know from Prime Minister's replies, do not at present see need for major structural reforms. Believe in evolution of present system in response to circumstances. Much has already been achieved.

ESSENTIAL FACTS

3. Mr Muldoon first made his call for a new Bretton Woods Conference at the Commonwealth Finance Ministers Meeting in London in August 1982. He returned to this theme at a Commonwealth Regional Heads of Government Meeting in Suva in the Autumn. He again raised the issue at a meeting in Switzerland earlier this year.
4. The Prime Minister has twice written to Mr Muldoon to say that the UK does not share Mr Muldoon's view of the need for such a conference. In the second of these letters the Prime Minister referred to the measures which have already been taken to cope with current problems (eg the agreement to increase the IMF's quotas under the 8th review; the expanded General Arrangements to Borrow). The New Zealand High Commission sent the Secretary of State a copy of Mr Muldoon's speech in Switzerland, to which the Secretary of State replied in similar terms to the Prime Minister's letters.

Economic Relations Department

4 May 1983





BRIEF NO: 5

VISIT BY NEW ZEALAND PRIME MINISTER

THE COMMONWEALTH GAMES FEDERATION CODE OF CONDUCT

POINTS TO MAKE (only if raised)

1. The Code of Conduct is a matter between Commonwealth Games Federation and its member national Commonwealth Games Associations.
2. The Code does not affect the 'Gleneagles Agreement' between Commonwealth Heads of Government. HMG's commitment to the Agreement has been repeatedly affirmed inside and outside Parliament.
3. 'Gleneagles Agreement' almost certain to be discussed at Heads of Government Meeting in New Delhi. Hope discussions can be kept low-key and sensible.
4. Hope that Commonwealth Games Federation will use its new powers wisely and that Commonwealth Games Associations will not be penalised in the event of sporting contacts with South Africa over which they have no control.
5. Hope that any action under code will not jeopardise 1986 Edinburgh Commonwealth Games.





BRIEF NO: 5

VISIT BY NEW ZEALAND PRIME MINISTER

THE COMMONWEALTH GAMES FEDERATION (CGF) CODE OF CONDUCT

ESSENTIAL FACTS

1. 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. In May 1982 the Commonwealth Games Federation (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 the exclusion from the Games of member associations from countries which continued to have or to sanction sporting links with South Africa.
2. The Code of Conduct was adopted by the CGF when it met during the Brisbane Games. The English and New Zealand Associations abstained. The other six British\* Associations, however, agreed to the proposals.
3. In March this year the Commonwealth Games Council of England (CGCE) confirmed that it could not accept the Code in its entirety and that it would be proposing amendments. The CGCE does not oppose the principle of discouraging sporting contacts with South Africa, but it regards certain of the Code's requirements as unacceptable and unrealistic, particularly a requirement to take action in connection with contacts with South Africa in non-Commonwealth Games sports. It also considers it unreasonable that the Code of Conduct should place obligations under the Gleneagles Agreement on CGA's who themselves are not parties to the Agreement.
4. The CGCE's amendments will be considered by the

/CGF





- 2 -

CGF General Assembly when it next meets, in Los Angeles at the 1984 Olympic Games. However, despite HMG's clear commitment to meet the legitimate wishes of those objecting to sporting contacts with South Africa, failure at Los Angeles to overcome the CGCE's reservations could jeopardise the next Commonwealth Games due to be held in Edinburgh in 1986.

- \* Scotland
- Wales
- N Ireland
- Isle of Man
- Jersey
- Guernsey





BRIEF NO: 6

## VISIT BY NEW ZEALAND PRIME MINISTER

## COMMONWEALTH MATTERS

## POINTS TO MAKE

CHOGM

1. I look forward to the Commonwealth Heads of Government Meeting in November, and hope to see you there.
2. Sonny Ramphal plans to remind us all before then of the need to be informal, spontaneous and frank in our discussions. I welcome this, and hope we can all support him.
3. Important that agenda, communiqué and speeches should all be kept short. I would particularly welcome more restricted sessions (Heads of Government and Secretary-General only).
4. I would hope that more efficient conduct of business might enable the meetings to be shorter; but most of our colleagues do not seem to share this view.

