



PRIME MINISTER'S LUNCH WITH MR MULDOON: 21 SEPTEMBER 1979

BRIEF NO 1: STEERING BRIEF

1. UK OBJECTIVES

To reinforce Mr Muldoon's helpful stance on Rhodesia.

2. TACTICAL HANDLING

No tactical problems. No serious bilateral issues.

3. SUMMARY OF BRIEFS

Rhodesia (Brief No 2): Developments. Prospects. Thanks.

New Zealand/EEC relations (Brief No 3): General reassurance.

British policy in the South Pacific (Brief No 4): No withdrawal.

We may scale down representation eventually.

British immigration rules and nationality law (Brief No 5): New Zealand's interests fully considered.

Civil Aviation (Brief No 6): Awaiting New Zealand reaction to our cheap fares counter-proposals.

Sporting contacts with South Africa (Brief No 7): We have discouraged proposed Barbarians' tour.

Foreign and Commonwealth Office

14 September 1979

.../NEW ZEALAND STATISTICS



NEW ZEALAND: STATISTICS

1. Population and Land Area

(a) Land Area	268,676	km ²
(b) Population (1978)	3.11	mill
(c) Population growth rate (1970-1977)	1.4	% p.a.

2. Economic

(i) Gross National Product

	<u>1977</u>	
(a) Total	13,760	US \$ m
(b) Growth Rate (1970-1976)	3.53	% p.a.
(c) Position in Total GNP League Table	50th	(of 146)
(d) Per Capita	4,370	US \$
(e) Position in Per Capital League Table	24th	(of 146)

(ii) Balance of Payments

	<u>1977</u>	<u>1978</u>	US \$ mill
Exports fob	3,096	3,624	
Imports fob	-2,825	-2,991	
Invisibles and Transfers (net)	-901	-1,028	

Current Account	-630	-395
Capital Account	-15	-19
Balancing Item	47	-30

Overall Balance	-598	-444
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(iii) Foreign Trade

(a) Main Exports 1973 1978 %

Commodities:

Wool	22.5	17.4
Lamb and Mutton	14.8	12.2
Butter	7.2	7.1
Beef	13.0	9.4

(b) Main Export Markets 1973 1978 %

UK	23.7	13.8
USA	15.7	14.9
Japan	15.4	13.8
Australia	8.3	11.8

(c) Major Sources of Imports 1973 1978 %

Australia	24.6	20.8
UK	21.0	15.8
USA	12.1	14.4
Japan	13.3	13.1

(d) UK Trade with New Zealand 1973 1978 £m

Total value of exports	167.3	268.2
Real growth of exports (five years ending)	n.a.	-8.9
Position in UK's export League Table	21st	27th (of 152)



PRIME MINISTER'S LUNCH WITH MR MULDOON: 21 SEPTEMBER 1979

BRIEF NO 2 : RHODESIA

Points to make

Developments at Conference. Prospects. Thanks for support.

Essential Facts

Mr Muldoon has been helpful throughout. Copies of an exchange of messages between him and the Prime Minister, and of a message he addressed to Conference delegates, are attached.

FOREIGN AND COMMONWEALTH OFFICE

14 September 1979



Text of Message from the Prime Minister to Mr Muldoon, 13 August 1979

I know that you share my view that the agreement we reached at Lusaka over Rhodesia was a tremendous achievement in establishing a new basis for progress towards a peaceful solution. I am most grateful to you for your consistent support. We are determined to press ahead, and to maintain the momentum we have gained. In accordance with the terms of that agreement we are now inviting Bishop Muzorewa and the leaders of the Patriotic Front to attend a Constitutional Conference in London on 10 September. This is only the first stage in a process that is bound to be difficult, and we shall need all the help and support our friends and allies can give us. I am sure that I can count on yours.

Text of Message from Mr Muldoon to the Prime Minister, 16 August 1979

Thank you for the message which your High Commission sent me on 14 August. I am very much aware of the great difficulties in bringing about a settlement in Rhodesia, but there can be no doubt of the importance of the achievement in Lusaka in agreeing on the framework within which the effort should be made.

I will of course continue to support you as you work towards a peaceful solution to the conflict. I would be glad to be kept up with the play for, as I am sure you know, I want to be as helpful and constructive as I can.



Message from Mr Muldoon to delegates to the Constitutional Conference,
5 September 1979

I write to you on the eve of what is undoubtedly the most important Conference in the history of your country. I have been encouraged to do so by the discussions that took place last month at the Commonwealth Heads of Government Meeting in Lusaka. That Meeting, at which differences were expected to be acute, showed what can be done when there is a will and a spirit of co-operation.

The road to a peaceful settlement is now open to you. It is for you - each and all - to make your contribution to the final stage and to lead your country into independence, peace and stability. I do not minimise the difficulties that lie ahead of you. But I hope that you will keep in mind at all times that the fate of millions of your men, women and children, now and in the future, lies in your hands - and in your hands alone. The prize of independence and of peace is great.

I look forward to the day when your country will be welcomed by the Commonwealth and the international community. I wish you all well.



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PRIME MINISTER'S LUNCH WITH MR MULDOON: 21 SEPTEMBER 1979

BRIEF NO 3 : NEW ZEALAND/EEC RELATIONS

POINTS TO MAKE

Confirm continuing UK support for New Zealand's interests over butter and sheepmeat. Few developments since Mr Muldoon was in London on 11 June. Detailed points will have been discussed with Mr Walker.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 21 SEPTEMBER 1979

BRIEF NO 3: NEW ZEALAND/EEC RELATIONS

BACKGROUND

1. Main issues are still post-1980 butter access and implications for New Zealand of an EEC sheepmeat regime. We do not expect that Mr Muldoon will wish to discuss these in detail with the Prime Minister - he will have done so with Mr Walker immediately before the lunch.
2. On butter, the only development since Mr Muldoon's discussion with the Prime Minister on 11 June is that the Commission have produced a report setting out in general terms their ideas on providing more lasting access and suggesting an improvement, from New Zealand's point of view, in the levy system. However, they have still not proposed specific figures and the debate in the Council of Ministers, which is likely to be protracted, has not yet begun. New Zealand's present entitlement for 1980 is 115,000 tonnes and Mr Muldoon told the Prime Minister that at the end of the day New Zealand "could live with" an entitlement of 90,000 tonnes for 1985 and thereafter.
3. On sheepmeat, consensus on a CAP regime still seems some way ahead, although discussions may be given further impetus by the now imminent judgement by the European Court on the question of French import controls. The New Zealanders remain suspicious that any regime may in time evolve in a way detrimental to them; for the time being, however, they appear to accept that the Commission's proposals for third country trade (voluntary restraint in return for tariff reduction) represent a good basis for negotiating an arrangement which would protect their interests.

