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THE WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

ID# 511087 6500 C0113

INCOMING

DATE RECEIVED: SEPTEMBER 04, 1987

NAME OF CORRESPONDENT: NEW ZEALAND EMBASSY

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	ACTION	DISPOSITION
ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACT DATE CODE YY/MM/DD	TYPE C COMPLETED RESP D YY/MM/DD
FRANK CARLUCCI REFERRAL NOTE: Sent D	ORG 87/09/04 OS - FYI	C871091080s
REFERRAL NOTE:		
COMMENTS: ORIGINAL TO HAROLD WEST		
ADDITIONAL CORRESPONDENTS: MEDIA:S	INDIVIDUAL CO	DDES:
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*ACTION CODES: *DISPOSITION *A-APPROPRIATE ACTION *A-ANSWERED *C-COMMENT/RECOM *B-NON-SPEC-REFE *D-DRAFT RESPONSE *C-COMPLETED *F-FURNISH FACT SHEET *S-SUSPENDED *I-INFO COPY/NO ACT NEC* *R-DIRECT REPLY W/COPY * *S-FOR-SIGNATURE * *X-INTERIM REPLY *	*OUTGOI *CORRES *TYPE F	RESP=INITIALS * OF SIGNER * CODE = A *

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE (ROOM 75,OEOB) EXT-2590 KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS MANAGEMENT.



New Zealand Embassy 37 Observatory Circle, NW, Washington, D.C. 20008

> Phone: (202) 328-4800 Telex 89526

4 September 1987

The President
The White House
WASHINGTON DC 20500

Dear Mr President

I have the honour to convey to you the following message from my Prime Minister the Right Honourable David Lange.

Begins:

Dear Mr President

Thank you for your message of congratulations on my Government's re-election.

New Zealand sets great store by its close and longstanding relationship with the United States. It will be a continuing priority of my Government to enhance the extensive links enjoyed by our peoples.

Yours sincerely

David Lange

Ends:

Kind regards,

Yours sincerely

(Rt Hon Sir Wallace Rowling)

Ambassador

REFERRAL

DATE: 08 SEP 87

MEMORANDUM FOR: STATE SECRETARIAT

DOCUMENT DESCRIPTION:

TO: PRESIDENT

SOURCE: LANGE, DAVID

DATE: 04 SEP 87

KEYWORDS: NEW ZEALAND

HS

SUBJ: THANK YOU LTR RE US CONGRATULATIONS ON NEW ZEALANDS GOVT REELECTION

REQUIRED ACTION: FOR INFORMATION

DUEDATE:

COMMENTS:

For Grant S. Green, Jr.

Executive Secretary

TO

PRESIDENT

FROM LANGE, DAVID DOCDATE 04 SEP 87

RECEIVED 04 SEP 87 19

KEYWORDS: NEW ZEALAND

HS

SUBJECT: THANK YOU LTR RE US CONGRATULATIONS ON NEW ZEALANDS GOVT REELECTION

ACTION: FOR RECORD PURPOSES DUE: STATUS C FILES WH

FOR ACTION FOR CONCURRENCE FOR INFO

PAAL

KELLY, J

CHILDRESS

COMMENTS

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NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

6898

Co 113

September 21, 1987

FG006-12

MEMORANDUM FOR RONALD K. PETERSON

Office of Management and Budget

FROM:

GRANT S. GREEN, JR JHC

SUBJECT:

State Department Testimony on H.R. 85, the New

Zealand Preference Elimination Act

The NSC has no objection to the testimony (Tab A) of Deputy Assistant Secretary of State Stapleton Roy on H.R. 85, the New Zealand Preference Elimination Act.

Attachment:

Tab A OMB memo

NSC#8706898

NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

September 21, 1987

ACTION

MEMORANDUM FOR GRANT S. GREEN, JR.

FROM:

DOUGLAS H. PAAR

SUBJECT:

Memorandum to Peterson on State Testimony

Concerning New Zealand

At Tab I is a memorandum from you to Ron Peterson, informing him that the NSC has no objection to State testimony (Tab A) on H.R. 85, the New Zealand Preference Elimination Act.