DefensiveATTITUDE OF NEW AUSTRALIAN GOVERNMENT TO COMMONWEALTH

5. I have seen reports that Mr Hayden [Australian Foreign Minister] has expressed doubts about effectiveness of Commonwealth regional meetings. But he made no criticism of the Commonwealth as such, and endorsed the CHOGM planned for Papua New Guinea in 1984.

Commonwealth Coordination Department  
May 1983





## VISIT BY NEW ZEALAND PRIME MINISTER

## COMMONWEALTH MATTERS

## ESSENTIAL FACTS

CHOGM

1. The 1983 CHOGM will take place in New Delhi from 23 to 30 November. The Queen, as Head of the Commonwealth, will be in New Delhi during the opening stages of the meeting following a State Visit to India.
2. The Prime Minister considered that, at the 1981 CHOGM in Melbourne, there were too many prepared speeches and too little spontaneous, informal discussion. A number of her colleagues shared this view; and the Commonwealth Secretary-General, Mr Ramphal, discussed the problem informally during 1982 with a number of senior Heads of Government. As a result, Mr Ramphal circulated to all Commonwealth Governments in October 1982 a paper aimed at helping CHOGMs to achieve 'informality, spontaneous dialogue and frank exchange of views'. This was discussed, and generally welcomed, at a Meeting of Senior Commonwealth Officials in Tanzania in December 1982. The New Zealand delegation was however the only one which implicitly supported our own suggestion that CHOGMs should be shorter than the present 7-8 days (they suggested six days).

NEW ZEALAND AND THE COMMONWEALTH

3. New Zealand is important as one of the older members of the Commonwealth, particularly within the Asia/Pacific region. In this context New Zealand has generally proved a useful ally, not least during the Falklands crisis. Mr Muldoon has however had some brushes with the Commonwealth, and with Mr Ramphal. Following the Springbok tour of New Zealand in 1981, the Commonwealth Finance Ministers' meeting was moved at the last moment from Auckland to Nassau. (Please see

/separate





separate brief for Commonwealth implications of New Zealand's policy on sporting links with South Africa.) Mr Muldoon played a rather controversial rôle at the 1981 CHOGM in Melbourne, making provocative press statements and leaving the meeting slightly early.

4. Mr Muldoon played a major rôle at the Commonwealth Finance Ministers' Meeting in London in August 1982 (please see separate brief on ''International Economic Situation'').

5. Mr Muldoon has in the past been unenthusiastic about meetings of Commonwealth Regional Heads of Government (CHOGRMs). He may therefore welcome recent reports that Mr Hayden, the Australian Foreign Minister, also doubts their value and plans that their future should be discussed at the next CHOGRM, to be held in Papua New Guinea in 1984.

Commonwealth Coordination Department  
May 1983





BRIEF NO: 7

VISIT BY NEW ZEALAND PRIME MINISTER

ARAB/ISRAEL AND LEBANON

Points to Make

1. Firm support for Mr Shultz's efforts to secure early agreement on withdrawal of foreign forces from Lebanon. Success would help restore US credibility.
2. Arab/Israel. Concerned at stalemate following break down of Jordan/PLO talks. Major effort from US needed to get process moving again.
3. Ten will continue to encourage moderation and realism on both sides.





BRIEF NO: 7

## VISIT BY NEW ZEALAND PRIME MINISTER

## ARAB/ISRAEL AND LEBANON

Essential Facts

1. New Zealand attitudes to the Arab/Israel dispute are similar to those of the Ten, (for instance they accept the principle of Palestinian self-determination). But they tend to keep a low profile in the area. New Zealand supplies two helicopters and about 35 men to the Sinai Multinational Force and Observers (MFO). The UK contribution is an HQ unit comprising 37 men. The force continues to operate smoothly.
2. Lebanon. As of 5 May, difficult security issues remain to be resolved on the Israel/Lebanon negotiations: particularly the Israeli demand that Haddad should be given command of the Lebanese Southern Brigade and the requirement for joint supervisory patrols. Syria's role is also crucial. She has been preparing for a round of hard bargaining by staking out extreme positions, eg that Syrian troops will not withdraw if Israel makes gains in the negotiation.
3. Arab/Israel. The US focus has shifted to Lebanon. King Hussein will not take the initiative without a clear move forward from the PLO. Recent meetings at the PLO Executive Committee and the Fatah Central Committee have left Arafat room to resume talks with Jordan, but his interests are better served by conducting talks than by concluding them.





