



Foreign and Commonwealth Office

London SW1A 2AH

14 May 1981

Dear Michael,

Visit of Sir Julius Chan, Prime Minister of Papua New Guinea,

11 - 17 May 1981

Sir Julius Chan will be paying a courtesy call on the Prime Minister at 11 a.m. on 15 May. We expect his Foreign Minister, Mr Levi, to accompany him.

Papua New Guinea became an independent state within the Commonwealth in September 1975 and is a member of the UN. Sir Julius, Leader of the Peoples' Progress Party (PPP) was elected Prime Minister in March 1980. (This is his first visit to Britain in that capacity but he was here in 1974 as a guest of HMG.) He has had a difficult time holding his new government together and fending off the ambitions of his deputy and Minister of Transport, Iambakey Okuk (here in 1980). Parliament is now in recess and is unlikely to reconvene before July. New elections are due mid 1982.

In foreign policy PNG is showing a growing interest in regional affairs and won respect for her role in rendering military assistance to Vanuatu. The Government is strongly anti-communist. In economic affairs, PNG is pursuing a course of cautious development based on substantial Australian aid (1980 = \$250m), the mining of copper and gold (RTZ interest) and plantation developments of agricultural and forest products. In 1980, UK imports were £23m and exports were £11 m.

Sir Julius may want to raise the following points:-

- (i) CHGM
PNG government is concerned about the damage a South African rugby tour of NZ will cause to Commonwealth relations leading to a possible boycott by some (African) countries of Brisbane Games in 1982. It would be useful to know Sir Julius's attitude towards boycott and subjects for discussion at CHGM.
- (ii) Aid
We give little aid to PNG (£26,000 only in 1983/82) due to their relative prosperity and substantial aid from Australia. However, we continue to support the activities of Voluntary Service Overseas workers (currently 86 in PNG working in fields of public utilities, education, health and agriculture).

/(iii)



(iii) Investment

The Commonwealth Development Corporation is involved in two large projects for oil palm and sugar and is also looking at rubber and cocoa. British firms such as Booker-McConnell, Harrison and Crosfield, RTZ and Inchcape Group are all substantial private investors.

Lord Carrington is giving a lunch for Sir Julius today, and Mr Biffen will be giving a dinner for him. Sir Julius and his party will also be entertained by the Rothschilds, the Royal Commonwealth Society and the Crown Agents. He was sworn in as a Privy Counsellor on 13 May. Mr Levi, the Minister of Foreign Affairs and Trade, is signing an Investment Promotion and Protection Agreement on 14 May with Mr Blaker.

// I attach personality notes on Sir J Chan and Mr M Levi.

*yours ever
Roderic Lyne*

(R M J Lyne)
Private Secretary

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



PAPUA NEW GUINEA
SOME BASIC STATISTICS

1. Population and Land Area

(a)	Area	461,690 km	(178,200 sq mls)
(b)	Population	3,000 000	(est. 1980)
(c)	Population growth rate	2.6%	p.a.

*

2. Economics

(a)	Gross Domestic Product	£1.14 bn	(1979)
(b)	Gross National Product per capita	£370	(1979)
(c)	Inflation Rate	7.9%	(1979)
(d)	Exchange Rate	£1 = Kina 1.42	(May 1980)
(e)	Total Exports 1980	£493.7 m	
(f)	Total Imports (to March 1980)	£113 m	
(g)	Main countries of origin (Imports) 1980		
	1. Australia	2. Japan	3. Singapore
(h)	Main countries of destination (Exports) 1980		
	1. Japan.	2. FRG.	3. Australia

*

Source Quarterly Economic Bulletin March 1981. Bank of PNG

3. Trade

(a)	UK Exports to PNG (1979)	£10,409,000
(b)	UK Imports from PNG (1979)	£30,148,000

4. 1981 Budget

(a)	Expenditure	£489 m
(b)	Growth rate	3%

CHAN, THE RT HON SIR JULIUS, KBE

Prime Minister (1980) and Leader of the Peoples' Progress Party.

Member of Parliament for Namatanai, New Ireland since 1968.

Born 29 August 1939, Tanga Island, New Island.

Secondary education at the Marist Brothers College in Queensland; matriculation; 'dropped out' after first year at Queensland University, where he was reading economics.

Before becoming a Minister he was managing director of Coastal Shipping Co Pty Ltd., Rabaul (now managed by his brother), in which he retains an interest. 1968-72 Deputy Speaker of the House of Assembly. Minister for Finance 1973 to 1977. Deputy Prime Minister and Minister for Primary Industry 1977 until 1978, when his party withdrew from the coalition.

Roman Catholic. He has travelled in Britain and other parts of Europe, the USA, Japan, Hong Kong, Singapore, The Philippines, Malaysia and Fiji in addition to Australia. FCO Category 3 facilities in London, April 1974.

Small in stature, Julius Chan is of mixed blood with the Chinese strain noticeable. He was a very competent Finance Minister and is astute, both as a politician and businessman. As Deputy Prime Minister (to Michael Somare) he served Papua New Guinea's first coalition Government loyally and efficiently, and was generally held in high esteem as a national leader. He reluctantly brought to an end the successful alliance between his party and Somare's larger Pangu Party on the issue of Somare's failure to consult him over a cabinet reshuffle in November 1978. But before this split, philosophical differences between the two parties had begun to emerge, especially in relation to Somare's "Leadership Code" proposals; Chan's Peoples' Progress Party, with strong commercial instincts and interests, objected to the suggestion that Ministers and other leaders would be forced to give up private business activities.

As Prime Minister, elected by Parliament (on a narrow vote of no-confidence in Somare) in March 1980, Chan holds a delicate balance of a number of small political parties represented in the House. Somare's Pangu Party in opposition presents a constant challenge, and Chan's Deputy (Iambakey Okuk (q.v.)) does not conceal his ambition to succeed Chan as Prime Minister at the earliest opportunity.

In late 1973 he fell ill briefly with mild heart trouble brought on by overwork, and has been very careful about his health since then. Has a personable wife, Stella, who prefers to spend time at their Rabaul home, but she supports him admirably at public functions. They have four children.

Speaks excellent English (and Pidgin and Cantonese).

CONFIDENTIAL

LEVI, Noel

Minister for Foreign Affairs and Trade since March 1980.

Member of Parliament for New Ireland Province since 1977.

Born 1942 in New Ireland.

Educated in New Ireland, at the University of Queensland (Ll.B, 1961) and at University of Papua New Guinea (BA, 1972). Joined the public service and, after serving as a patrol officer, returned to Port Moresby and became Secretary of the Department of Defence (1975-77). Resigned from the public service to enter Parliament as a member of the Peoples' Progress Party.

Parliamentary Under-Secretary for Defence 1977-78. Opposition backbencher 1978-80.

Short in stature and overweight, he has above-average intelligence and is a competent minister who exercises a disciplined control over his present Department. Has proved an effective chairman of international conferences e.g. ACP and SPC. Believes Papua New Guinea's foreign policy should be primarily oriented towards those states with whom PNG has trading relationships. Conservative in outlook, but committed to the cause of decolonisation in the South Pacific.

Married, three children.