



Foreign and Commonwealth Office

London SW1A 2AH

10 December 1979

Dear Michael,

Call by the New Zealand Deputy Prime Minister

As requested in your letter of 27 November, I attach briefing for the Prime Minister's talks with Mr Talboys on 12 December consisting of a brief on EEC/New Zealand relations (cleared with the Cabinet Office and with the Minister of Agriculture, Fisheries and Food) and a personality note.

Mr Talboys was here last in January 1979. On this occasion London will be his last but one stop (he goes on to Dublin) on a tour of all Community capitals. Like his earlier visits to Europe, this one is essentially a lobbying exercise in New Zealand's butter and lamb interests. He is due to discuss these matters with Mr Walker on the morning of 13 December. In Lord Carrington's absence, Mr Talboys will be calling on the Lord Privy Seal at noon on 13 December, after which the Lord Privy Seal is giving a lunch for him. Mr Nott will also be entertaining Mr Talboys to lunch in the latter's capacity as Minister of Overseas Trade.

On EEC/New Zealand relations, Mr Talboys' main objective in London will be to obtain reassurances, which he can quote at home, that we remain determined in the aftermath of the Dublin Summit to secure solutions acceptable to New Zealand on New Zealand's exports of butter and lamb to the British market. The Prime Minister may wish to affirm that this is indeed the case, although we do not underestimate the difficulties that lie ahead.

If the opportunity arises, the Prime Minister could renew her thanks for the New Zealand Government's interest and practical help over Rhodesia. Mr Muldoon has given us strong support in public. We are very grateful for the New Zealand Government's agreement to participate in the Commonwealth Monitoring Force.

New Zealand is reported to have signed a lamb contract with Iran in October worth about NZ\$100m next year, and much more in the following three years. If, before the Prime Minister's meeting with Mr Talboys, the Americans take decisions which could have implications for New Zealand's trade, we shall provide a separate brief.

/The New Zealand

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/ The New Zealand Government opposed our de-recognition of the Pol Pot regime because of the likely effect on ASEAN. But after an exchange of messages between Mr Talboys and Lord Carrington (attached), Mr Talboys indicated that he understood our reasons and the background.

Our High Commissioner in Wellington, Sir Harold Smedley, will be home on leave and will be available to attend the meeting if the Prime Minister so wishes.

I am sending a copy of this letter to Garth Waters (MAFF) and Martin Vile (Cabinet Office).

yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O' D B Alexander Esq
10 Downing Street
LONDON

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VISIT OF MR TALBOYS: DECEMBER 1979

NEW ZEALAND/EEC RELATIONS

POINTS TO MAKE

1. There will be very tough negotiations on the Community budget in the first quarter of 1980. We aim to keep other issues separate but some member states will try to establish links.
2. UK remains determined to ensure continued access for New Zealand sheepmeat and butter at acceptable levels. But this will not be easy. The French are likely to be difficult on both.
3. The UK are ready to negotiate constructively for a common organisation for sheepmeat but will insist that there must be continued and fully adequate access for New Zealand.
4. Voluntary restraint agreements with third country suppliers appear to be the best way of dealing with pressures for measures to protect the stability of the Community sheepmeat market and this would also offer New Zealand the possibility of negotiating a tariff cut.
5. New Zealand would be unwise to pursue the idea of separate treatment of the New Zealand /UK lamb trade. It could imply exclusion from the Continental market of New Zealand exports and point towards a special arrangement for New Zealand which could upset the GATT binding.

BACKGROUND

6. While of course sympathetic to UK's position on Community Budget (and on CAP expenditure particularly) Mr Talboys is likely to be concerned about risk that crisis in Britain's relations with the Community could complicate achievement of New Zealand's objectives over sheepmeat and butter. He will be grateful for whatever the Prime Minister can tell him about the wider background.