## VISIT BY NEW ZEALAND PRIME MINISTER

## FALKLAND ISLANDS

## POINTS TO MAKE

New Zealand Support

1. Grateful for staunch New Zealand support throughout crisis and in aftermath.

Negotiations

2. No question of negotiations on sovereignty with Argentina as if nothing had happened.

NAM Summit

3. Disappointing. Failed to condemn Argentine aggression. Offensive reference to British military presence as destabilising influence in the region.

Argentine Next of Kin Visit

4. Will place no obstacle in the way of bona fide group of Argentine relatives which meets our conditions and is prepared to travel under arrangements made and supervised by ICRC.

Falkland Islands Department  
May 1983



VISIT OF NEW ZEALAND PRIME MINISTER

EAST/WEST RELATIONS INCLUDING POLAND

POINTS TO MAKE

EAST/WEST POLITICAL

1. Despite change of style, no evidence yet of any essential change in Soviet policy. Main objective of new leadership - to undermine 'double decision' and drive wedges in NATO Alliance, largely by manipulation of public opinion.
2. Believe it essential to keep focus on Soviet actions, not words. Key issues remain military build-up, Afghanistan, Poland and human rights.
3. Keynote of HMG's approach to Soviet Union hard-headed dialogue. Mr Pym made clear to Gromyko (at Brezhnev's funeral) that more constructive relationship is available, if Soviet leadership adopt new approach. During recent visit to Moscow Mr Rifkind pulled no punches on our policy on key issues. Russians unyielding on international questions, but showed some defensiveness over Afghanistan.

POLAND

4. Riots of 1 May further evidence of unresolved political crisis in Poland. Papal visit will be important indicator of chances of reconciliation but without genuine concessions from the regime (which seem unlikely) political and economic instability will continue.
5. Continue to assess with partners effects of suspension of martial law and implications for Western policy. No





changes envisaged at present but will wish to look at this again in aftermath of Papal visit and any developments to lift martial law.

Rescheduling (If raised)

6. Withholding of rescheduling an important political gesture; equally necessary however to call Poles to account for their debt. Are looking carefully at this with all Western Creditor Governments involved in interests of arriving at an acceptable political and financial basis for reopening rescheduling negotiations. Western unity on this issue remains a priority.

AFGHANISTAN

7. International concern undiminished after almost three and a half years. Essential to maintain pressure on Soviet Union, and public awareness of the issue.

UN Mediation Effort

8. Cordovez must adhere to principles of UN resolutions. Look to Soviet Union to show genuine willingness to withdraw.

CSCE

9. Objective remains a substantial and balanced concluding document covering all areas of Final Act. Madrid Conference at crucial stage. Prospects seem reasonably good for an agreed outcome providing for a Conference on Disarmament in Europe and new commitments in humanitarian field.

EASTERN EUROPEAN AND SOVIET DEPARTMENT  
MAY 1983

CONFIDENTIAL





BRIEF NO: 9

VISIT OF NEW ZEALAND PRIME MINISTER

EAST/WEST RELATIONS INCLUDING POLAND

ESSENTIAL FACTS

EAST/WEST POLITICAL

1. In his first major foreign policy speeches (notably his 22 November Central Committee Speech) Andropov said that he was looking for less confrontational relationship with the West but that Soviet Union was not prepared to make any unilateral concessions 'in order to pay for this'.
2. Main East/West contacts this year so far have been Gromyko/Bonn in January; Cheysson/Moscow and Tikhonov/Athens in February; Belgian Foreign Minister/Moscow in April. With exception of Tikhonov's visit to Greece, Western interlocutors maintained businesslike tone and used meetings to articulate Western concerns.

Mr Rifkind's visit to Moscow (25-26 April)

3. Main interlocutor First Deputy Foreign Minister, Kornienko. Atmosphere reasonably friendly but plain speaking on both sides. On INF, Russians took emphatic line on inclusion of British and French systems.

