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Foreign and Commonwealth Office

London SW1A 2AH

20 September 1985

Dear Charles,

Call on the Prime Minister by the New Zealand Leader of The Opposition on Monday, 23 September, at 1045 am

I enclose a brief for the call on the Prime Minister by the New Zealand Leader of the Opposition, Mr McLay, on Monday 23 September at 1045 am, together with a personality note.

Mr McLay called on the Foreign Secretary on 19 September, when he explained that the purpose of his current tour of the United States and Europe is to make contact with traditional friends in view of present strains in New Zealand's relations with France and the United States. He had himself withdrawn from a planned stop in France.

Mr McLay told the Foreign Secretary that his Party wants the full restoration of the ANZUS Alliance, and that he is sceptical of the Deputy New Zealand Prime Minister, Mr Palmer's, chances of resolving the ship visit issue while in Washington. He has not made clear how he would himself proceed on gaining office. But he showed considerable anxiety about the damage that had been done to New Zealand's relations with the US on this, and with France as a result of the Rainbow Warrior affair. In each case he was critical of the effects of Mr Lange's rhetoric.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

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CALL ON THE PRIME MINISTER BY THE NEW ZEALAND LEADER OF THE
OPPOSITION ON MONDAY, 23 SEPTEMBER AT 1045 AM

OBJECTIVES

1. To bring home our concern about current New Zealand policy on ship visits, and our wish to see the way open for visits as soon as possible.
2. To establish how Mr McLay would handle the ship visits issue on gaining office (assuming no solution prior to this).

ARGUMENTS

3. Greatly value special ties. We derive mutual benefits eg. New Zealand over EC access, UK over Falklands.
4. In this spirit, glad we have been able to be of practical help following attack on "Rainbow Warrior": providing underwater explosives expert to help New Zealand police investigations.
5. Labour Government's ship visits policy an impediment: prevents RN visits, casts shadow over wider defence relations.
6. Know Mr McLay and his Party recognise this: welcome line taken at this year's Party Conference.
7. The Secretary of State will see Mr Palmer in London next week. We look forward to receiving his proposals, but cannot judge their acceptability until we have studied them.
8. Concerned to know how you will handle issue once in office.

HIS OBJECTIVES

9. To introduce himself.

10. To assure the Prime Minister of the National Party's intention to resume full and active membership of ANZUS, but possibly to explain its difficulties in resuming ship visits immediately because of the strength of New Zealand public opinion.

YOUR RESPONSE

11. Public opinion inconsistent: majority oppose ship visits, but an even greater majority in favour of New Zealand remaining in ANZUS. Must be brought to understand that ship visits are part of New Zealand Treaty obligations. Level of public debate on this is low.

12. Know you have spoken out regarding wider ramifications of the present policy: stability in South Pacific; cohesion of Western alliance. Trust that, if no solution found in current talks with New Zealand Government, the debate will continue and intensify. Mr Stanley made a contribution, during his recent visit to Wellington.

PRESS LINE

13. Range of bilateral matters discussed. Question of ship visits naturally included. Nature of discussion confidential.

BACKGROUND

14. Mr McLay was elected Leader of the Opposition in November 1984. A general election is due by August 1987.

15. Mr McLay's visit to London (17-23 September) is part of a tour of North America and Europe: his previous destination was Washington.

Ship visits

16. The National Party Conference in July endorsed its existing policy of considering ANZUS as the cornerstone of New Zealand's

defence. It passed a remit welcoming allied ships, regardless of their propulsion or armaments.

17. However, in a speech in May, Mr McLay had said that on being elected (and assuming the impasse on ship visits still existed) he would not regard the resumption of ship visits as a priority. He suggested that a moratorium of perhaps 6 months might be advisable and that ANZUS might never be the same again.

18. New Zealand Deputy Prime Minister, Mr Palmer, will call on the Secretary of State on 30 September to discuss the New Zealand Government's proposals for a gradual resumption of ship visits and its proposed legislation banning nuclear weapons. He called on Mr Shultz in Washington on 19 September and provided an outline of the legislation. The initial reaction from the Americans is that this does not provide a basis for a solution. We are briefing the Secretary of State to speak to Mr Shultz next week, to urge that we attempt to change the legislation, rather than reject it outright.

19. In a recent public opinion poll 59% of New Zealanders were opposed to visits by nuclear-armed warships, but 71% were in favour of remaining in ANZUS.

20. A Treaty creating a South Pacific Nuclear Free Zone was drawn up at the South Pacific Forum in August. It is similar to the Treaty of Tlatelolco. It bans for all time the stationing of nuclear weapons in the states of the region. It does not interfere with free navigation or with the policy of individual countries on ship visits. New Zealand and Australia plus 7 island states have signed. The UK, together with other nuclear and metropolitan countries, will be asked to sign the protocols.

21. During his visit to Wellington in early September, the Minister for the Armed Forces gave a public speech setting out the UK's position on nuclear deterrence.

New Zealand/EC

22. As National represents farming interests in New Zealand, Mr McLay will be concerned to ensure continued access for New Zealand butter and sheepmeat to the EC. Imports of butter are currently covered by the 5-year arrangement agreed in 1984. Supplies of sheepmeat are regulated by a voluntary restraint arrangement. The Prime Minister assured Mr Lange at their meeting on 4 March that New Zealand could continue to count on UK support.

23. The Commission published a paper on Perspectives for the CAP on 15 July. It argues that a price mechanism should be used to reduce surpluses. It is far from certain that the Community will accept such radical medicine. New Zealand will note with satisfaction that it recognizes the need to behave responsibly in world markets.


Falklands

24. During the Falklands crisis New Zealand loaned us a frigate to release an RN ship for duty in the Falklands.

25. New Zealand has voted with us in all three UN debates.

"Rainbow Warrior"

26. "Rainbow Warrior" was blown up in Auckland Harbour on 10 July. It is UK registered. The Tricot report confirmed that 5 DGSE agents had been spying on it: two will come to trial in New Zealand on 4 November: but denied official French involvement in the sinking. The UK has denied press reports of British intelligence involvement. We have declined a request from Greenpeace for an inquiry in the UK, in addition to the proceedings in New Zealand. A British explosives expert has been sent to New Zealand to help the New Zealand police. There has been a war of words between President Mitterrand and Mr Lange over French activities in the Pacific, including involvement with "Rainbow Warrior", nuclear testing in the region and President



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Mitterrand's visit to the French testing site on Mururoa Atoll on 13
September.

South Pacific Department
20 September 1985

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MCLAY, HON JAMES KENNETH MP

(National, Birkenhead)

Leader of the National Party.

Born Devonport 1945. Educated at King's School, King's College and Auckland University. Practised as a solicitor 1971-74 and as a barrister thereafter.

He was elected to Parliament in 1975 and became Attorney-General in 1978. A hard-working Minister who has done well. Elected Deputy Leader of the Party (and hence Deputy Prime Minister) in March 1984. Deputy Prime Minister, Attorney-General, Minister of Justice until July 1984. Elected as Leader of the National Party on 29 November 1984. Despite his intelligence and industry he has not made a good impression as Party leader so far, making serious misjudgements about the vulnerability of his targets and usually coming off second best in his exchanges with the government front bench. Reasonably friendly towards the UK, but unashamedly an Americanophile.

Married (for the second time) (Marcy), an American, 1984.

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