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10 DOWNING STREET

From the Private Secretary

17 April 1985

Dear Richard,

Defence Relations with
New Zealand

The Prime Minister has noted without comment your Secretary of State's minute of 16 April on this subject.

I am copying this to Len Appleyard (Foreign and Commonwealth Office).

Yours sincerely
Charles Powell

Charles Powell

Richard Mottram Esq
Ministry of Defence.



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FOREIGN AND COMMONWEALTH SECRETARYDEFENCE RELATIONS WITH NEW ZEALAND

In the wake of Mr Lange's visit to the UK last month, I have been giving some thought to the future conduct of our defence relations with New Zealand; I would be grateful for your views on the conclusions I have reached. The starting point is, of course, that the New Zealand Government has adopted and seems determined to maintain a thoroughly unhelpful policy on warship visits, which will inevitably affect our bilateral defence co-operation and wider Western security interests.

2. Nonetheless, I see little advantage in following the Americans in applying sanctions. Unlike the Americans, we are not joined to New Zealand in a mutual security pact, and much of our defence contact is designed to encourage New Zealand to play a helpful role in the South Pacific and South East Asia. Applying sanctions in these areas would be self-defeating, and would risk hardening support for Lange's policies in New Zealand. I therefore propose that broadly, and subject to resources, the presently planned programme of personnel visits to New Zealand, exchanges, training and exercises already scheduled for the months ahead should proceed.

3. This does not mean pretending that no problem exists between us. While we should avoid sanctions we should equally avoid going out of our way to do New Zealand any favours in the defence sphere whilst she maintains present policies. This should be reflected in our approach to new defence contacts and dealings to which we are not



already committed. I have therefore looked particularly carefully at whether we should offer New Zealand any subsidy from the Defence Policy Fund for military training in this country in the coming financial year. Last year she received £100K from the DPF and has bid for £500K in 1985/86. In current circumstances I do not believe we should agree to such an increase; but neither should we impose what would be construed as a financial sanction by removing New Zealand from the DPF altogether. I therefore propose to make available the same amount as last year, ie £100K.

4. We will need to look very carefully at any new proposals Mr Lange produces on warship visits. To encourage him to do this I believe that we should leave him in no doubt that no further RN warship visit to New Zealand can take place, and that New Zealand will be excluded from the proposed Naval Task Group deployment to the Pacific next year (which is currently being discussed by our officials). Once news of this gets out - as it will in two or three months time when posts start to approach the countries to be visited - then those New Zealanders opposed to Mr Lange's policy will have available a concrete example of the damage which it has done to Anglo-New Zealand relations. They may then be able to bring pressure on him to find ways of moderating his line, so as to make it possible for us to visit New Zealand without having to compromise our 'neither confirm nor deny' policy.

5. We will of course need to keep a close eye on developments and ensure that our policy is adapted as necessary. But I believe that the approach outlined above represents a balanced response to the current situation.

6. I am copying this minute to the Prime Minister.

MSB

Ministry of Defence
16th April 1985