



Foreign and Commonwealth Office

London SW1A 2AH

27 September 1984

Dear Charles,

Visit of New Zealand Prime Minister to Chequers: 30 September

I attach a brief for the Prime Minister's talks with Mr Lange on Sunday 30 September.

The Prime Minister last met Mr Lange in January when he was Leader of the Opposition. He has come to London from the United Nations General Assembly where he had talks with the Foreign Secretary on 25 September as reported in the enclosed telno 903 from UKMis New York. Mr Lange is going on to Delhi where New Zealand will reopen the diplomatic mission which Sir Robert Muldoon closed.

In speaking to Mr Lange the Prime Minister will no doubt have in mind as a first priority the establishment of a personal relationship with an important Commonwealth colleague. There is scope for this within the subjects that Mr Lange wishes to raise: New Zealand - European Community relations, East-West, disarmament and the place for Britain in New Zealand's economy.

In the two months that he has been in office Mr Lange has consolidated his standing in New Zealand but has retained a margin of manoeuvre on critical issues both at home and abroad. He comes here at a formative stage in which he is searching for practical and effective ways of implementing the policies on which his Party was returned to power with a large majority. Domestically, Mr Lange has contained a difficult situation with a 20% devaluation of the New Zealand dollar and a successful summit conference of employers, unions and government. Abroad, while promoting Labour Party policies he has noted that his ideas have received a mixed reception from leaders in other countries. Mr Lange has generally been careful not to commit himself to precipitate action.

Two aspects of the New Zealand Labour Government's international approach cause particular concern to us and to close friends and allies, Australia and the USA: the intention to change New Zealand's vote on the Argentine resolution from

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a negative vote to one of abstention, and the dissociation of New Zealand from nuclear deterrence by moving the country further away from the protective umbrella of the United States. It is reported that a private members' bill, which has been supported by a Government Minister, may shortly be introduced in New Zealand declaring the country to be nuclear free.

The Prime Minister may wish to explore her New Zealand colleague's personal position on these issues. She could suggest that senior officials of both governments might usefully discuss defence/disarmament and explore the feasibility of resting New Zealand's defence solely on conventional forces.

/ I also enclose personality notes on Mr Lange, and on two members of his Party, Mr O'Flynn and Mr Norrish.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

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VISIT BY NEW ZEALAND PRIME MINISTER TO CHEQUERS, SUNDAY,
30 SEPTEMBER

POINTS TO MAKE

Bilateral

1. Welcome early opportunity for wide-ranging exchange.
Bring some issues into deeper and sharper focus.

2. Maintain pattern of frequent Ministerial visits in both directions.

Trade

3. Each of us having difficulty in holding onto established share of the other's market. Important to keep the trading links going. Glad that President of British Overseas Trade Board currently in New Zealand with team of businessmen.

New Zealand/EC

4. Continued butter access achieved until 1988. Britain committed to ensuring access thereafter. We strongly opposed Commission's sale of international butter stocks.

[If raised] : Recent criticism of sheepmeat regime nothing new within the European Community.

Falklands

5. The issue is self-determination for a small island people. A New Zealand move to abstention would be a large and unwelcome signal.

Hong Kong

6. Grateful for your statement.*

East-West Relations

7. Soviets immobile on disarmament. Soviet Pacific fleet now largest of four Soviet fleets. Need for Western unity in South Pacific.

*Subject to confirmation

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Disarmament

8. Glad you gave prominence in General Assembly speech to need for adequate verification. Important that the Comprehensive Test Ban resolution that New Zealand and Australia will table at General Assembly stresses the need for verification solutions.

9. UK policy to support principle of nuclear free zones such as South Pacific if:

- nuclear weapons are not already part of region's security
- balance of security in region is maintained
- all states in region agree

Welcome recognition by South Pacific Forum of need to uphold freedom of navigation and overflight, and of the freedom of individual states to allow nuclear ships' visits.

Nuclear Ships Visits

10. Sir Geoffrey Howe spoke to you in New York of our concerns and fear that New Zealand action could have a catalytic effect. Our senior officials might review question of how far defence policy can be based solely on conventional forces.

Security of Small States

11. Aim is prevention rather than cure. Commonwealth state study could form basis for effective Commonwealth and Western policy. Important that larger countries help in particular regions.

12. In South Pacific the immediate problem is the viability of island governments and economies. Aid programmes might be refined to provide better support.

Commonwealth Heads of Government Meeting

13. Our preferred dates for 1985 meeting in Bahamas are 17/18-21 October.

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VISIT BY NEW ZEALAND PRIME MINISTER TO CHEQUERS, SUNDAY,
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ESSENTIAL FACTS

1.

UK Trade with New Zealand (£m)

	1980	1981	1982	1983*	Jan-July 1983	Jan-July 1984
UK Exports to NZ	250	235	323	286	154.7	202.4
UK Imports fm NZ	415	427	539	486	319.3	294.7

Source: Overseas Trade Statistics of the UK

* Twelve months ended December

2. UK/New Zealand trade has fluctuated in recent years: increased by about £100 million in each direction in 1982, compared with 1981. Recession produced lower 1983 figures, but exports January to July 1984 showed increase of 33% over same period in 1983.

NZ/EC Relations arrangements

3. Community's for continued import of butter on special terms, provides for 78,000 tonnes annually for 1984/86; but quantities for 1987/88 will only be determined in 1986 by Council on basis of a Commission report and proposal. New Zealand (and UK) would have preferred fixed quantities for five years. Arrangements provide for a decision on prolongation after 1 January 1989. Mr Lange wrote to Prime Minister about Commission's decision to sell off - at discount and with normal rates of export refund - some 300,000 tonnes of butter intervention stocks, New Zealanders fear for their competitiveness, UK strongly opposed these measures but was outvoted. New Zealanders may suggest lobbying Commission to drop measures: unlikely to succeed.



