

HONOURABLE MEMBERS, 1986 has been designated by the United Nations as the International Year of Peace. New Zealand is among the most fortunate nations on earth. It is not threatened by, nor is it a threat to, any other nation. However, the price of peace is continued effort. This most especially applies to the threat of nuclear war.

In the foreign affairs and defence fields, the Government will maintain its opposition to nuclear weapons. It will engage in international efforts to end the nuclear arms race. At the regional level, the South Pacific Nuclear Free Zone Treaty will be ratified as soon as possible and New Zealand has been prominent in the diplomatic efforts being conducted by governments of the South Pacific Forum, to persuade the nuclear powers to endorse the South Pacific Nuclear Free Zone.

The New Zealand Nuclear Free Zone Disarmament and Arms Control Bill was introduced into Parliament last year. The Bill is not intended in any way to weaken New Zealand's security alliance with the United States of America or with Australia.

Nevertheless, it is acknowledged that the operational character of the ANZUS alliance is the subject of dispute with the United States. New Zealand wishes to retain and to extend the long-standing friendship existing between the two countries. When differences arise, the soundness of any friendship is revealed by the efforts made to seek a resolution of those differences. The Government will adopt every diplomatic initiative possible to reach a satisfactory settlement.

HONOURABLE MEMBERS, New Zealand's defence interests, with particular emphasis on our role in the South Pacific region, will be re-examined in the coming year. The recently established Committee of Inquiry on the future of New Zealand's strategic and security policies will assess public opinion on the choices available to New Zealand in its defence and strategic thinking. In the light of the Committee's report, which will be completed later this year, further decisions will be made on defence, including international security arrangements, as well as expenditure levels in the armed forces.

At the heart of the Government's foreign policy is a concern for the stability and peaceful development of the South Pacific. That will be reflected in the decisions that will be taken on defence, and in the emphasis which the official development assistance programme gives to the region.

HONOURABLE MEMBERS, such efforts must be underpinned by the internal stability of New Zealand and a sound, growing domestic economy.

The Government will resolutely pursue management policies which will improve economic performance. A lasting improvement in living standards depends on the restoration of sustainable and non-inflationary growth.

Much has already been done.