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ASHDC PRIORITY 3174 INFO RUEHBY/AMEMBASSY CANBERRA PRIORITY 4514 RUEHPB/AMEMBASSY PORT MORESBY PRIORITY 0596 RUEHSV/AMEMBASSY SUVA PRIORITY 0500 RHEHAAA/NATIONAL SECURITY COUNCIL WASHDC PRIORITY RHHMUNA/CDR USPACOM HONOLULU HI PRIORITY RUEKJCS/OSD WASHINGTON DC PRIORITY classification:CONFIDENTIAL reference:06WELLINGTON536|06WELLINGTON627|06WELLINGTON655 C O N F I D E N T I A L SECTION 01 OF 02 WELLINGTON 000655 SIPDIS SIPDIS STATE FOR D (FRITZ), EAP/FO, EAP/RSP, EAP/PD, AND EAP/ANP N.. C O N F I D E N T I A L SECTION 01 OF 02 WELLINGTON 000655 SIPDIS SIPDIS STATE FOR D (FRITZ), EAP/FO, EAP/RSP, EAP/PD, AND EAP/ANP NSC FOR VICTOR CHA SECDEF FOR OSD/ISA LIZ PHU PACOM FOR JO1E/J2/J233/J5/SJFHQ E.O 12958: DECL: 08/21/2016 TAGS: PREL, PGOV, NZ, US SUBJECT: V ISIT OF EAP DAS DAVIES TO NEW ZEALAND REF: A WELLINGTON 627 B

WELLINGTON 536 Classified By: Ambassador William McCormick, for reasons 1.4 (b) and (d) 1

(C) Summary: New Zealand is eager to continue to identify areas of future US-NZ cooperation, GNZ officials told EAP DAS Glyn Davies during his August 17-19 visit

But PM Clark and other senior officials are wary of riling the Labour party's left, and prefer that we gradually signal our dialogue through individual actions and a series of senior level public meetings rather than unveil a sweeping new initiative

DAS Davies and GNZ counterparts reviewed Pacific Island, regional security and counter-terrorism issues, and existing US-New Zealand defense and intelligence cooperation

All meetings were very cordial

Embassy Wellington and Ministry of Foreign Affairs and Trade (MFAT) staff will in the coming days draw up a list of the items flagged at the meetings for possible cooperation

The New Zealand side endorsed DAS Davies' suggestion for a second bilateral interagency meeting early next year

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(C) The nuclear issue was barely raised by any GNZ official during the visit

DAS Davies' off the record discussions with local journalists and his August 20 TV interview were similarly forward looking

A brief article in the August 21 New Zealand Herald focused almost entirely on Davies' observation that the US had much to learn from New Zealand's experience in the Pacific Islands and shares NZ's concerns over the influence of checkbook diplomacy in the region

End Summary

-----GNZ Meetings -----3

(C) MFAT CEO Simon Murdoch told DAS Davies that PM Clark, FM Peters and Def Min Goff are all "broadly comfortable" with the Bangkok process and want it to succeed

But in order not to raise opposition from Labour's left they would rather have actions precede rhetoric and avoid presenting the initiative to the public as a package

Murdoch said the GNZ hopes for a series of senior-level encounters to show how we are cooperating, for example a brief meeting between PM Clark and POTUS or S on the margins of the UNGA or November's APEC leaders' meeting in Hanoi

Davies welcomed the low-key approach towards increasing cooperation, but noted that at some point New Zealand's political leadership will need to make a public expression of support for the relationship

He also cautioned that high-level meetings at the UNGA and APEC could prove difficult due to pressing commitments on the U.S side

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(C) Murdoch said GNZ officials have gone over the Aide Memoire from the Bangkok meeting and have identified areas of "low-hanging fruit" for possible cooperation, as well as some more difficult options for them and/or us He said the officials had also identified some initiatives as having the most benefit for the GNZ, recognizing some would be difficult to achieve

Among these would be for GNZ's terrorism threat assessment group (CTAG) to participate in assessments with the "4 eyes" and US-NZ consultations on the implications of the Pacific Island Countries' (PICs) improving peace keeping/military capability

Murdoch also acknowledged that Secretary Rumsfeld's meeting with DefMin Goff was "not great" but said GNZ hopes we can still look for a process that will afford NZDF greater predictability of what it can and cannot do with US counterparts

He stressed this again during the working lunch held later in the day.

-----The PICs and the Region -----

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(C) At an inter-ministerial roundtable on Pacific Island issues and regional architecture, MFAT Deputy Secretary Alan Williams said that GNZ remains very concerned about the potential for international crime and instability in the PICs

In addition to stepping up aid to the region (now 50% of all assistance),

NZ now has 20 government agencies working on outreach to the PICs

It is also increasing its WELLINGTON 00000655 002 OF 002 engagement with partners such as Australia, the European Union, and Japan and welcomes the chance to do the same with us

NZAID officials said that competition between China and Taiwan is increasingly undermining good governance

However, GNZ has begun dedicated talks with China on PIC issues, for example during the recent visit to Wellington by Chinese Assistant Foreign Minister He Yafei (ref B)

GNZ has also visited Taipei to voice concerns on Taiwan's checkbook diplomacy in the region

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(C) Williams said GNZ expects to be in the Solomons for 10 years or more. Although GNZ agrees that Melanesia is an "arc of instability," there are bright spots, with economic growth continuing in Tonga and Tuvalu, and Vanuatu reasonably stable

GNZ officials are not as gloomy as their Australian counterparts about PNG, but worry that corruption there will undermine economic growth

GNZ is focusing on sector support and donor harmonization for the PICs, which they think will be more effective than traditional development assistance and will create a "demand side" for good governance currently lacking in the region

NZ officials are also trying to identify the next generation of PIC leaders

They and Davies agreed there is a need to improve the interaction of external partners with PIC leaders around the Pacific Islands Forum

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(C) On E

Timor, GNZ believes a new police force must be formed from scratch

The judiciary must be reconnected with the people as 90% of its business is conducted Portuguese, which most Timorese don't speak

GNZ and Australia are in broad agreement on most E.Timor issues, but GNZ does not believe an Australian-led force would be insulated from domestic political machinations in the way a UN-led force would be

On East Asian architecture, Williams said that GNZ regards WTO as its most important economic and trade forum, with APEC as the best regional vehicle

GNZ has expended considerable diplomatic effort to enter the East Asian Sum

mit and remain "in the tent," but is asking questions about what the organization will do and whether any trade aspects will reflect NZ values

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(C) At a roundtable on Security issues, MFAT Acting Deputy Secretary Dell Higgle said GNZ is funding security capacity building in SE Asia, and is also helping to fund "soft end" CT efforts in the region such as a regional interfaith dialogue among clerics from ASEAN, E

Timor, PNG, Fiji, Australia, and New Zealand, to meet in NZ next year.

Higgle reviewed New Zealand's efforts to help the PICs meet their Proliferation Security Initiative (PSI) and other global counter-terrorism (CT) obligations

GNZ is for example working with Australia to develop a PIC CT response plan

Higgle noted that the PICs are nervous about CT resource commitments and it would be helpful for USG officials to help reassure them

New Zealand has also helped the Cooks and Niue develop financial intelligence units and continues to monitor their effectiveness

GNZ will host a PSI Operational Experts Group in March or April 2007

It would like to host a full exercise in 2008 and sees this as a possible Bangkok process discussion for Washington early next year