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[not for use]

4. In Brussels the UK has sought to amend the Commission's proposal in the interests of UK producers and consumers, and of New Zealand. If, as expected, the Court rules against the French controls, the French will be in real difficulty and we may be able to exploit this as a lever to induce them to move on issues of concern to us. If, on the other hand, we tried to oppose a regime of any kind, we should run into difficulties with the EEC Treaty and we should deprive ourselves of this leverage. Apart from the merits of the particular issue, therefore, there is a tactical advantage in continuing with detailed consideration of the Commission's proposal.

Foreign and Commonwealth Office
18 September 1979

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 21 SEPTEMBER 1979

BRIEF NO 4 : BRITISH POLICY IN THE SOUTH PACIFIC

POINTS TO MAKE

1. Aware of New Zealand Government's wish that we continue to take a close interest in the region.
2. No intention of withdrawing, but cannot exclude possible scaling down of our representation at some future stage.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 21 SEPTEMBER 1979

BRIEF NO 4 : BRITISH POLICY IN THE SOUTH PACIFIC
BACKGROUND (Can all be used in confidence)

Mr Muldoon's worries

1. Mr Muldoon hopes we will not totally withdraw our diplomatic representation from the island countries. He is worried about risks of instability, given inexperience and gullibility of leaders such as Mr Lauti (Prime Minister of Tuvalu). Mr Muldoon would like to see a British High Commissioner resident in Tuvalu. Since speaking to the Prime Minister in Lusaka, Mr Muldoon has been briefed on her behalf by our High Commissioner in Wellington.

Present British involvement

2. We have resident High Commissioners in Fiji, Kiribati, Papua New Guinea, Solomon Islands and Tonga. Those in Fiji and New Zealand are also accredited to Nauru and Tuvalu, and to Western Samoa, respectively. We hope to establish a small resident mission in the New Hebrides on independence, which we and the French are planning for the first half of 1980 (Mr Blaker and a French Minister are due to attend a Constitutional Conference in the New Hebrides on 17-19 September). After that, Pitcairn will be our only colonial responsibility in the region.

3. Plans to establish a Development Division in Fiji have been suspended. But this will not reduce our substantial aid to former British dependencies to which we are committed under independence settlements.

Tuvalu

4. We see no special cause for alarm in the unorthodox financial activity of Mr Lauti. We are sure that a resident British High Commissioner could not do much to restrain him. We could not justify appointing one (Tuvalu's population is only 9,000). Mr Lauti has told us he is satisfied with our non-resident representation.

Foreign and Commonwealth Office
14 September 1979



PRIME MINISTER'S LUNCH WITH MR MULDOON: 21 SEPTEMBER 1979

BRIEF NO 5 : POSSIBLE CHANGES IN BRITISH IMMIGRATION
RULES AND NATIONALITY LAW

POINTS TO MAKE

IMMIGRATION

1. Objective is to curb abuses, mainly from the Indian sub-continent. Effect on New Zealand will be minimal.

NATIONALITY

2. New, more simplified law needed. Some restrictions likely on dual nationality acquired voluntarily.



PRIME MINISTER'S LUNCH WITH MR MULDOON: 21 SEPTEMBER 1979

BRIEF NO 5 : POSSIBLE CHANGES IN BRITISH IMMIGRATION
RULES AND NATIONALITY LAW

BACKGROUND (ALL OF WHICH MAY BE TOLD TO MR MULDOON IN CONFIDENCE)

IMMIGRATION

1. Government intends to tighten up on immigration in the interests of good race relations. Plans to lay new rules before Parliament shortly. New Zealand Government were concerned at proposal to stop present concession which facilitates immigration of person with a UK-born grandparent. Home Secretary has now decided to recommend to his colleagues that this concession be retained.

Working Holidaymakers

2. Maximum period of stay will be reduced from 5 to 2 years limited to young people between 17 and 25.

Husbands and Male Fiancés

3. Current rules allowing entry for husbands and fiancés will be tightened to preclude marriages of convenience.

NATIONALITY

4. HMG will present a bill on a new nationality law during the present session. Essential feature is that citizenship will reflect the individual right of entry and abode in UK.

Citizenship by Descent (ie at birth overseas)

5. Transmission of citizenship will be through both male and female line for one generation only.

Foreign and Commonwealth Office

14 September 1979



PRIME MINISTER'S LUNCH WITH MR MULDOON: 21 SEPTEMBER 1979

BRIEF NO 6 : CIVIL AVIATION

POINTS TO MAKE

1. We understand the domestic pressure on New Zealand Government for lower fares. We too want cheaper air fares between our two countries, but we must bear in mind the effect on third countries' interests. Hope New Zealand Government will be able to reply soon to our proposal on new fares package.



PRIME MINISTER'S LUNCH WITH MR MULDOON: 21 SEPTEMBER 1979

BRIEF NO 6 : CIVIL AVIATION

BACKGROUND

New Zealand's Problem

1. Cheaper air fares, exclusive to BA and Qantas, introduced on the UK/Australia trunk route in February 1979 in line with Australia's International Civil Aviation Policy (ICAP) have attracted UK/New Zealand traffic to BA and Qantas at the expense of Air New Zealand (ANZ). The New Zealand Government are pressing for similar cheaper fares on the whole UK/New Zealand route.

Air New Zealand's Position

2. Air New Zealand do not fly all the way to London (this is their choice - we would let them). Air New Zealand only fly as far as Singapore, Hong Kong and Los Angeles. The New Zealand Government have suggested an ICAP-type cheap fare to London on the change-over route via Los Angeles only and on BA's direct service. But this would discriminate against Singapore (Singapore International Airlines fly to New Zealand) and would be difficult for us as well as the New Zealanders to defend.

3. We have proposed an alternative package to the New Zealand Government in which there would be new lower fares on the change-over routes via Los Angeles, Hong Kong and Singapore and also on British Airways' direct service. But because change-over routes have higher costs, fares on these routes should be higher than on the direct route. We are still awaiting an official reply from New Zealand. Meanwhile both BA and ANZ are continuing talks at airline level.

FOREIGN & COMMONWEALTH OFFICE

13 September 1979



PRIME MINISTER'S LUNCH WITH MR MULDOON : 21 SEPTEMBER 1979

BRIEF NO 7 : SPORTING CONTACTS WITH SOUTH AFRICA
PROPOSED BARBARIANS' TOUR OF UNITED KINGDOM

POINTS TO MAKE (DEFENSIVE)

1. The Government accepts the Gleneagles Agreement and discourages sporting contacts with South Africa.
2. The Minister for Sport has told the organisers of the Barbarians tour that he regards it as ill advised and in breach of the Agreement.
3. South Africans do not require visas to enter the United Kingdom.
4. It would not be appropriate to prohibit the entry of individuals as not conducive to the public good.
5. No Government funds are involved.