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4. Some EC members recently criticised voluntary restraint arrangements regulating New Zealand (and others) under sheepmeat supplies: minimum import prices and lower VRA quantities; proposals now appear shelved. Under VRA, New Zealand may send up to 245,000 tonnes annually into the EC. New Zealanders agreement to VRA's "sensitive area" provisions (France and Ireland) depends on Community honouring butter arrangement.

Falklands

5. New Zealand seeks to move to an abstention on Argentine resolution, and to join Australians and Canadians in this position. Labour Party may be anxious both to show it has a different approach from that of Sir Robert Muldoon and to emphasise the role of United Nations in resolution of disputes.

East/West Relations

6. Russians remain intransigent, seeking to divide West and worry public opinion. Encouraging that Gromyko has seen Schultz and Reagan, but Soviet initial reaction to Reagan's speech disappointingly dismissive. Major improvement in 1985 cannot be taken for granted. Western cohesion, patience, consistency essential. South Pacific - Soviet Pacific fleet now largest of four Soviet fleets, with extensive facilities at Cam Ranh Bay. Evidence of Soviet interest in South Pacific presence if opportunity arose. West must show resolution and unity in defence of interests.

Disarmament

7. The New Zealand Labour Party wishes to wash its hands of anything nuclear. The Government's position on disarmament was set out by Mr Lange this week in speeches to the General Assembly and the Foreign Policy Association in New York. In the latter he said:

"The Security Alliance we call ANZUS. For a third of a century, from the days when the perceived threat was different and the alliance was clearly a conventional defensive association, we have shared a commitment to the

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protection of the Pacific. We are not about to turn our backs on long standing friendships because of our nuclear policies. Let me stress this point for our nuclear allies. Our policies are not anti-ally. They are not anti-alliances. They are anti-nuclear. They arise from deeply-felt sentiments held by a majority of our people.

"There is one specific aspect of this which I notice was referred to in the invitation to attend this function. That is, my Government's policy about visits by nuclear-powered or nuclear-armed ships to New Zealand ports. This matter I am discussing privately with the Secretary of State, Mr Shultz. I do not propose to make any lengthy public comment on it at this stage.

"Let me just say this, we want to have nothing to do with nuclear weapons. I don't believe that any apology need be made for that. Our alliance with the United States is a factor in our assessment of our interests. It will take time to work out exactly what our interests require. We are a firm ally. We shall remain a firm ally."

8. New Zealand's principal aim in disarmament is to stop nuclear weapons testing. Australia and New Zealand will, as before, table a joint CTB resolution at UNGA this year. Our preference is for a resolution we and US can both support. Our aim on French nuclear testing in the Pacific is to avoid being drawn into controversy. France does not participate in present work of Conference on Disarmament (NZ is not a member) on a comprehensive nuclear test ban (CTB).

9. The proposal for South Pacific nuclear free zone stems from regional concern over French nuclear testing at Mururoa, and possible Japanese nuclear waste dumping. Idea championed by smaller island states of region, but proposal has been given new impetus following election of Labour Governments in both Australia and New Zealand.

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South Pacific Forum agreed in Tuvalu on 28/29 August that region should become nuclear free zone. Member countries will set up working party to draft treaty for discussion at 1985 Forum meeting.

Nuclear Ships' Visits

10. Mr Lange's government not prepared to accept visits by nuclear powered or nuclear armed vessels. Most such visits are by ships of US whose policy, like ours, is neither to confirm nor deny presence of nuclear weapons anywhere any time. Americans have told New Zealanders, so far in vain, that implementation would threaten ANZUS viability. Australians have also intervened unsuccessfully.

11. Ministers have agreed to US request for supporting action. Our High Commissioner in Wellington spoke on 7 September to Foreign Ministry officials in accordance with instructions in our telno 220 (attached). Mr Lange told High Commissioner on 27 September he was actively considering reply. He appreciated our bilateral and unpublicised approach, but thought UK/US policy "out-dated". He was impressed when told of possible catalytic effect of NZ policy. Sir G Howe raised matter with Mr Lange in New York this week (UKMis telegram No 903).

Security of Small States

12. Muldoon government attached priority to helping small South Pacific states, and established Ready Reaction Force. Lange Government has not expressed views (but Labour Party Conference this month called for abolition of Ready Reaction Force).

13. None of nine Commonwealth States in South Pacific currently faces significant external or internal threat. All are members, with Australia and New Zealand, of South Pacific Forum (concerned with regional political and economic issues).

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Commonwealth Heads of Government meetings

14. Prime Minister has informed Sir L Pindling (Bahamas) and Mr Ramphal of preference for 17/18 to 21 October 1985. Results of lobbying other Commonwealth Governments about these dates indicate: 19 in favour, 8 (including, then, New Zealand) did not object but would go along with a consensus, 4 against. Dates proposed do not, however, fall within a period of parliamentary recess in New Zealand. [On the length of CHOGM, we believe that Sir R Muldoon thought his absence of six days at New Delhi was too long.] Mr Ramphal is writing soon to Commonwealth Heads of Government suggesting dates for the 1985 CHOGM. We hope 17/18 to 21 October 1985 will prove generally acceptable, and that potential clash with Tanzanian election date (which could prevent President Nyerere's last ever attendance) might be avoided.

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