Linhard, Fortier concur.

RECOMMENDATION:

That you sign the memorandum to Peterson.

Approve Disapprove

Attachments:

Tab I Green memo to Peterson

Tab A OMB memo



EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET WASHINGTON, D.C. 20503



September 21, 1987

LEGISLATIVE REFERRAL MEMORANDUM

TO:

Legislative Liaison Officer-

National Security Council - Courtney - X6534 - GF/WW (OEOB -

Room #381)

Department of Defense - Brick - 697-1305 (06)

SUBJECT: State Department testimony on H.R. 85, the New Zealand

Preference Elimination Act.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than 4:30 TODAY, SEPTEMBER 21, 1987. Hearing tomorrow - 9/22.

Ouestions should be referred to Annette Rooney/Sue Thau (395-7300) the legislative analyst in this office or to John Eisenhour (395-3920).

> RONALD K. PETERSON FOR Assistant Director for

Legislative Reference

Enclosures

Jim Nix cc:

Bob Dotson

STATEMENT BEFORE THE SUBCOMMITTEE ON ASIAN AND PACIFIC APPAIRS OF THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES

J. Stapleton Roy

Deputy Assistant Secretary

Bureau of East Asian and Pacific Affairs

September 22, 1987

NOT FOR PUBLICATION UNTIL RELEASED BY THE SUBCOMMITTEE

Mr. Chairman,

I am pleased to appear before the Subcommittee to discuss
U.S. policy toward New Sealand and specifically to present the
Administration's position on H.R. 85, the New Sealand
Preference Elimination Act.

<u>US - New Zealand Relations</u>

On August 11, 1986, the U.S. suspended its security
guarantees to New Sealand under the terms of the ANZUS
alliance. This action was taken in response to New Sealand
government policies on port access by allied warships which
would have compromised our universally applied policy of
"neither confirming nor denying the presence or absence of
nuclear weapons (NCND)." The universal application of the NCND
policy is a national strategic interest of the U.S. on which we
cannot and will not compromise. By rejecting NCND, New Sealand
prevented practical alliance cooperation under ANZUS and
precluded U.S. implementation of defense commitments to New
Sealand.

The New Zealand Government's policies on port access were codified in law in June 1987. The law, as applied to ship visits, remains incompatible with our global NCND policy.

The U.S. seeks a relationship with New Sealand based on reciprocity and treatment of New Sealand as a non-allied friend. Sharply curtailed defense and security cooperation with New Sealand continues, but New Sealand has lost the special access and influence normally accorded an ally.

Despite our security differences, the U.S. and New Zealand enjoy good economic relations. As clearly stated in the past, the Administration does not support any form of economic sanctions or reprisals against New Sealand.

Since the Labor Party's victory in the August 15

Parliamentary elections, Prime Minister Lange and Foreign

Minister Marshall, have publicly stated New Sealand's intention

to seek to improve gelations with the U.S. The U.S. is, of

course, prepared to cooperate with New Sealand, and we see this

cooperation as taking place primarily in the economic and trade

areas. For example, New Sealand and the U.S. share similar

objectives for trade liberalization, particularly in

agriculture, and we expect to work together closely in apcoming

GATT negotiations.

However, we will not ignore or overlook the fact that our differences on vital security issues remain unresolved. A, restoration of normal allied relations will remain impossible as long as New Sealand holds to policies which do damage to the network of alliances and hurt western efforts to maintain peace through our common burden sharing.

Administration Position on H.R. 85

The proposed legislation, E.R. 85, would eliminate certain preferential treatment accorded to the U.S. closest allies under both the Arms Export Control Act (AECA) and the Foreign Assistance Act (PAA). The granting of these preferences by the Administration is discretionary. Since the U.S. suspended security guarantees to New Sealand, the U.S. has ceased to apply to New Sealand the allied preference clauses of the two acts. Passage of H.R. 85 would only codify into law present practices and the existing non-allied security relationship between the U.S. and New Sealand. Additionally, passage of the legislation would constitute an appropriate reciprocal legislative response to the secent enactment of New Sealand's anti-nuclear policies into law. For these reasons, the Administration has no objection to the intention of the legislation.