FOREIGN & COMMONWEALTH OFFICE

14 September 1979



PRIME MINISTER'S LUNCH WITH MR MULDOON : 21 SEPTEMBER 1979
BRIEF NO 7 : SPORTING CONTACTS WITH SOUTH AFRICA
PROPOSED BARBARIANS' TOUR OF UNITED KINGDOM

BACKGROUND

BARBARIANS

1. Committee of Home Rugby Unions has invited South African Barbarians club to tour Britain in October. Minister for Sport has publicly expressed Government's concern. Committee stands by invitation despite Minister for Sport's request to reconsider.

IRELAND

2. Irish Foreign Minister has issued strong statement against proposed tour of Ireland.

FRANCE

3. Springbok rugby tour of France was due in October. But French recently introduced visa requirement for South Africans and intend to refuse Springbok visas. French Foreign Minister has also publicly condemned tour.

OLYMPICS

4. Rugby not an Olympic sport. Rugby Unions not affiliated to the British Olympic Association. It is for the International Olympic Committee to decide which countries should participate in the Games.

UK POLICY

5. We discourage sports links with South Africa and withhold grants.

HOME SECRETARY'S POWERS (NOT TO BE DISCLOSED)

6. Home Secretary has powers to prohibit entry into Britain of individuals whose presence would not be conducive to the public good. Powers have not been used to prevent entry of sportsmen; Ministers have decided that their use on this occasion is inappropriate.

FOREIGN & COMMONWEALTH OFFICE

14 September 1979

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE

LIST OF BRIEFS ATTACHED

BRIEF NUMBER

1	Steering Brief
2	New Zealand/EEC Relations
3	World Economic Situation and The Tokyo Summit
4	Commonwealth Heads of Government Meeting
5	The South Pacific
6	China/Indo-China and ASEAN
7	Rhodesia
8	Southern Africa
9	Civil Aviation
10	Sporting Contacts with South Africa
11	Personality Notes

Foreign and Commonwealth Office

6 June 1979

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE
BRIEF NO 1: STEERING BRIEF

INTRODUCTION

1. This is Mr Muldoon's fourth visit for bilateral talks since he became Prime Minister in December 1975. He will arrive late on 10 June from Washington after talks with the World Bank and the IMF, of which he is Chairman. From London he goes early on 12 June to Paris for the OECD meeting. After lunching with the Prime Minister he will have talks with Mr Ramphal, and later an audience of The Queen.

2. Our links with New Zealand remain strong and diverse. We are still her most important trading partner. In 1978 we took 21% of her exports, worth £434m, and sold her goods worth £268m. (We could lose up to 30% of our export trade but for tariff preferences covering vehicles and spares.) Our invisible earnings are also substantial. 75,000 New Zealanders (out of a population of 3 million) visited Britain last year. We consult closely in the political and intelligence fields. Some defence links are maintained: staff talks, training exchanges, secondments and ship visits. As our own direct Pacific involvement declines, New Zealand's contribution to regional stability becomes more important.

BACKGROUND

3. Mr Muldoon is preoccupied with New Zealand's economic difficulties. Despite some alternative energy resources, including natural gas, the rising oil import bill has hit her hard. The current account balance of payments is still well in the red: NZ\$426m for the year ending March 1979. (This owes much to the increasing deficit on invisibles - a sore point with Mr Muldoon.) The country faces a rising debt repayment bill. Inflation is running at an annual rate of 10% and will rise this year, perhaps to 15%. The 5% unemployment rate, probably an underestimate, is the worst since the 1930s. There is a net emigration loss of 30,000 people a year, including many with high skills. These difficulties aggravate Mr Muldoon's worries about New Zealand's butter and lamb exports to Britain, and his vehement criticism of agricultural protectionism generally. He is particularly bitter about the Japanese. But his "better access or

/no fish"

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no fish" policy towards Japanese fishing in New Zealand's 200-mile zone has gained him no significant trading concessions.

SUBJECTS FOR DISCUSSION

4. In raising New Zealand/EEC relations (Brief No 2), Mr Muldoon will be hoping for reassurance, which he can quote at home, that Britain will be as determined as we have been in the past in defence of New Zealand's interests at Brussels. He will wish to discuss the World Economic Situation and the Tokyo Summit (Brief No 3). Japan has enquired whether there are any topics which New Zealand would like Japan to raise. Mr Muldoon would certainly prefer the Prime Minister to air his worries over agricultural protectionism and, as he sees it, the relatively little progress made for countries like New Zealand in the Multilateral Trade Negotiations. The Commonwealth Heads of Government Meeting (Brief No 4) is also at the forefront of his mind, particularly security and The Queen's safety. Concerned by risks of instability in the South Pacific (Brief No 5), he will probably urge that Britain should continue to take a close interest in regional affairs, both in terms of aid and of regular visits. On China/Indo-China and ASEAN (Brief No 6), Mr Muldoon's Deputy, Mr Talboys, has returned from a visit to China with a vivid impression of the toughness of Chinese policy towards Vietnam. Mr Muldoon may seek to compare notes about the effect on ASEAN of continuous tension in the area. Developments in Rhodesia (Brief No 7) are followed with interest in New Zealand, where traditional sympathies for the white Rhodesians still run deep and are reflected in Mr Muldoon's Cabinet. But he has less interest in other Southern African issues (Brief No 8).

5. Defensive briefing is attached on Civil Aviation (Brief No 9) and Sporting Contacts with South Africa (Brief No 10).

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6 June 1979

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PRIME MINISTER'S LUNCH WITH MR MULDOON : 11 JUNE

BRIEF NO2: NEW ZEALAND/EEC RELATIONS

POINTS TO MAKE

General

1. Affirm strong UK support for New Zealand's requirement to maintain access for agricultural produce.
2. Commend New Zealand strategy of quiet persistence and careful cultivation of Commission and Member States.

Butter

3. Negotiations for post-1980 access will be difficult. UK will work closely with New Zealand to secure acceptable terms. Timing important. Avoid tie-up with current CAP price-fixing.
4. Government's general CAP policy will benefit New Zealand indirectly, by reducing dairy surpluses dumped on third markets.

Sheepmeat

5. UK determined to safeguard New Zealand's interests (which largely coincide with those of UK consumers).

Cheese

6. Welcome MTN deal providing for resumption of New Zealand cheese exports to UK.

Foreign and Commonwealth Office

6 June 1979

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE

BRIEF NO.2: NEW ZEALAND/EEC RELATIONS

ESSENTIAL FACTS

General

1. Main purpose of visit - to test strength of new Government's will to defend New Zealand's interests. Main themes - post 1980 butter access and forthcoming EEC sheepmeat regime.
2. New Zealand has political and commercial bargaining power vis-à-vis the UK (British public opinion, maintenance of valuable Commonwealth tariff preferences on automotive products) but little vis-à-vis rest of Community. Quiet persistence and careful cultivation of the Commission and Member States has paid dividends, notably in achieving sympathy in Bonn for New Zealand's concerns. Mr Muldoon personally tempted to emulate more aggressive approach of Australian Prime Minister. But Mr Fraser, with far greater bargaining counters, has achieved little.
3. New Zealanders reasonably encouraged by Commissioner Gundelach's visit in late May. "Very heartening" said Mr Muldoon publicly. But doubts linger.

