

My Prime Minister and my Minister of Defence have just returned from the Five-Power Conference in Kuala Lumpur. This meeting was concerned with the profound implications of Britain's withdrawal for the future security of South-East Asia and the Pacific. You will be invited to discuss what this may mean for New Zealand, and also to review the work of the conferences held in this building in April of the SEATO and ANZUS Councils, and of the Foreign Ministers of the countries allied in the defence of the Republic of Vietnam.

Vietnam is still the focal point of communist aggression and subversion in South-East Asia. Last year my Government accordingly increased its military assistance to the Republic of Vietnam, where New Zealand units are operating with the Australian Task Force. It has also continued, in consultation with its Allies, to seek a peaceful solution to the conflict. It does not expect this to be quickly or easily attained. My Ministers are nevertheless maintaining the closest consultations with New Zealand's Allies on the course of the Paris talks.

My Government is participating fully in the work of the United Nations and in the diverse activities of the Commonwealth.

In the United Nations General Assembly it has supported the adoption of the treaty to prevent the spread of nuclear weapons. It continues to attach great importance to the peace-keeping functions of the Organisation.

In the year which marks the twentieth anniversary of the Universal Declaration of Human Rights, my Ministers place special emphasis on the ability of the Commonwealth to demonstrate that the prejudice, and the racial, national, and economic barriers which divide nations can be surmounted.

The visit which the Prime Minister of Australia, Mr Gorton, paid to New Zealand at the end of March underlined the high value which both Governments attach to the further development of their close ties of friendship and mutual understanding. It provided a most welcome and timely opportunity for the discussion of matters of common interest.

Valuable capital and technical aid continues to be given by New Zealand to many countries of Asia, the Pacific, and Africa under both bilateral and multilateral arrangements and also through the important work of voluntary agencies such as CORSO and Volunteer Service Abroad.

My Government has recently announced that, for the next 3 years, it will maintain at a high level the financial assistance it has been giving to the Cook Islands, Niue, and the Tokelau Islands. In March, on the occasion of the visit of the Prime Minister of Western Samoa, my Prime Minister also announced that the programme of aid to that country, in education, technical assistance, and administration, will be carried forward until 1971.

A Bill to give effect to the 1961 Vienna Convention on Diplomatic Relations will be presented for your consideration.

During 1967 the national economy responded to the measures taken by my Government to restore the balance of payments, following the collapse of wool prices, and to moderate the previously excessive rate of growth of internal demand. The difficulties facing New Zealand were nevertheless aggravated by the continued low level of export prices.

More recently, since the devaluation of the New Zealand dollar to parity with the currency of Australia, there has been a distinct improvement in the level of overseas reserves. Production for export has continued to increase and some export returns have improved. New Zealand's manufacturing industries are now in a better position to compete with those of Australia.

It would be premature to assume that the period of adjustment is over. My Ministers are confident, however, that given firm but flexible economic policies the improvement in the balance of payments can be sustained.