

04WELLINGTON1053

Date: 2004-12-17

Swindells date:2004-12-17T01:51:00 source:Embassy Wellington origin:04WELLINGTON1053 destination:This record is a partial extract of the original cable

The full text of the original cable is not available

classification:CONFIDENTIAL reference:04WELLINGTON36 C O N

F I D E N T I A L SECTION 01 OF 02 WELLINGTON 001053 SIPD IS STATE FOR EAP/ANP-TRAMSEY STATE PASS USTR-BWEISEL AND D KATZ COMMERCE..

C O N F I D E N T I A L SECTION 01 OF 02 WELLINGTON 001053 SIP DIS

STATE FOR EAP/ANP-TRAMSEY STATE PASS USTR-BWEISEL AND

DKATZ COMMERCE FOR 4530/ITA/MAC/AP/OSAO/GPAINE E.O

12958: DECL: 10/16/2014 TAGS: PREL, ECON, OVIP, NZ, ETRC

, CODEL SUBJECT: SENATOR BAUCUS AND AMBASSADOR GIVE STRA

IGHT TALK ON FTA TO NEW ZEALAND TRADE MINISTER REF: WELL

INGTON 36 Classified by: DCM David R

Burnett

Reasons: 1.4 (b) and (d).

1

(C) Summary: In a meeting December 2 at the Auckland airport, Senator Max Baucus (D-Montana) and the Ambassador warned New Zealand Minister for Trade Negotiations Jim Sutton that his government faces a tough time trying to persuade the U.S

government to start free-trade talks

While emphasizing their personal support for such talks, they identified the New Zealand government's anti-nuclear policy as a major obstacle to deepening the bilateral relationship, including negotiation of a free-trade agreement

The discussion underscored the message of Codel Nickles (reftel) in January 2004 on New Zealand's chances for a free-trade deal and the nuclear issue's impact on the bilateral relationship

End summary

2

(U) Minister Sutton, who raised the free-trade issue, noted the importance to New Zealand of a deal with the United States, especially because of the expected diversion of investment from New Zealand to Australia due to the Australia-U.S

trade agreement

Sutton had just returned from the Association of South East Asian Nations summit meeting in Laos and was accompanied by Simon Murdoch, the chief e

xecutive of the Ministry of Foreign Affairs and Trade

3

(C) Senator Baucus said that the U.S administration was assessing entire bilateral relationships -- including economic and security issues -- in deciding which countries to put in queue for free-trade negotiations

He expected that approach to harden in the administration's second term as views within the White House become more consolidated

Thus, the Senator predicted that New Zealand's 1986 legislation barring the entry of nuclear weapons and nuclear-powered ships into its territory would make it tough to get free-trade negotiations going

In providing this direct assessment, the Senator implied that he nonetheless supported starting talks now with New Zealand based on the economic benefits to the United States

4

(C) The Senator, who was accompanied by selected members of his trade delegation, said that there should be give and take on both sides, and that there should be some way that New Zealand could meet the United States halfway on the nuclear issue

5

(C) Sutton said he had often heard from Washington of the fear of "New Zealand fever" -- its anti-nuclear policy -spreading, but that he was not certain that such fear was an issue or obstacle to trade negotiations.

6

(C) The Ambassador responded that, because of regional security conditions, New Zealand's policy is more important to the United States today than it was in 1986

He acknowledged the need to articulate publicly the reasons why the United States remains concerned by the policy

He noted that other countries that are as sensitive to the nuclear issue as New Zealand -- such as Japan and South Korea -- have found a way around the issue because of the importance of national security and of their relationships to the United States

7

(C) Murdoch said he hoped a "report card" on the New Zealand-U.S relationship would reflect New Zealand's efforts and give the United States reason to bolster it

He pointed out New Zealand's support for the reconstruction efforts in Afghanistan and Iraq and the sharing of intelligence

The Ambassador confirmed the U.S

government's appreciation for New Zealand's cooperation in many areas, inc

cluding customs and intelligence gathering

However, the U.S

government did not consider New Zealand to be pulling its weight in defense and security matters

He thought Australia shared that view

8

(C) Murdoch asserted that the anti-nuclear policy would be difficult, if not impossible, to change

The policy had become ingrained politically in New Zealand, its citizens even more than the government supported it, and even the opposition was reluctant to deal with the issue

The Ambassador, who stressed that he and the Embassy supported free-trade negotiations between New Zealand and the United States, said that when two countries want something, everything should be on the table

9

(C) The Senator agreed

Unless the nuclear issue were addressed, it would be tough to get the U.S administration to start free-trade negotiations

Somehow, the two parties needed to quietly work together to resolve the matter

10

(C) The Ambassador recalled that he had attempted to address the issue two years ago by arranging for a visit to New Zealand by a U.S

Coast Guard ship

However, he ran into strong opposition from certain members of the White House, Pentagon and State Department

It was their feeling that the United States had been the more flexible of the two countries and that New Zealand had made no effort to find a way around the issue

11

(C) The Senator and Ambassador pointed out that both countries cooperated well on a number of issues but that, while the bilateral relationship was good, it needed to go to another level

The meeting ended on a cordial and friendly note, with Sutton and Murdoch appearing to appreciate the forthrightness of their discussion with the Senator and Ambassador

12

(C) Comment: Senator Baucus has been identified by the New Zealand government as a strong advocate for its effort to achieve free-trade negotiations with the United States

Therefore, we expect that his candid assessment of the challenges faced by New Zealand -- and the importance of

dealing with the nuclear issue -- in its pursuit of a free-trade deal carried credibility

Post also notes that in the meeting there was no discussion of how the United States might benefit economically from a trade agreement

13

(U) Senator Baucus did not have an opportunity to clear this cable