POLAND

4. Protest demonstrations in at least 20 cities in Poland on 1 May and further protest actions in factories on 3 May (anniversary of Poland's pre-war constitution). One man believed to have died in street clashes in Nowa Huta on 1 May. Polish authorities have reiterated intention of

CONFIDENTIAL





proceeding with Papal visit and have hinted that they may lift martial law soon but Solidarity have warned of possible further clashes if Government continue to ignore their demands. Pope reported to be seeking an amnesty for political prisoners before his visit; but major concessions from Government unlikely.

5. EC and NATO reactions to developments in Poland cautious. Recent discussions in Ten, have revealed willingness to review policy and consider modifications in light of outcome of Papal visit. US also currently reviewing policy towards Poland.

#### Rescheduling (Not for Use)

6. Ten agreed on 12/13 April to press US to agree that rescheduling should be separated from other policy questions on Poland so that negotiation with Poles could be reopened on this issue. But Americans remain reluctant to contemplate early movement and a gradualist approach still required in order to preserve unity.

#### AFGHANISTAN

##### UN Mediation Effort

7. Second round of indirect talks between Pakistan and Karmal regime held in Geneva, 11-22 April, led by Diego Cordovez, Secretary-General's personal representative. Talks were based on Cordovez's draft agreement covering withdrawal of Soviet troops, guarantees of non-interference, and conditions for return of refugees.

8. (Information not to be volunteered) Cordovez met Mr Hurd in London on 26 April. Gave few details of Geneva talks, but appeared optimistic and remains convinced that the Russians wish to withdraw. However, Mr Rifkind's





talks in Moscow on 25 April showed no sign of change in the Soviet position. UN talks scheduled to resume on 16 June.

#### New Zealand Position

9. New Zealand has voted for all four UNGA resolutions on Afghanistan, and supported European Council proposals of 30 June 1981 for international conference on Afghanistan.

#### Situation in Afghanistan

10. Soviet troops number about 105,000. Fighting has picked up again after the winter. Russians using more brutal tactics with severe impact on civilians, but resistance morale remains high. Despite increased security, fifth anniversary of Communist (Saur) Revolution on 27 April marked by resistance attacks in Kabul itself.

#### CSCE

11. No direct New Zealand interest in CSCE process. However, Mr Muldoon may ask about Madrid Follow-up meeting.

12. Should be clear soon whether a satisfactory outcome can be achieved. If agreement not reached on substantial and balanced concluding document, alternative may be short Belgrade-type document merely namely place and time of Third Follow-Up Meeting.

EASTERN EUROPEAN AND SOVIET DEPARTMENT  
MAY 1983

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## VISIT BY NEW ZEALAND PRIME MINISTER

IRAN/IRAQ

## POINTS TO MAKE

Military Situation

1. There is virtual stalemate. Iranian attacks in February and April achieved no territorial gains. Fighting took place on Iranian territory. Iranians are therefore likely to try again.

Attack on Dezful

2. By any judgment this was an indiscriminate attack on civilian targets. Such action most unlikely to undermine Iranian determination or to contribute to a settlement.

Oil Slick

3. Problem serious but greatly exaggerated by press. Iraq is the obstacle to capping the leaking wells.

Mediation

4. Regular mediators are in the wings. Kuwaitis, with support of GCC states, have urged the Secretary-General to raise the matter with the Security Council. Such an approach is unlikely to bring the prospects of a settlement nearer. We have been in touch with all parties at New York in an attempt to explore means of invoking UN machinery. Iranians need careful handling if realistic progress is to be made.

Gulf countries' approaches to Permanent Members of Security Council

5. Kuwaitis in the lead. Fallacy is to suppose that action by Security Council will at present juncture put effective pressure on Iran. Later on, time may be ripe. But any settlement likely to require more concessions to Iranian viewpoint than Gulf Arabs currently envisage.