Butter and Cheese

4. Protocol 18 of UK Act of Accession allowed New Zealand to sell specified and annually declining quantities of butter and cheese to UK without paying full CAP levy. In return New Zealand required to respect a cif price unilaterally determined by Community. Initial arrangements ran until end 1977. Terms of continuation were a major issue in Community during 1974-75 "renegotiation" (notably at 1975 Dublin European Council).
5. Despite UK pressure, special terms and hence access for cheese ceased end 1977. But New Zealand has recently in MTNs negotiated resumed access for small quantities (9,500 tonnes).

6. For butter, current quotas negotiated in 1976 run out end 1980. For planning purposes New Zealanders want early decision in principle about continuation. Want to maintain access as close as possible to 1980 level (115,000 tonnes), but privately say 100,000 tonnes is minimum. In 1975-76 discussions some Member States challenged legal basis for post-1980 access. But Commission accept political imperative and German Minister of Agriculture has privately pledged support for deal acceptable to New Zealand. Other Member States likely to accept necessity for some sort of deal but will play tough in view of EEC milk surplus.

7. Next step - Commission proposal. But not until current price-fixing resolved. Present Commission thinking floated with New Zealanders during Gundelach visit - seven year arrangement, starting at lower levels than 1980 entitlement and declining gently year by year. As compensation a better cif price. But also reduction in 1979-80 entitlements and a "review clause". Initial New Zealand reaction cautious - want to see figures and suspicious of "review clause".

8. No direct UK economic interest in New Zealand access (indirect interest is unspoken quid pro quo of automotive preferences). By combination of cif price and special levies UK pays same foreign exchange price as for Community butter. New Zealand access complicates UK attack on dairy surplus. But political relationship with New Zealand is a major factor.

Sheepmeat

9. Sheep and wool - New Zealand's main export industry (nearly one third of export earnings). UK lamb trade the cornerstone. Wool - a by-product (the reverse of Australia). Mr Muldoon personally more concerned about sheepmeat than butter.

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10. At present no EEC sheepmeat regime. New Zealand frozen lamb enters UK across 20% tariff. But regime probably now imminent - European Court likely to find that French import restrictions against UK (maintained since UK accession) are illegal. Main problem to reconcile French (high) and UK (lower) price levels. UK has given general support to Commission proposals for "light regime" reflecting fact that EEC is only two-thirds self-sufficient in sheepmeat. Commission intend seeking voluntary restraint from New Zealand probably at around present levels with safety-net of safeguard clause. No increase in frontier charges proposed (present tariff is "bound" in the GATT, i.e. New Zealand could claim compensation if it were changed).

11. Publicly, New Zealanders question legal necessity for sheepmeat regime. (We believe pressures are overwhelming). Privately see merit in Commission proposals but fear that even if adopted might in time evolve into classic CAP regime.

12. Main UK interests:-

- (a) Maintenance of access to frozen lamb as relatively cheap component of UK consumer shopping basket;
- (b) Development of fresh meat exports to France.

Also subsidiary interest of UK investment in shipping, banking and insurance related to New Zealand lamb trade.

13. Present prospects - still uncertain. But French now anxious to resolve problem before European Court pronounces. UK shares with France desire for orderly transition to free market. New Zealand's interests unlikely to be adversely affected as far as can be foreseen at present.

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6 June 1979

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BRIEF NO 2 : NEW ZEALAND/EEC RELATIONS

STATISTICAL ANNEX

1978 TRADE AND CONSUMPTION : BUTTER AND SHEEPMEAT

BUTTER

<u>Trade</u> (year ending June 1978)	Volume (tonnes)	Value
(a) Total New Zealand exports :	151,000	na
(b) New Zealand exports to UK :	130,000	na
(To UK in calendar year 1978) :	(129,968)	(£121.7 million)
(c) Exports to UK as percentage of total :	86.1%	

Note : No New Zealand butter is exported to other EEC countries

<u>Consumption</u> (calendar year 1978)	(tonnes)
(a) Total UK consumption :	414,000
(b) New Zealand share of UK consumption :	33%
(c) Total EEC consumption :	1.7 million
(d) New Zealand share of EEC consumption :	8%

SHEEPMEAT

<u>Trade</u> (year ending September 1978)	Volume (tonnes)	Value
(a) Total New Zealand exports :	378,200	na
(b) New Zealand exports to UK :	194,000	
to EEC :	216,000	na
(To UK in calendar year 1978) :	(214,000)	(£171.6 million)
(c) Exports to UK as percentage of total :	51.3%	
EEC :	57.2%	

Consumption (calendar 1978)

(a) Total UK consumption :	400,000
(b) New Zealand share of UK consumption :	56.3%

Note : Figures for total EEC consumption in 1978 not yet available.

(c) 1977 total EEC consumption :	755,000
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NEW ZEALAND COMPENSATION TRADING

LINE TO TAKE

We readily recognise New Zealand's need to find alternative markets for her exports, particularly if she is to pay for major public sector purchases. Nonetheless we have been somewhat disquieted to learn that, on the instructions of the New Zealand Government, recent public sector calls to tender have advised tenderers to submit reciprocal trade proposals - over and above local content. While reciprocal trading facilities are a familiar feature of the open market, their pursuit as a matter of Government policy could lead to the kind of bilateralism which both our Governments have striven to avoid in world trade. I believe it would be useful if we agreed that our officials should discuss this matter together.

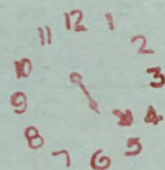
BACKGROUND

This arises out of three recent cases where New Zealand public authorities issuing advice to tenderers have formally intimated that consideration will be given to reciprocal trade arrangements offered by the tenderers. The High Commissioner believes Mr Muldoon to be the instigator in formalising a tendency encouraged by the New Zealand Government for some years past. Given the pattern of our trading relationships with New Zealand it is not easy for our exporters to secure extra trade on the UK market; if orders are found in third world markets they could well be in competition with direct trading from New Zealand at prices favourable to nobody except New Zealand's customers; insofar as the technique steers New Zealand orders to suppliers whose prices, quality and deliveries are not competitive in their own right this could be a two edged sword for the New Zealanders themselves. It certainly will not make it easier for us to argue New Zealand's case in Brussels.



HMG's attitude to compensation trading outside the specialised field of defence has tended to leave the matter to commercial judgement. The distinguishing factor in the present circumstances is the public emergence of a formal Government policy in Wellington.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE

BRIEF NO 3 : WORLD ECONOMIC SITUATION AND THE TOKYO SUMMIT

POINTS TO MAKE

GROWTH

1. World economic prospects gloomy. Inflation and unemployment rising. Growth forecasts are being revised downwards as oil prices escalate. Tokyo cannot be a re-run of Bonn.