However, the bill as written provides no flexibility for the Administration. The U.S. has sought to maintain intact the ANZUS structure to allow for New Mealand's eventual return to trilateral defense cooperation. The Department, therefore, would recommend that the legislation be modified to allow the President to restore the preferences at some future date if he determines, and reports to Congress, that New Mealand is complying fully with its obligations under ANZUS.

Consequences of Enactment of H.R. 85

In his statement, my colleague from the Defense Department will detail the present state of military cooperation with New Sealand and the proposed legislation's potential impact in this area. I would only reiterate that, given the already significant measures taken by the Administration to implement the decision to treat New Sealand as a friend but not an ally, the legislation would result in few, if any, additional practical burdens for New Sealand. Furthermore, we do not believe that the elimination of security assistance and arms export preferences, as envisioned in the bill, would have any negative spill-over consequences in such areas as combatting terrorism or marcotics trafficking. We expect to sontiace to cooperate with the New Sealand Covernment on the basis of mutual interest on these matters which concern the security of New Sealand as well as that of the U.S.

Although a sizeable number of New Scalanders support their government's anti-nuclear law, surveys indicate that a majority support continued New Scaland participation in ANZUS.

Enactment of the bill may serve to underscore that New Scalanders cannot expect to enjoy the benefits of an alliance with the U.S. while rejecting the very means by which our security guarantees are made effective.

Clearly, the New Zealand Government is well aware of the likelihood of passage of some sort of legislation which would codify New Zealand's present status. The New Zealand Government, of course, does not support the legislation and can be expected to publicly note regret over its enactment. However, given the fact that legislation would not affect current practices and arrangements, it is unlikely that any change in our existing relationship would occur as a consequence of passage.

Conclusion

The Administration supports the enactment of legislation which would eliminate preferential treatment for New Bealand.

Congressional action would demonstrate to the Hovernment of New Bealand that Congress fully shares the Administration's concern over the damage that New Bealand's policies have done to Western security interests. Furthermore, it would be a clear reflection of the strong bipartisan support for U.B. policy toward New Bealand.

TIME STAMP

NATIONAL SECURITY COUNCIL EXECUTIVE SECRETARIAT STAFFING DOCUMENT

URGENT

SYSTEM LOG NUMBER:

6898

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ACTION OFFICER:	TAL DU	E: 3:30 21 SEP			
☐ Prepare Memo For President	Prepare Mer	mo Green to Peterson) Murr			
☐ Prepare Memo For Carlucci / Powell ☐ Appropriate		Action			
☐ Prepare Memo	to				
CONCURRENCES/COMMENTS*	PHONE* to action officer at e	xt. 5746			
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☐ ☐ Batjer	☐ ☐ Herbst	☐ ☐ Reger			
☐ ☐ Bemis	☐ ☐ Howard	☐ ☐ Rodman			
☐ Brooks	☐ ☐ Kelly, B.	☐ ☐ Rosenberg			
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National Security Council The White House

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RECEIVED 21 SEP 87 14

TO

GREEN

FROM PETERSON, R

DOCDATE 21 SEP 87

GREEN

21 SEP 87

KEYWORDS: NEW ZEALAND NUCLEAR DEFENSE

LEGISLATIVE REFERRAL

SUBJECT: HR-85 / STATE TESTIMONY RE NEW ZEALAND PREFERENCE ELIMINATION ACT

ACTION: PREPARE MEMO GREEN TO PETERSON DUE: 21 SEP 87 STATUS C FILES WH

FOR ACTION

FOR CONCURRENCE

FOR INFO

PAAL

KELLY, J LINHARD

LOG

CHILDRESS

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COMMENTS

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ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO C 9/21 Courtney Sqd Memi

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