### Military Situation

1. Iranian attacks in February and April were different in kind but both equally unsuccessful. In February, the attack was led by Revolutionary Guards, in April by the army. Fighting on both occasions took place on Iranian territory and losses were heavy, particularly for the Iranians. But the casualties, while worrying for Tehran, bear more heavily on Baghdad. In the April fighting there was a disproportionate number of officers killed on the Iraqi side.
2. Publicly Iraqis have registered satisfaction at their ability to contain the two Iranian attacks. The Iranians on the other hand have tried to portray the fighting in April as successful, but it is difficult for them fully to disguise their lack of success.

### Attack on Dezful

3. On 10 April the Iraqis launched three ground-to-ground missiles against the Iranian town of Dezful. Two fell wide but one hit the crowded sector of the old city. There are differing reports of casualties but it seems clear that a large number of people were killed or injured and that the devastation to the city was considerable. The Iranians have protested to the United Nations and to the European Community. Rafsanjani, Speaker of the Majlis, warned that if Iraq continued indiscriminate attacks against civilian targets, Iran might be compelled to use its artillery along the border on similar targets in Iraq. He claimed that some 2 million Iraqis would be affected but added that Iran did not wish to engage in this sort of war.

### Oil Slick

4. Such reports as we have had suggest that the threat posed by the oil slick has been grossly exaggerated in the western press. Much of the oil is breaking up and is unlikely to threaten the Gulf States in the short term. Negotiations among the members of the

/Regional



Regional Organisation for the Protection of the Maritime Environment (ROPME) in Kuwait have failed to produce an agreement to cap the wells. Iraq has insisted on terms which it knows will be unacceptable to Iran. In the meantime Iran has offered to help Gulf States whose desalination plants might be affected by the slick.

#### Mediation

5. The Islamic Conference, UN Secretary General's personal representative (Olaf Palme) and the Non-Aligned Movement efforts are in abeyance. Even the Algerians are keeping their heads down. The GCC States led by Kuwait are urging the UN Secretary-General to bring the matter before the Security Council with the objective of seeking to impose a settlement and to exert sanctions on the party which refused to abide by the Security Council's ruling. We do not believe that such an initiative will bring the prospects of a peaceful settlement closer. Iran will not accept being treated equally with Iraq believing herself to be the victim of aggression in 1980 and of inhuman acts (rocket attack against Dezful) even now. Iran might be prepared to accept a role for the Security Council were it to condemn Iraq on both counts. Given Iraq's refusal to accept a Security Council ruling, and the fact that no consensus exists for sanctions, the exercise would merely emphasise the impotence of the United Nations to no advantage. The association of the Secretary-General with such an exercise might effectively rule him out from playing a useful role when the time is right.

6. We have been in touch with the permanent representatives of all parties in an effort to see how the UN machinery might be adapted to less public diplomacy. It is too early to say whether anything might come from this.

#### New Zealand's relations with Iran and Iraq

7. The Iranian market is of great importance to New Zealand; 50% of her meat exports are sold there, previously in exchange for oil but more recently on a cash basis. New Zealand's Foreign Minister visited Tehran in late 1982. New Zealand has no strong political or commercial links with Iraq.

Middle East Department  
May 1983





VISIT BY NEW ZEALAND PRIME MINISTER

UK/NEW ZEALAND TRADE

POINTS TO MAKE

1. The Prime Minister could indicate interest in the current programme of major projects in New Zealand, particularly in the North Island railway electrification project and the second stage of the NZ steel expansion programme.
2. The Prime Minister could emphasise the UK's special expertise in information technology and the current interest in the New Zealand market.
3. We accept that we have no right to the vehicles preference, but if they are to be removed could this be done over an extended period? (5 to 10 years?)
4. Removal of the preferences would help the Japanese to further increase their hold on the market (already over 75%). Would this be in New Zealand's interest?





## VISIT BY NEW ZEALAND PRIME MINISTER

## UK/NEW ZEALAND TRADE

## ESSENTIAL FACTS

1 Trade Statistics (£m)

	1978	1979	1980	1981	1982*
UK Exports to New Zealand	268	312	250	235	323
UK Imports from New Zealand	434	416	415	427	539

Source: Overseas Trade Statistics of the UK

\* Provisional figures.

2 New Zealand traditionally has a large surplus on visible trade with the UK, outweighed by a large deficit on invisibles. The current account balance is thus usually in the UK's favour.