ENERGY

2. Energy and its impact on the world economy looks like being the major subject for Tokyo. The Summit should give strong political impetus both to short-term oil demand restraints and to the development of long-term energy policies especially effective conservation.

TRADE

3. The main body of the MTNs is out of the way and the OECD Trade Pledge will have been renewed. So trade is unlikely to feature predominantly. But structural adjustment may be discussed.

NORTH/SOUTH DIALOGUE

4. UNCTAD V reached only a limited consensus. In present economic circumstances it would have been unrealistic to expect more. The developing countries will be hardest hit by rising oil prices.

INTERNATIONAL MONETARY QUESTIONS

5. The international currency situation seems to be reasonably stable at the moment. But OPEC surpluses will become a problem again. And Yen depreciation will make it more difficult for the Japanese to reduce their surplus on a long-term basis.

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ESSENTIAL FACTS

ECONOMIC SUMMITS

6. Japanese Prime Minister Ohira will host Fifth Economic Summit in Tokyo on 28/29 June. Previous Summits held in Bonn (July 1978), London (May 1977), Puerto Rico (June 1976) and Rambouillet (November 1975). In addition to Japan the Heads of State and/or Government of the UK, USA, France, Germany, Canada and Italy will also be present with Foreign and Finance Ministers. President of European Commission and President of European Council (President Giscard) will represent European Community for those parts of discussion related to Community matters.

AGENDA

7. No fixed agenda for Economic Summit. In practice discussion likely to revolve around five areas covered at Bonn, ie

- (a) growth
- (b) trade
- (c) energy
- (d) relations with developing countries
- (e) international monetary questions

Preparatory work in hand between Personal Representatives of seven Heads of Government. They met in Washington on 18/19 May and will have final meeting in Paris on 14-16 June. General agreement among Personal Representatives that Tokyo should avoid percentages and targets, that communique should be shorter than usual and that main topic for discussion should be energy and its relationship to world economy. Inconclusive outcome of UNCTAD V and damaging

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effect of the oil price rise on balance of payments of non-oil developing countries mean that North/South Dialogue also likely to be important topic. Cuts in public expenditure including aid may hamper UK response.

NEW ZEALAND INTEREST

8. Japanese have asked New Zealanders whether there any points that latter would like raised at Tokyo Summit.

Mr Muldoon's main concerns likely to be:

- i) higher oil prices;
- ii) agricultural protectionism.

On i) his concern is shared by all Tokyo Summit participants.

On ii), position is more difficult. We share Mr Muldoon's dislike of CAP, which lies behind his unhappiness over outcome of MTNs and renewal of OECD Trade Pledge (due at OECD Ministerial on 13/14 June). But this is matter of Community competence on which President Giscard and Mr Jenkins will speak for Community. Should nonetheless be ample opportunity to make our concern (and that of New Zealanders) known. Further material on CAP and New Zealand provided in EEC/New Zealand brief. We shall be agreeing to renewal of Trade Pledge for one year and hope New Zealand will do likewise.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE 1979

BRIEF NO 4 : COMMONWEALTH HEADS OF GOVERNMENT MEETING
POINTS TO MAKE

SECURITY

1. We are keeping the security situation under constant review. We would expect President Kaunda to do all he can to minimise risks; and he has promised to remove guns and missiles from near airports before The Queen's visit. A recent Buckingham Palace reconnaissance provided some reassurances; further reconnaissances, including one by a senior Air Force officer, are to be made in June and July. It would be useful for our two Governments to keep in touch.

AGENDA

2. A. We generally agree with the outline agenda proposed by Mr Ramphal in March, and have no new topics to suggest.

B. We hope Southern Africa will not completely dominate the meeting. Asia/Pacific Heads of Government will no doubt share this hope. Perhaps they can use their influence to this end?

SECRETARY-GENERAL

3. We expect Mr Ramphal will be reappointed. We have reservations about his partisan approach to the North/South Dialogue, but regard him overall as serving the Commonwealth well.

NAURU AND SPECIAL MEMBERSHIP [IF RAISED]

4. We believe Special Membership is worth maintaining; but would go along with any consensus that Nauru should change to full membership. We would not wish to see observer status introduced.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE 1979

BRIEF NO 4 : COMMONWEALTH HEADS OF GOVERNMENT MEETING:
ESSENTIAL FACTS

SECURITY

1. Mr Muldoon intends to raise the subject of security with Mr Ramphal - he has The Queen's safety particularly in mind. Regular JIC Assessments are being made (and are received by the New Zealanders).
2. For The Queen's bilateral visit (27-30 July) she is constitutionally dependent solely on British Prime Minister's advice. For presence as Head of the Commonwealth (31 July - 4 August) it is open to other realms to tender advice, although British Prime Minister has ultimate constitutional right to advise as Queen of United Kingdom against attendance at CHGM if judged necessary. The Queen should not receive conflicting advice: useful therefore to consult old Commonwealth Prime Ministers.

AGENDA

3. New Zealand have expressed interest to Mr Ramphal in energy, South East Asia and special problems of small states.

SECRETARY-GENERAL

4. Indians have suggested Mr Ramphal be replaced (by an Indian) July 1980. Latter has therefore told Governments he is available for reappointment. This will come up at CHGM.

NAURU AND SPECIAL MEMBERSHIP

5. Nauru one of two "special" members. This means little or no subscription, and provides all benefits of Commonwealth membership except attendance at CHGMs (thus reducing numbers at meeting and helping informality). Because special membership seems sensible arrangement for very small countries we have supported it. We would not however want to be isolated.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE

BRIEF NO 5: THE SOUTH PACIFIC

POINTS TO MAKE

GILBERT ISLANDS

1. Confident of majority in today's Parliamentary debate on Kiribati Independence Bill. Cannot agree to separation of Ocean Island in face of adamant opposition from Government of Gilberts. But the guarantees for Banaban rights in the constitution are without precedent, and our offers of money generous. Sure you agree.

NEW HEBRIDES

2. Value of New Zealand Government's consistently constructive attitude to Anglo-French policies in New Hebrides. Prospects for independence in 1980 reasonably good.

FUTURE INVOLVEMENT AND REGIONAL STABILITY

3. Aware of New Zealand Government's concern and their wish for us to continue to take a close interest in the region. Probably enough time for orderly change in Tonga. Russian and Chinese activity needs watching, though the area is probably low in the political priorities of both.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE

BRIEF NO 5

THE SOUTH PACIFIC: ESSENTIAL FACTS

Introduction

1. Of the 18 South Pacific Island territories (Annex 1) we now have responsibility only for the Gilbert Islands (Kiribati), the New Hebrides (in a condominium with the French) and Pitcairn. We have programmes for substantial aid continuing into the 80s to Fiji, Gilbert Islands, New Hebrides, Solomon Islands and Tuvalu, and small programmes for Tonga, Papua New Guinea and Western Samoa.

