



Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's Private Office

Pennie Minister

⑩

Apex?

Phms

Michael Alexander Esq
10 Downing Street
London SW1

19 May 1980

Dear Michael,

MUTTON REGULATION: NEW ZEALAND

In my minute recording the conversation that took place between Mr Talboys and my Minister last Friday I noted that Mr Walker intended to write to Mr Gundelach seeking specific assurances from him about the character of the proposed CAP mutton régime.

--- I attach the draft of the letter which my Minister is intending to send to Mr Gundelach. As you can see, it asks for his written confirmation that there would be no export refunds in the CAP mutton régime. It also seeks his written confirmation that New Zealand would be given firm assurances on certain other features of the régime that would be of particular interest to her.

Before my Minister writes, he would be grateful for your assurance that the Prime Minister is content with the terms of his letter.

I am sending a copy of my letter and its enclosure to Paul Lever (FCO), John Wiggins (Treasury) and David Wright (Cabinet Office).

*Could we also ask
proposer to
write notes
disposal of
stock?
out*

Yours sincerely

G R Waters

G R WATERS
Principal Private Secretary

DRAFT LETTER FOR THE MINISTER TO SEND TO MR GUNDELACH

Mr F O Gundelach
Vice President
Commission of the European Communities
Rue de la Loi 200
1040 Brussels

When we met ~~earlier~~ ^{last} this week, I said I would write to you about certain points on the proposed sheepmeat regime. First, you said that you had no intention of introducing any provision for export restitutions into the regime and that, if you did not do so, there was no way through a horizontal regulation/^{or}by any other means that export restitutions could be paid for sheepmeat. I should be glad if you would confirm this.

Secondly, on New Zealand, you said you were sure that an agreement could be made with the New Zealand authorities which would fully satisfy them and that you would not finalise a sheepmeat regulation until you were assured of New Zealand's agreement. I think the New Zealanders would need assurances of access, any agreement on quantities to be balanced by a reduction of the tariff and an assurance that any intervention would be limited in scope and quantity and that any Community export of sheepmeat would also be limited. I am sure that the New Zealanders would also need written assurance that any major changes in the regime once established should be the subject of consultation with New Zealand. I should like you to confirm that this statement corresponds with your view of the situation.

I should be most grateful to have your ^{written} confirmation ~~in writing~~
before the next Council.

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Original filed on New Zealand: visits by Mr Talboys. NOV 1979. copy to EURO PSD: CAP: P5.

copy

RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND THE DEPUTY PRIME MINISTER OF NEW ZEALAND, MR. BRIAN TALBOYS, AT 10 DOWNING STREET ON 16 MAY 1980 AT 1230

<u>Present:</u> Prime Minister	Mr. Brian Talboys
Minister of Agriculture	H.E. The Hon. L.W. Gandar
Mr. Michael Franklin	Mr. I.L.G. Stewart
Mr. Michael Alexander	

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After Mr. Talboys had referred to his earlier discussions with Mr. Gundelach, Herr Haferkamp and Herr Ertl, Mr. Walker described the present position. He said that the Germans had agreed to back a sheep meat regime including intervention and all the other members of the Community had accepted a regime including intervention as inevitable although they were well aware of the defects of such a regime. However German officials were supporting British officials in their efforts to secure improvements in the new proposals made by the Commission at Luxembourg. The crucial period of negotiation would be in the following week, at the end of which Mr. Gundelach would have to put forward proposals for consideration by the Agricultural Council. It would be essential for Mr. Talboys to apply maximum pressure to Mr. Gundelach in this period. British officials would, of course, be doing the same. Both the Commission and the French Government were extremely anxious to secure agreement on the outstanding agricultural issues, including the price package, by the end of the month. They might therefore be prepared to make concessions to the UK view point in this period. Mr. Walker said that he believed it would be possible to secure agreement on a regime which would represent an acceptable deal for both New Zealand and the United Kingdom. However judgement would have to be reserved until the end of the month when the place of the sheep meat agreement in the overall package of agreements could be seen.

Mr. Talboys underlined the importance of the sheep meat regime in the New Zealand economy. At present it produced ^{40% of} all New Zealand's foreign exchange. The industry had been developed to serve the British market. The New Zealand Government had made strenuous efforts to find alternative markets but the psychology and economics of the operation were still based on full access to the UK market.

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