3 Our principal exports to New Zealand are road vehicles and agricultural machinery and our main imports from New Zealand are meat, butter and wool. Trade between the UK and New Zealand increased by approximately £100 million in each direction in 1982 compared with 1981. This is encouraging and reflects greater sales effort by British companies in this market. New Zealand's main trading partners, apart from the UK, are Australia, the USA and Japan.

## 4 CLOSER ECONOMIC RELATIONS (CER)

The CER agreement between New Zealand and Australia took effect on 1 January this year and its detailed final text was signed with the new Australian Labour government on 28 March. The aim of CER is to achieve a more genuine free trade area than that which existed under the New Zealand/Australia Free Trade





Agreement (NAFTA). CER is likely to harden competition against British exports to New Zealand, particularly by liberalising the import licensing system as it affects Australian goods. (At the moment, about 20% of New Zealand's total imports are subject to import licensing).

5 The Secretary of State for Trade visited New Zealand in September last year, when he met Mr Duncan McIntyre the acting Prime Minister. (Mr Muldoon was overseas at the time).

6 The Wellington Chamber of Commerce are planning to send a high-level mission to the UK in October this year, drawn from the whole of New Zealand. This is in response to an invitation made by Sir David Steel, President of the London Chamber of Commerce, during the London Chamber's mission to New Zealand last October.

#### 7 ANZTAC/CBI SEMINAR

The Australia/New Zealand Trade Advisory Committee (ANZTAC) and the CBI are proposing to hold a major seminar on New Zealand in London on 13 October. It is hoped that the seminar can be combined with the visit of the Wellington Chamber.

#### 8 MAJOR PROJECTS

As part of its economic strategy the New Zealand Government has adopted a "think big" policy, involving major projects aimed at increased industrialisation and greater use of the country's natural resources.

The need to reduce dependence on imported oil is a major reason for this programme, and energy projects therefore feature prominently. The estimated cost of the major projects (proposed and authorised) for this decade exceeds NZ \$7,000 million. There is British interest in a number of these projects, of which two could usefully be mentioned in discussion with Mr Muldoon. These are:





i) Electrification of the North Island Main Trunk Railway Line

Tender documents have just been issued to registered tenderers (28 March) for the first major stage of this project. Tenders close mid-August and the New Zealand Railways Corporation hopes to place orders by the end of 1983. We understand that both GEC Transportation Projects Ltd and Hawker Siddeley Rail Projects are proposing to submit bids; however they are likely to face strong competition, particularly from the Japanese, but also from the USA and Sweden. Transmark Ltd are already involved in the supply of signalling equipment for this project.


ii) NZ Steel Expansion Project

Davy McKee (Stockton) Ltd are working as project managers for Stage I of this development. Davy McKee (Sheffield) Ltd are hoping to win the contract to act as main contractors for Stage 2 of the development. They are one of only five firms who have been invited to tender for this contract. Of the other companies two are German and two are Japanese. The total value of the contract is NZ \$450 million (about £190 million) of which the UK value would be about £100 million, if Davy McKee were successful in their bid.

9.0 INFORMATION TECHNOLOGY

There has been much interest in viewdata (videotex) of late in New Zealand, and the BHC Wellington has suggested a number of visits to the UK by local influential people to see the technology and discuss it with (notably) GEC Computers, who hold the marketing rights for British Telecom/Prestel. Key aspects appear to be interest in farming/agricultural applications, and in home banking/shopping using viewdata's interactive capabilities. The French - our leading opposition in overseas markets for this type of equipment - are also active in New Zealand.





10. ICL are actively pursuing a contract to supply software to the NZ Health Service.

#### 11 VEHICLE PREFERENCES

Following the termination of the UK-New Zealand Trade Agreement on our accession to the EC, the New Zealand Government phased out most of our preferences in stages ending in July 1977. However, the preferences have, until now, remained on motor vehicles and parts. In a report published last week the Industries Development Commission (IDC) have recommended that the New Zealand Government remove these preferences; the IDC have made this recommendation despite receiving representations, from the British High Commission and the Society of Motor Manufacturers and Traders, in favour of retention of the preferences.