GILBERT ISLANDS

2. Committee and Third Reading in the Commons of Kiribati (pronounced Kiribass) Independence Bill on 11 June. Independent on 12 July. Princess Anne will represent The Queen, and Mr Blaker the Government. Our constitutional responsibility for the Banabans' claim for separation of Ocean Island then ceases, but we must expect further representations from them. The British/New Zealand/Australian ex gratia offer of \$A10 million for Banabans remains on table.

NEW HEBRIDES

3. We and French plan independence for the New Hebrides in 1980. Prospects greatly improved by good progress of Government of National Unity, formed in December 1978, in which Anglophones and Francophones equally represented.

FUTURE UK INVOLVEMENT

4. Australia, New Zealand and the United States have voiced fears that after independence of Kiribati and New Hebrides we may turn our back on the South Pacific. We have assured them that aid will continue and that we shall maintain a diplomatic presence.

REGIONAL STABILITY

5. Mr Muldoon concerned by risks of instability. Has had gloomy exchanges with Prime Minister of Western Samoa, Tupuola Efi, who lost Parliamentary majority when three supporters unseated for corrupt

/electoral

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electoral practices. Mr Muldoon also worried by unorthodox financial activity of unsophisticated Tuvalu Prime Minister, Toalipi Lauti. We see no special cause for alarm.

6. New Zealanders see Tonga's semi-feudal government as potentially de-stabilising. We do not see cause for worry at present, though King's gullibility and possibility of sharp economic decline are disturbing.

7. New Zealanders wary of increased Russian and Chinese interest in the region. Russians main interest is fishing, Chinese wish to keep Russians politically out. Region probably not significant to either in terms of global strategy.

8. Regional stability promoted by regular political consultation at Heads of Government level in the South Pacific Forum, of which island states and Australia and New Zealand are members. Last year's Regional Commonwealth Heads of Government Meeting called by Australia in Sydney a success.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE 1979

BRIEF NO 6 : CHINA/INDO-CHINA AND ASEAN
(INCLUDING VIETNAMESE REFUGEES)

POINTS TO MAKE

Sino/Vietnamese Relations

1. There is no likelihood of detente while the Vietnamese continue to persecute their Chinese minority and to suppress the pro-Chinese faction in Cambodia. Another round of fighting between China and Vietnam is quite likely, this time with a risk of direct Soviet involvement.

Vietnamese Refugees

2. The number of "boat people" reaching Hong Kong and elsewhere in South-East Asia has reached crisis proportions and an international effort is needed to cope with it.

3. Dr Waldheim's initial response was favourable to my call for a conference under United Nations auspices. Friendly governments have been asked to support the call and to consider urging the Vietnamese to stop their inhuman behaviour. There must be more offers of resettlement places and more money for the United Nations High Commissioner for Refugees. What can you do to help?

Thailand/Cambodia

4. The situation on the Thai/Cambodian border is chaotic. Reports of the Thais' turning back Cambodian refugees are probably true. We are seeing whether others of the Nine will join in pressing the Thais to grant the Cambodians refugee status.

5. The Vietnamese are unlikely to relax their grip on Cambodia. An international conference to neutralize the country does not seem feasible, therefore.

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6. My conference proposal should commend itself to ASEAN countries. The Thais and Malaysians have been especially hard put to it to cope with the numbers of refugees reaching their shores. The Refugees' Processing Centre that is to be set up on an Indonesian island (for people already accepted for settlement elsewhere) will be too small to do much good.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE 1979

BRIEF NO 6

INDO-CHINA AND ASEAN
(INCLUDING VIETNAMESE REFUGEES): ESSENTIAL FACTS

China/Vietnam

1. There was no meeting of minds in the first round of talks after Chinese withdrawal. No date has been fixed for the second round. The Vietnamese wanted to limit discussion to the border, but the Chinese raised wider issues. The Vietnamese are prepared for another Chinese attack and have benefitted from Soviet military resupply.

Indo-Chinese Refugees

2. About 300,000 refugees are awaiting resettlement; over 150,000 of them are Cambodians and Laotians in Thailand. Hong Kong has over 43,000 boat refugees (compared with 5,000 at the beginning of 1979). The Malaysians have 70,000 and the Indonesians 25,000.

3. The Vietnamese policy is to expel their remaining Chinese community (numbering not less than 800,000). But members of the former Vietnamese middle class are among the boat people. Those leaving under the official Government scheme are made to pay dearly in gold.

Resettlement

4. The Americans and Chinese have taken over 200,000 Indo-Chinese refugees each. The French have received over 50,000, Australians 20,000 and Canadians 15,000 for permanent resettlement. Hong Kong has got 15,000. The New Zealanders have accepted

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over 800. The United Kingdom has already taken 1,923 Indo-Chinese. Most recently we have agreed to take over 1,000 from the mv Sibonga (to be offset against the unused part of a quota of 1,500 agreed by the previous Government).

Thailand/Cambodia

5. The Thais have been unwilling to grant refugee status to Cambodians crossing their border, as this would make it more difficult to get rid of them later. But people turned back are liable to be killed by their Khmer Rouge troops. Relations between the Thais and the United Nations High Commissioner for Refugees are strained; we are looking to ways to mend the rift.

6. The Vietnamese are trying to eliminate the last strongholds of the Former Pol Pot Government (which we and most other countries still recognise) in Cambodia, and are seeking recognition for a puppet regime headed by Heng Samrin. There is currently no prospect of an international conference that could succeed in neutralizing Cambodia (and obliging the Vietnamese to withdraw). But the Chinese are keeping Prince Sihanouk in reserve, who could head a government of national union.

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7. An ASEAN Refugees' Processing Centre is to be set up on an Indonesian island, for people already accepted for settlement. Its capacity will be limited to about 10,000.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE

BRIEF NO 7: RHODESIA
POINTS TO MAKE

THE RHODESIAN ELECTIONS

1. We consider that the elections in Rhodesia have brought about a fundamental change. Lord Boyd has reported that they were as free and fair as was possible in the circumstances.

THE WAY FORWARD

2. Our objective is to bring Rhodesia back to legality with the widest possible international recognition. This will involve full consultations with our friends in the Commonwealth. Much will depend on Bishop Muzorewa's ability to assert his authority. He will need encouragement and guidance. Mr Day has been sent to Salisbury for that purpose. Lord Harlech is about to start his tour of Africa to consult with the African governments principally concerned. We shall have a clearer idea of the possibilities when he has reported.

RHODESIA AND THE COMMONWEALTH HEADS OF GOVERNMENT MEETING

3. We do not want this to degenerate into an acrimonious argument about Rhodesia; nor do we want discussion to focus solely on that subject. We shall be looking to see if there is any constructive contribution the Commonwealth can make. Grateful for the support New Zealand has given us within the Commonwealth.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE

BRIEF NO 7

RHODESIA: ESSENTIAL FACTS

SITUATION IN RHODESIA

1. Bishop Muzorewa has formed his government. He has retained for himself the key portfolios of Combined Operations and Defence. Mr Ian Smith is Minister without Portfolio. It is encouraging that the moderate Mr David Smith will remain as Minister of Finance (he had been threatening to withdraw from politics because of differences over Mr Ian Smith's continuance in the government and would be a natural successor to him) although Mr Sithole is persisting in his refusal to take up his seats in parliament.

