

subject a matter

10 DOWNING STREET

From the Private Secretary

24 April 1985

Dear Peter,

MEETING BETWEEN THE PRIME MINISTER AND THE
PRIME MINISTER OF PAPUA NEW GUINEA
AT 10 DOWNING STREET ON 24 APRIL AT 1215

The Prime Minister received the Prime Minister of Papua New Guinea this morning. Mr Somare was accompanied by the Papua New Guinea Minister of Foreign Affairs and Trade, and the Papua New Guinea High Commissioner in London. The Foreign and Commonwealth Secretary and Dr Wilson were also present.

The Prime Minister invited Mr Somare to give an account of Papua New Guinea's development. Mr Somare said that on the whole things were going quite well though low prices for copper and gold had caused problems. These problems had been particularly acute in the case of the Ok Tedi project. However, following discussions with the shareholders, a decision had been reached to reopen the mine. The Prime Minister asked whether the Davy Corporation were well placed to secure the lead contract for the second phase of the Ok Tedi project. Mr Somare said that discussions were taking place with Davy. He did not know when the contract would be let but the indications were that Davy would be favourably considered.

Mr Somare continued that some important decisions had to be taken, in particular the renewal of Papua New Guinea's aid agreement with Australia for a further five years. He had accepted in principle that there should be a percentage decline in this but he wanted some guarantee against the consequences of a fall in copper prices.

Mr Somare commented that Papua New Guinea's population was growing at close to three per cent a year. This was causing problems particularly in finding employment for those leaving school, with attendant social problems such as hooliganism. He was looking at the possibility of introducing National Service as one way to deal with the problem.

The Prime Minister said that she was concerned by developments in Anzus following the decision of the New Zealand Government to prohibit visits by nuclear powered ships or ships carrying nuclear weapons. Mr Somare said that Papua New Guinea took a different view from

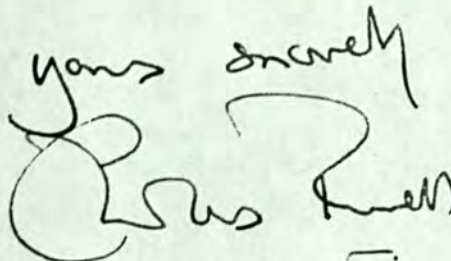
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New Zealand. While they agreed with Mr Lange in opposing nuclear tests and the dumping of nuclear waste, they had a quite separate position on nuclear ship visits. Small countries such as Papua New Guinea needed allies and had to be loyal to them. The Prime Minister welcomed this view. There were ways to solve the problem as Australia had demonstrated. Mr Somare commented that Australia was a good neighbour and a good friend.

The Foreign Secretary said that in his separate discussions with Mr Giheno, they had agreed that the apparent determination of Kiribati to conclude a fishing agreement with the Soviet Union was a cause for concern. Mr Somare commented that it had indeed come as something of a shock. Papua New Guinea itself was continuing to resist attempts by the Soviet Union to open an embassy in Port Moresby although they had invited the Chinese to do so. In his view, the Chinese were "harmless", although Papua New Guinea had to be sensitive about Indonesia's reactions. The Prime Minister expressed concern about the situation in the Philippines which could be destabilising for the area as a whole. Mr Somare said that Papua New Guinea had only minimal contacts with the Philippines. They were however worried about events in New Caledonia and by reports that Cuba and the Soviet Union were both showing a heightened interest in establishing a presence in Vanuatu.

The Prime Minister said that she had been impressed during her visit to Indonesia by President Soeharto's success in consolidating the unity of that country. Mr Somare said that Papua New Guinea still had some problems over the influx of refugees from Irian Jaya. Opponents of Indonesian rule brought their families over the border into Papua New Guinea and then returned to fight against Indonesia. Mr Somare continued that he enjoyed good relations with President Soeharto but there had been difficulties with the Indonesian armed forces along the border. Part of the problem was communications: it took up to six weeks for news from Irian Jaya to filter back to Jakarta.

The meeting ended at 1255.

yours sincerely


(Charles Powell)

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.