12 UK sales of vehicles to New Zealand have fallen drastically between 1977 and 1982, though the total market has increased. For cars the UK share has fallen from 44% to 10%, and for commercial vehicles the corresponding fall has been from 45% to 7%; in each case the beneficiaries have been the Japanese. Removal of the preferences would encourage this trend, and could mean virtual elimination of the UK from the New Zealand vehicle market.

13 In the past, vehicles and vehicle components have been the UK's largest single class of export to New Zealand. The collapse in our share of the market therefore has disturbing implications for the future pattern of trade.



# TE MARAE

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## British-built tanker to help get New Zealand "off the OPEC hook"

Built on time and to the most exacting specifications in a Scottish shipyard, a coastal tanker with a key role to play in New Zealand's energy development programme was launched last month.

Mrs Rosa Birch, wife of the Minister of Energy, Mr Bill Birch, christened the ship *Tarihiko*. The name is a combination of Maori words which mean literally "carrier of energy".

And that is just what the *Tarihiko* is. When she enters service early next year she will convey liquefied petroleum gas from Port Taranaki to the South Island.

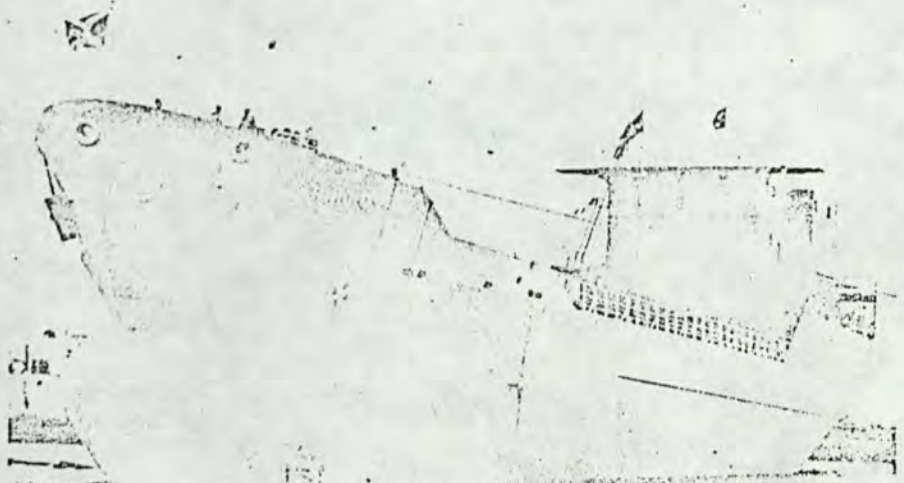
The ship was built in Troon, Ayrshire, by Ferguson-Ailsa Ltd, a subsidiary of British Shipbuilders, for Liquigas Ltd, a company formed two years ago to distribute LPG from the Taranaki gasfields of Maui (offshore) and Kapuni (onshore) throughout the North and South Islands.

The 1,511-tonne deadweight vessel will carry the LPG in three pressurised cylinders, each with a capacity of 350 tonnes. Built at a cost of £7 million, the ship is part of a £45 million capital investment which is aimed to contribute some 110,000 tonnes of LPG, principally as an automotive fuel, to New Zealand's energy requirements by 1989.

With limited distribution facilities at present, LPG usage is of the order of 30,000 tonnes. The planned expansion is one of a number of energy development projects which are intended, in Mr Birch's words, "to get New Zealand off the OPEC hook".

New Zealand, with almost no indigenous liquid fuels, was hit badly by the oil shocks of the 1970s. Under current programmes which also include a plant, already under construction, to convert natural gas into methanol, and from methanol into petroleum, New Zealand intends to be 50 per cent self-sufficient in transport fuels by the end of 1986.

In his address following the *Tarihiko*'s launching at Troon, Mr Birch said how fitting it was that she was to make her first commercial run to Dunedin, "the Edinburgh of the South".



It was equally fitting, representing as she did some of the finest aspects of Scotland's great engineering reputation, that she should be servicing the city that was the first in New Zealand to develop a significant engineering industry.

Mr Birch said it was a great satisfaction to New Zealand that the contract had been won and had been carried out so efficiently by a British shipyard. Ferguson-Ailsa Ltd's work had been fully up to the standard expected of British industry.