7. Mr Talboys (but not Mr Muldoon - see below) privately recognises the advantages to New Zealand in the Commission's proposal for voluntary restraint on New Zealand's lamb exports at around current levels in exchange for substantial tariff reductions. This offers the best prospect of resisting pressures within the Community for new and tighter import controls to protect the stability of the sheepmeat market. The present GATT bound conditions of access - the 20% Community tariff - would remain undisturbed and a tariff reduction as part of a restraint agreement would increase returns to New Zealand farmers.
8. Given the GATT binding, New Zealand is well placed to bargain hard on the terms of a voluntary restraint agreement and one of her objectives would be to obtain provision for participation in any future growth in the EEC sheepmeat market.
9. Mr Muldoon, however, has so far been reluctant to contemplate voluntary restraint and has been toying with the idea of somehow excluding UK/New Zealand lamb trade from the proposed EEC sheepmeat regime. There is no prospect whatsoever of persuading other member states to agree to this. They would insist on our imports from New Zealand being covered by a special arrangement which could imply exclusion of New Zealand exports from the Continental market and could upset the GATT binding.
10. On butter, problem is to agree terms for access for New Zealand after current arrangements expire at end 1980. Commission have been generally helpful and earlier in year circulated outline ideas for providing more lasting access, with some improvement, from New Zealand's point of view, in levy system.
11. On quantities, Mr Muldoon told the Prime Minister in June that New Zealand "could live with" an entitlement of 90,000 tonnes for 1985 and thereafter (cf a 1980 entitlement of 115,000 tonnes). This would also be acceptable to Commission

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and to Germans, but most other member states likely to press for lower figure. New Zealanders' main current concern is that bidding should open higher than 90,000 and they are consequently disappointed that Commissioner Gundelach let slip a reference to 90,000 tonnes at a recent Agricultural Council. The UK has undertaken to open bidding at higher level.

7. Debate on this issue is unlikely to get under way within Community until New Year and seems likely to become caught up in complex of other sensitive issues facing the Community in first part of next year. It would be risky for New Zealand (and for the UK) if the French were in a position to bargain simultaneously over sheepmeat, butter and the budget problem. There are therefore questions to be resolved over the timing and tactical handling of New Zealand's two particular concerns.

Foreign and Commonwealth Office

7 December 1979

STATISTICAL ANNEX

1978 TRADE AND CONSUMPTION: BUTTER AND SHEEPMEAT

BUTTER

<u>Trade</u> (year ending June 1978)	<u>Volume</u> (tonnes)	<u>Value</u>
(a) Total New Zealand exports:	151,000	na
(b) New Zealand exports to UK: (To UK in calendar year 1978):	130,000 (129,968)	na (£121.7 million)
(c) Exports to UK as percentage of total:	86.1%	

Note: No New Zealand butter is exported to other EEC countries

<u>Consumption</u> (calendar year 1978)	(tonnes)
(a) Total UK consumption	414,000
(b) New Zealand share of UK consumption:	33%
(c) Total EEC consumption:	1.7 million
(d) New Zealand share of EEC consumption:	8%

SHEEPMEAT

<u>Trade</u> (year ending September 1978)	<u>Volume</u> (tonnes)	<u>Value</u>
(a) Total New Zealand exports:	378,200	na
(b) New Zealand exports to UK:	194,000	
to EEC:	216,000	na
(To UK in calendar year 1978):	(214,000)	(£171.6 million)
(c) Exports to UK as percentage of total:	51.3%	
EEC:	57.2%	

<u>Consumption</u> (calendar year 1978)	(tonnes)
(a) Total UK consumption:	403,000
(b) New Zealand share of UK consumption:	53%
(c) 1978 total EEC consumption:	776,000

Foreign and Commonwealth Office

December 1979

TALBOYS, RT HON BRIAN EDWARD, MP

Deputy Prime Minister of New Zealand since 1975. Also Minister of Foreign Affairs, Minister of Overseas Trade and Minister of National Development.

