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## U.S. Canceling Anti-Sub Exercise In Its Dispute With New Zealand

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WASHINGTON, Feb. 16 — The United States has canceled a second set of military exercises with New Zealand and said all further security relations with the Pacific ally were under review.

The latest move was cancellation of joint antisubmarine exercises near Hawaii on Feb. 28. New Zealand was informed by Washington on Thursday night, the New Zealand Defense Minister, Frank O'Flynn, said this morning in Wellington. The action was confirmed today by State Department officials, who said a fuller statement would be made next week.

State Department officials said today that the entire security relationship with New Zealand was under review. They said each exercise was being handled on a case-by-case basis, but they predicted that virtually every military tie with New Zealand would be curtailed to show that Washington does not believe a country can have an alliance with the United States and avoid its full responsibilities.

Washington is also considering ending the policy of exchanging intelli-

gence information with New Zealand, officials said. The Administration has said it will not impose economic sanctions on New Zealand, but will not argue New Zealand's case with fervor when members of Congress seek to end special trade preferences on such commodities as lamb and casein, a cheese and milk protein used in food as well as industrial products.

The dispute with New Zealand sharpened two weeks ago when Prime Minister David Lange refused permission for a port call by an American destroyer because his seven-month-old Labor Government has an antinuclear policy, which forbids visits by ships carrying nuclear weapons.

The United States, as is its practice, refused to say whether the ship, the Buchanan, carried such weapons.

In response, the Reagan Administration announced cancellation of joint exercises with its Anzus pact allies, Australia and New Zealand, that had been scheduled for Australia's east coast. Secretary of State George P. Shultz

said that although New Zealand remained "a friend" of the United States, it was not behaving as an ally should and Washington would have to adapt its policies to this development.

Although the ship visit in itself was a minor matter, State Department officials have viewed the denial of port privileges as a major rupture in the alliance. They said it was unacceptable that the United States be forced by an ally to curb its nuclear deterrent force at a time when there are no similar constraints on Soviet forces.

The officials added that if New Zealand succeeded in such an action, this could give heart to antinuclear groups in other allied countries.

Since the Anzus pact is primarily a maritime alliance with ships and planes from the three countries patrolling the South Pacific, the Administration has said that by depriving the United States of port calls, the New Zealand Government has changed the "operational" character of the alliance.

But Administration officials have acknowledged that their concern goes well beyond New Zealand to American alliances with other nations.

For instance, the Labor Government of Prime Minister Robert Hawke in Australia is threatened by left-wing antinuclear groups that would like him to follow the same course as Mr. Lange of New Zealand. When he was in Washington two weeks ago, Mr. Hawke told the Americans that he could not allow American planes monitoring tests of the MX missile in the Pacific to operate out of Australia because of this opposition.

And Mr. Hawke, faced with the pro-Lange sentiment in Australia, said Australia, unlike the United States, would continue its military exercises with New Zealand.

The United States is also concerned about antinuclear sentiment in Europe. Key members of the North Atlantic Treaty Organization, including West Germany and Britain, have had to deal with such movements in connection with the deployment of new American medium-range missiles.