The continuance of New Zealand's strong and long-standing links with Britain were heavily dependant on trade movements in both directions.

"Just as we are delighted when British shipbuilders win our orders," he said, "so is our ability to pay dependant on Britain continuing to purchase our farm and export products.

"I am equally sure that whenever the price, performance and circumstances permit, New Zealand will continue to have a strong preference for buying British."

The chairman of Liquigas Ltd, Sir George Chapman, echoed this theme when proposing a toast to the shipbuilders. *Tarihiko*, he said, was a symbol of the warm and continuing relationship between New Zealand and the United Kingdom.

The decision of Liquigas to award the contract to the Ailsa shipbuilding yard had been more than justified by the efficient and rapid manner in which the work had been progressed — right on time — with arrival in New Zealand only six months away.

The reception which followed the launching was hosted by the chairman of British Shipbuilders, Sir Robert Atkinson.





VISIT BY NEW ZEALAND PRIME MINISTER

FRENCH NUCLEAR TESTS AT MURUROA

POINTS TO MAKE

1. French testing in Pacific is a matter for the French Government.
2. As a nuclear weapon state, dependent for its security on a nuclear deterrent, Britain understands the reasons for French tests.
3. Nevertheless it is our policy to seek a comprehensive test ban to which we hope France will adhere.
4. Reports of radiation from Mururoa have been denied by the French Government. We are satisfied that there is no evidence of radiation leaks caused directly by venting from an underground nuclear test on Mururoa.



## VISIT BY NEW ZEALAND PRIME MINISTER

## FRENCH NUCLEAR TESTS AT MURUROA

## ESSENTIAL FACTS

Background

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1. the French conducted a nuclear test at Mururoa on Tuesday 19 April. There has been no public announcement, but there have been protests from Australia, New Zealand and Fiji.
2. Our aim is to avoid being drawn into controversy which might damage our relations either with states in the area or with France.
3. There have been frequent accusations that French testing has resulted in leakage of radiation and the destruction of the fabric of Mururoa. The French have denied these. We believe there have been two isolated incidents involving radioactivity. The first in 1979 was confined to a laboratory. The second in March 1981 involved the break-up of bitumen used to confine debris from a test carried out some years ago. A clean-up has rendered the area safe. Venting of radiation into the atmosphere or sea outside French territorial limits would be contrary to the Partial Test Ban Treaty of 1963. France has not acceded to this Treaty but abides by its provisions.
4. France has not supported efforts to achieve a Comprehensive Test Ban. Britain is participating in the working group at the Committee on Disarmament in Geneva which is discussing verification aspects of a comprehensive ban. The main problem is the inadequacy of current seismic techniques to guarantee certainty that a ban could not be circumvented.





5. France is not bound by the unratified Threshold Test Ban Treaty between the United States and the Soviet Union which imposes an upper limit of 150 kilotons on nuclear tests. However there are indications that the French, like Britain, abide by the limit.



MULDOON, RT HON ROBERT (" ROB" ) DAVID, 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 MacIntyre 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. He became Prime Minister in 1975 and was re-elected in 1978 and 1981.

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 Mr Muldoon as someone who could offer decisive leadership at a time when the traditional easy-going life-style 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 third " My Way" in 1981.

Is married with a grown-up family of one son and two daughters.



PRIME MINISTER'S LUNCH FOR MR MULDOON, 11 MAY

Notes for possible after-lunch remarks by Prime Minister

Always a pleasure to see a good friend of long standing. A friend in need is a friend indeed and we shall not forget the staunch support New Zealand gave us during the difficult days of the Falklands crisis last year.

We value New Zealand's presence in the Pacific area. Her strong interest in the region is a factor for stability and economic development in the area. The smaller Pacific states look to New Zealand. We acknowledge her commitment to the defence of Western values in the world at large.

The very warm reception given to the Prince and Princess of Wales in New Zealand last month was shown by television to millions in this country. I am delighted that this visit was such a success.

The differences in season mean that the British Lions travel to New Zealand as your cricketers prepare to come here. I understand that you may be back in London later this summer when we can talk about these and other events.