Born New Zealand 1921. Educated Victoria University, Wellington (BA). Trained in RNZAF during war but invalided out due to illness. Journalist and sheep farmer.

Elected to Parliament 1957. Minister of Agriculture 1962 and Minister of Science 1964. Later Minister of Education. Elected Deputy Leader of the Party in July 1974.

An effective parliamentary performer. On the moderate wing of his Party, his outlook is less parochial than that of some of his colleagues. But his ability to see both sides of a question sometimes shows through in his public remarks to give an appearance of vacillation. His health is suspect.

His wife (Pat) is well educated and interested in international affairs, having served in the Department of External Affairs before her marriage. They have two adopted sons.

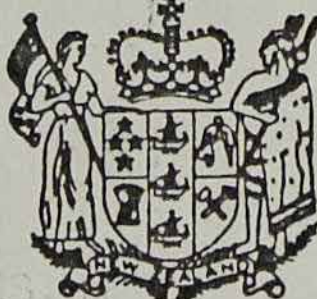
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RECEIVED 14 NOV 1979

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From the High Commissioner
 H.E. The Hon L.W. Gandar

13 November 1979

Mr Murray
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 14/11

The Rt Hon. The Lord Carrington,
 KCMG, MC,
 Secretary of State for Foreign
 and Commonwealth Affairs,
 Foreign and Commonwealth Office,
 LONDON.

Dear Lord Carrington,

I have been asked by Brian Talboys, the New Zealand Deputy Prime Minister and Minister of Foreign Affairs, to convey the following message to you regarding Kampuchea:

"I understand your Government is considering an early move to withdraw recognition of Pol Pot and in the light of this I felt you might be interested in the assessment I have made on this question in the light of my talks with ASEAN leaders over the past three weeks.

The principal emphasis was on the value the ASEANs attach to our moral and diplomatic support. The hope was expressed to me that the powers outside the region would allow the countries in the area to formulate their own initiatives and would adopt a supportive role rather than attempt to lead. Clearly they believe that ASEAN can perform more effectively in the international area if it is seen by non-aligned countries to be acting autonomously. The five members of ASEAN do not find it easy to work in concert, as their hesitant handling of their resolution at the United Nations Assembly has demonstrated. They have, however, succeeded so far in maintaining a rather precarious unity, and it must clearly be our aim to help them to maintain and strengthen that unity, which is likely to come under increasing strain as time passes without a political solution being found to the Kampuchean problem. And it seems inevitable that some time will pass: no one sees the possibility of progress towards such a solution until the Vietnamese themselves can be brought to see the necessity for it.

One of the few bargaining chips the ASEANs have, as they see it, in any future negotiations with Vietnam is the question of recognition of Pol Pot. They made it clear in discussion that it is extremely important to try to maintain the present level of recognition until a stage is reached where useful negotiations might begin.

The New Zealand Government (like the British) has a domestic problem with maintaining support even for the United Nations credentials of the Pol Pot regime, and I made this clear in my talks. These domestic problems will presumably be accentuated if any Western country moves to derecognise Pol Pot in the relatively near future. I have no doubt that it would be damaging to our relations with ASEAN if we were to move on this issue other than in concert with them, and I would judge that it could also weaken their resolve to maintain a unified stand themselves. Lee Kuan Yew said to me that "it is hard enough just keeping up the present political pressure on Vietnam. Recognition of Heng Samrin will wreck the whole thing."

I accept that withdrawal of support for Pol Pot does not necessarily involve recognition of Heng Samrin; and that the normal criteria for recognition can be cited readily in justifying the former move. Nonetheless I make the comment on the basis of my talks that politically the one would be seen as having much the same effect as the other.

I know that you are taking account of ASEAN views but that you face, too, difficult domestic pressures. I hope we may keep in touch on this matter.

Kind regards,

Brian Talboys"

Yours sincerely

Leslie Candler