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**PRIME MINISTER'S
PERSONAL MESSAGE
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PARIS FROM LONDON
SECRET GOVERNMENTAL 0025
BT

MY DEAR PRESIDENT,

I SHOULD LIKE TO DRAW YOUR ATTENTION TO THE DIFFICULT SITUATION WHICH WILL FACE THE COMMUNITY UNLESS AN EARLY SOLUTION CAN BE FOUND TO THE QUESTION OF POST-1980 ACCESS FOR NEW ZEALAND BUTTER.

NEW ZEALAND HAS PROVED HERSELF A GOOD FRIEND TO EUROPE IN PEACE-TIME AND IN WAR. SHE IS A FACTOR FOR STABILITY IN AN UNSTABLE WORLD AND PLAYS A PARTICULARLY VALUABLE ROLE IN THE SOUTH PACIFIC REGION, WHERE FRANCE ALSO OF COURSE HAS IMPORTANT INTERESTS. IT HAS ALWAYS BEEN ACCEPTED IN THE COMMUNITY THAT THE ESSENTIAL INTERESTS OF NEW ZEALAND SHOULD NOT BE DAMAGED AS A RESULT OF BRITISH MEMBERSHIP. THIS WAS AN IMPORTANT PART OF THE BARGAIN STRUCK IN OUR TREATY OF ACCESSION. IT WAS CONFIRMED IN THE 1975 DUBLIN DECLARATION WHICH STATES THAT THE COMMUNITY 'SHOULD NOT DEPRIVE NEW ZEALAND OF OUTLETS WHICH ARE ECONOMICALLY ESSENTIAL FOR IT.'

UNLESS AGREEMENT CAN BE REACHED SOON ON SATISFACTORY PROVISIONS FOR POST-1980 ACCESS FOR NEW ZEALAND'S BUTTER I FEAR THAT WE RISK PLACING OURSELVES IN BREACH OF THIS COMMITMENT. THE NEW ZEALAND ECONOMY REMAINS HEAVILY DEPENDENT ON THE DAIRY SECTOR. A MAJOR AND SUCCESSFUL EFFORT TO DIVERSIFY EXPORT MARKETS HAS ALREADY BEEN UNDERTAKEN IN RESPONSE TO THE REDUCTION IN ACCESS FOR DAIRY PRODUCTS TO THE UK. THIS IS NOW LESS THAN HALF THE TRADITIONAL LEVEL. BUT THERE IS A LIMIT TO WHAT CAN BE ACHIEVED. MOREOVER NEW ZEALAND IS SUFFERING GRIEVOUSLY FROM UNFAVOURABLE TRENDS IN THE TERMS OF TRADE. TOGETHER THESE ARE FACTORS WHICH HAVE LED TO A DEPRECIATING CURRENCY, HIGH INFLATION AND REAL ECONOMIC DIFFICULTY FOR NEW ZEALAND.

THE KEY ISSUES OUTSTANDING IN THE NEGOTIATIONS WHICH HAVE TAKEN PLACE IN THE AGRICULTURE COUNCIL CONCERN THE QUANTITIES TO BE EXPORTED TO THE COMMUNITY POST 1980 AND THE DURATION OF THE ARRANGEMENTS. THESE QUESTIONS HAVE BEEN REFERRED TO THE 24/25 NOVEMBER MEETING OF THE FOREIGN AFFAIRS COUNCIL. I VERY MUCH HOPE THAT DECISIONS CAN BE TAKEN ON THAT OCCASION.

I AM SURE THAT I CAN COUNT ON YOUR UNDERSTANDING IN SEEKING AN EARLY SOLUTION TO A QUESTION WHICH, DESPITE ITS APPARENTLY TECHNICAL NATURE, IS IN FACT OF THE HIGHEST POLITICAL IMPORTANCE TO THE BRITISH GOVERNMENT AND, I BELIEVE, ENGAGES THE INTERESTS OF THE COMMUNITY AS A WHOLE.

YOURS SINCERELY
MARGARET THATCHER

BT