

In the international sphere the attention of my Ministers has been particularly engaged on the problems arising from the efforts of the British Government to join the European Economic Community, and their subsequent rejection. The violent events and threats of aggression in Asia have also created serious problems for New Zealand.

The exclusion of Britain from the Community has provided a respite but has in no way lessened the urgency of my Government's efforts to preserve and expand trading opportunities for New Zealand. My Minister for Overseas Trade attended the meeting in London last month of the Commonwealth Economic Consultative Committee and the later Ministerial Meeting of the General Agreement on Tariffs and Trade in Geneva. At these meetings emphasis was placed on the importance of finding a solution to the problems of trade in temperate agricultural products. New Zealand is vitally interested in the expansion of international trade on a basis which will provide improved opportunities of access to world markets for agricultural products, and the agreement by the GATT Conference that this must be an objective of the Kennedy Round of negotiations is an important and most welcome development. It is the firm intention of my Government to pursue this objective at every opportunity in negotiations with other Governments and in the appropriate international organisations.

In Asia, two long-standing problems, the status of West New Guinea and the Laos question, were the subject of international agreements. These were welcomed by my Government as providing a basis for peace in the area. Already, however, the settlement in Laos is under severe strain and existing instability within the area has been intensified. My Government has taken a number of steps to assist the defensive capabilities of friendly countries threatened by aggression or subversion. It has made a gift and extended a line of credit to India to help the preparations of a fellow member of the Commonwealth to withstand any future attacks from Communist China. Last year my Government also maintained forces for some months in Thailand when its security was threatened and in December it made RNZAF planes available during the emergency in Brunei.

The meeting of the ANZUS Council held this month in Wellington, following closely the meeting of the SEATO Council in Paris, has served to emphasise the unity and the common defensive purpose of the partner Governments and the significance to New Zealand of these important alliances. My Government continues to accept the obligations and purposes of these, and of the other defensive arrangements to which it is a party, for the preservation of the peace in South-East Asia and for the economic advancement of the countries of the area. It is maintaining, in close consultation with Britain and Australia, its contributions to the Commonwealth Strategic Reserve in Malaya.

My Government continues to seek the termination of nuclear testing anywhere in the world. It has expressed its most serious concern at the French Government's purported intention to establish a nuclear testing centre in the south Pacific area.

My Ministers have maintained their policy of full support for the United Nations. They are convinced of the imperative need to solve without further delay the Organisation's present financial problems. New Zealand is one of the minority of nations which have paid their contributions in full.

In the field of the national economy a recovery in export prices over the last year yielded a record export income which, with a moderation in the demand for imports, brought about a welcome rise in the level of New Zealand's external assets. Two overseas loans were raised in 1962 to assist further the rebuilding of reserves.

Despite this improvement in reserves my Ministers are convinced that every opportunity must be taken to expand and diversify exports and markets. With the backing of the Trade Promotion Council they have accordingly initiated an export trade drive which has already rallied the active support of primary producers, manufacturers, and