CONSULTATIONS WITH ALLIES AND PARTIES CONCERNED

2. Lord Harlech is about to visit Zambia, Mozambique, Botswana, Tanzania and Nigeria. He may also meet leaders of the Patriotic Front. His purpose will be to find out to what extent they are prepared to accept that fundamental political change has taken place in Rhodesia and what prospect there is of their accepting a settlement based on that change. Mr Luce will visit West African countries, including Liberia - where OAU Foreign Ministers and summit meetings are to take place in July, Zaire and Angola. We have also had discussions with Mr Vance, and keep our other Commonwealth and EEC partners informed.

NEW ZEALAND ATTITUDE ON RHODESIA

3. Mr Muldoon would not be averse to lifting sanctions and recognising Rhodesia fairly promptly and he is under some domestic political pressure to do so. However, he is worried about New Zealand's relations with Africa in the aftermath of trouble with them over sporting contacts with South Africa; and he will be aware of Mr Fraser's concern about the effects.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE

BRIEF NO 8: SOUTHERN AFRICA

POINTS TO MAKE

SOUTH AFRICAN RELATIONS WITH THE WEST

1. These are at a low ebb. Britain would like to see constructive relationship established with South Africa which we see as the key to stability in the area. The resignation of President Vorster will have implications for the internal political situation which we are studying closely.

UK/SOUTH AFRICAN TRADE

2. British policy is not to interfere with normal civil trade solely because of the characters of other Governments.

UN ARMS EMBARGO

3. Britain will continue to abide by this

NAMIBIA: INITIATIVE OF THE FIVE

4. No justification for giving up. The Five hope to resume negotiations before long. Front Line States still willing to co-operate. We hope Namibia will not cause problems at the Commonwealth Heads of Government Meeting.

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SOUTHERN AFRICA: ESSENTIAL FACTS

New Zealand/South Africa

1. The New Zealand Government takes a fairly tough line towards South Africa although this is tempered by pro-South African sentiments amongst public opinion. South African sporting policy is a subject of considerable interest to New Zealand leaders (see separate brief).

President Vorster

2. Mr Vorster's resignation may have implications for the political stability of South Africa and for the Government's constitutional proposals since these envisaged the changeover to an Executive Presidency to replace the present system.

Southern Pact

3. The South African initiative to establish a regional economic grouping of states is either a device to distract attention from internal problems or a serious attempt to give South Africa an alternative to its previous policy of pursuing a close relationship with the West.

Internal Change

4. The Wiehahn and Riekert reports appear to represent attempts to introduce real change into the labour system in South Africa. However, the Government's implementation of the recommendations in the two reports will be the real test of their sincerity.

Namibia

5. Mr Luce's visit to Southern Africa showed that all concerned want to keep the initiative alive. We are trying to re-invigorate the search for a peaceful settlement, and to build up confidence among the parties. The UN Plan remains the best solution for Namibia. We think that the Five should now appoint a single negotiator. We are consulting our partners about the next moves. Our aim is to show, by when the Security Council meets in mid-June to consider demands for sanctions against South Africa over Namibia, that a resumption of negotiations is imminent.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE

BRIEF NO 9 : CIVIL AVIATION
POINTS TO MAKE

We too want cheaper air fares between our two countries,
but must bear in mind the effect on third countries' interests.
Difficult to act as quickly as you want but glad airlines
are continuing talks.

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE

BRIEF NO 9

CIVIL AVIATION: ESSENTIAL FACTS

New Zealand's Problem

1. Cheaper air fares, exclusive to BA and Qantas, introduced on the UK/Australia trunk route in February 1979 in line with Australia's International Civil Aviation Policy (ICAP) have attracted UK/New Zealand traffic to BA and Qantas and Air New Zealand (ANZ) has suffered. The New Zealand Government are pressing for similar cheaper air fares on the whole UK/New Zealand route.

The ASEAN difficulties

2. The Australians are having an unexpectedly hard time persuading the governments of ASEAN (Singapore, Malaysia, Indonesia, Thailand, Philippines) to accept ICAP, which will tend to stop ASEAN airlines (especially SIA) raiding the UK/Australia trunk route. If we introduced more cheap fares to New Zealand now, it would make an ICAP settlement more difficult to reach. The ICAP cheap fare system is only viable, if the aircraft fly with very high load factors; the system would collapse (say BA and QANTAS) if ASEAN airlines were allowed to compete freely on the full trunk route, and not just on their own sectors of it.

Air New Zealand's position

3. Air New Zealand do not fly all the way to London; the

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nearest they get is Los Angeles. The New Zealand Government have suggested an ICAP type cheap fare via Los Angeles and not via Singapore or Hong Kong (to avoid annoying the ASEAN governments). But this would lose BA money, since BA do not fly to New Zealand via Los Angeles.

Airline discussions

4. BA/Air New Zealand talks are taking place this week in New Zealand. But it will be hard to reach agreement until the main ICAP issue is settled.

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PRIME MINISTER'S LUNCH WITH MR MULDOON : 11 JUNE

BRIEF NO 10 : SPORTING CONTACTS WITH SOUTH AFRICA
POINTS TO MAKE (IF RAISED)

UNITED KINGDOM POLICY

1. At present UK policy is to uphold the Gleneagles Agreement, but we are unlikely to agree to any proposal to put more "teeth" into the Agreement. Moreover we are trying to gather as much up-to-date information as we can about the level of segregation/desegregation in individual sports. It is clear that in some sports a good deal of progress has been made in recent times.

COMMONWEALTH HEADS OF GOVERNMENT MEETING, LUSAKA

2. We believe that there are more important matters to discuss at Lusaka.

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PRIME MINISTER'S LUNCH WITH MR MULDOON : 11 JUNE

BRIEF NO 10 : SPORTING CONTACTS WITH SOUTH AFRICA : ESSENTIAL FACTS

UK POLICY

1. The previous Government publicly denounced such contacts and refused Sports Council grants for international events where South African teams are involved. We cannot prevent teams going to South Africa, or the entry of South African teams to this country. A more permissive or acquiescent policy by Britain would create resentment in black Africa and, probably, difficulties for us at the 1980 Moscow Olympics. It would, moreover, lead to criticism of British attitudes by the black population of South Africa itself at a time when we are trying to build up contacts with them.

GLENEAGLES AGREEMENT (Copy at Annex A)

2. Underlying principles constrain freedom of action by individual Commonwealth countries, but there are loopholes and its requirements generally are not very demanding.

COMMONWEALTH HEADS OF GOVERNMENT MEETING, LUSAKA

3. We may be tackled at Lusaka over six British rugby clubs touring South Africa this summer (four clubs will be in South Africa in early August). These tours were denounced in Parliament on 9 March 1979 (copy at Annex B).

NEW ZEALAND POLICY

4. Since Gleneagles, New Zealand policy has been virtually the same as that of Britain. In contrast to the 1976 Montreal Olympics, only Nigeria boycotted the 1978 Commonwealth Games.

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COMMONWEALTH STATEMENT ON APARTHEID IN SPORT

14 JUNE 1977

The member countries of the Commonwealth, embracing peoples of diverse races, colours, languages and faiths, have long recognized racial prejudice and discrimination as a dangerous sickness and an unmitigated evil and are pledged to use all their efforts to foster human dignity everywhere. At their London meeting, the Heads of Government reaffirmed that apartheid in sports, as in other fields, is an abomination and runs directly counter to the declaration of Commonwealth principles which they made at Singapore on 22 January 1971.

They were conscious that sport is an important means of developing and fostering understanding between the people, and especially between the young people, of all countries. But, they were also aware that, quite apart from other factors, sporting contacts between their nationals and the nationals of countries practising apartheid in sport tend to encourage the belief (however unwarranted) that they are prepared to condone this abhorrent policy or are less than totally committed to the principles embodied in their Singapore declaration. Regretting past misunderstandings and difficulties and recognizing that these were partly the result of inadequate inter-governmental consultations, they agreed that they would seek to remedy this situation in the context of the increased level of understanding now achieved.

They reaffirmed their full support for the international campaign against apartheid and welcomed the efforts of the United Nations to reach universally accepted approaches to the question of sporting contacts within the framework of that campaign.

Mindful of these and other considerations, they accepted it as the urgent duty of each of their Governments vigorously to combat the evil of apartheid by withholding any form of support for, and by taking every practical step to discourage, contact or competition by their nationals with sporting organizations, teams or sportsmen from South Africa or from any other country where sports are organized on the basis of race, colour or ethnic origin.

They fully acknowledged that it was for each Government to determine in accordance with its laws the methods by which it might best discharge these commitments. But they recognized that the effective fulfilment of their commitments was essential to the harmonious development of Commonwealth sport hereafter.

They acknowledged also that the full realization of their objectives involved the understanding, support and active participation of the nationals of their countries and of their national sporting organizations and authorities. As they drew a curtain across the past they issued a collective call for that understanding, support and participation with a view to ensuring that in this matter the peoples and Government of the Commonwealth might help to give a lead to the world.

Heads of Government specially welcomed the belief, unanimously expressed at their meeting, that in the light of their consultations and accord there were unlikely to be future sporting contacts of any significance between Commonwealth countries or their nationals and South Africa while that country continues to pursue the detestable policy of apartheid. On that basis, and having regard to their commitments, they looked forward with satisfaction to the holding of the Commonwealth Games in Edmonton and to the continued strengthening of Commonwealth sport generally.

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visit South Africa this summer at the expense of their South African hosts, and I am also aware that individuals from a number of countries, including the United Kingdom, have been invited to play there at the end of this month. I need hardly say that this causes the Government considerable concern. We have consistently condemned apartheid in sport as in other spheres. Our repugnance is shared by all the Commonwealth countries and finds expression in the Gleneagles agreement of June 1977. In addition COE Sports Ministers meeting in London in April 1978 unanimously adopted a resolution emphasising their similar opposition to racial and other forms of discrimination, and emphasised the responsibility of national and international sports bodies in upholding this principle in their own sports. Governing bodies of sport are fully aware of the contents of the agreements, and the proposed rugby tours of South Africa would be in direct contravention of these collective agreements. Therefore, these tours are very much to be regretted.

Ministers have consequently had meetings with representatives of the English and Welsh rugby unions to emphasise the concern of the Government, and the teams involved have been separately reminded of these policies by their respective unions. The two rugby unions have also been informed in writing of the possible repercussions to sport which could well go beyond the world of rugby, and I know that as governing bodies they accept the Gleneagles Agreement and have ensured that it has been brought to the attention of the clubs concerned.

Of course all our governing bodies of Sport are independent, which means that they must also accept the responsibilities which go with independence. The majority of them recognise this, and I know that all of them disapprove of racial discrimination within their sport. This is a prime factor in our general success in carrying out the spirit of the Commonwealth agreement. But the fact is that the progress achieved by South African sports bodies is quite insufficient to outweigh the fundamental objections to such tours and the danger which certainly exists that clubs taking part will be used to justify an objectionable system.

South Africa (Sporting Contracts)

Mr. George asked the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on his policy on sporting contacts with South Africa, in the light of the plans by a number of British rugby clubs to play in South Africa in the summer.

Mr. Denis Howell: I have been asked to reply.

I understand that three English and three Welsh club teams are planning to

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PRIME MINISTER'S LUNCH WITH MR MULDOON: 11 JUNE

BRIEF NO||: PERSONALITY NOTES

Personality notes are attached on:

The Rt Hon R D Muldoon CH MP

H E The Hon Sir Douglas Carter KCMG

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THE RT HON ROBERT ("ROB") DAVID MULDOON, CH (1977) MP

Prime Minister and Minister of Finance. Also Minister in Charge of the Legislative and Audit Departments, and of the New Zealand Security Intelligence Service.

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.

Entered Parliament 1960. Parliamentary Under-Secretary to the Minister of Finance 1964-67. Minister of Finance 1967-72. Deputy Prime Minister 1972. Leader of the Opposition July 1974. Prime Minister December 1975. Re-elected November 1978 with a much reduced majority.

A controversial figure, respected, and even feared, rather than liked. Has dominated his Cabinet and the Opposition. Never one to resist the barbed phrase and sharp retort, his abrasive style and instinct for attack sometimes hurt his cause, as over the issue of sporting contacts with South Africa. But he will trim when the need arises. So far this instinct has saved him from any really damaging mistakes.

A keen gardener, specialising in lilies. The first volume of his autobiography "The Rise and Fall of a Young Turk" (containing some barbed comments about leading British politicians) appeared in 1974; the second, "Muldoon", in 1977.

Married. One son and two daughters, all grown up.

Elected Chairman (for 12 months) of the IMF/IBRD Boards of Governors in September 1978.

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HIS EXCELLENCY THE HON SIR DOUGLAS CARTER, KCMG

New Zealand High Commissioner in London since June 1976

Born 1908 in New Zealand and educated there.

A dairy farmer himself, he has been closely associated with agriculture all his life.

Entered Parliament as a National Party MP in 1957. Appointed Parliamentary Under-Secretary for Agriculture in 1966. Promoted to Minister of Agriculture in 1969. Did not stand for re-election at the 1975 general election.

A thoroughly agreeable and well-liked man. Received his present appointment as a reward for long and loyal, rather than outstanding, service to the National Party. Very well-disposed towards Britain.

Married, no children.

He will be succeeded as High Commissioner in mid-July by the Hon L W Gandar, who was Minister of Education, Science and Technology until he lost his seat in the November 1978 election.

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