

CONFIDENTIAL

Registry No.

DRAFT

Type 1 +

SECURITY CLASSIFICATION

Top Secret.
Secret.
Confidential.
Restricted.
Unclassified.

To:-

FROM

Telephone No. Ext.

Department

PRIVACY MARKING

..... In Confidence

MEETING OF EEC HEADS OF GOVERNMENT IN DUBLIN CASTLE ON MONDAY 10 MARCH AT 1900 HOURS.

NEW ZEALAND

Mr. Wilson described what he considered to be a reasonable arrangement for New Zealand dairy products after 1977 on the basis of the formula previously circulated by the British Delegation. He emphasised the very strong ^{links} ~~relationships~~ between the UK and New Zealand which were forged in time of war and in the early post-war years when the New Zealanders themselves had introduced rationing in order to help their British kinsmen. He asked other Heads of Government to realise the very strong emotional feeling in the UK over New Zealand and the political problems which he would face if a satisfactory continuing arrangement for New Zealand dairy products could not be achieved.

Mr. Jørgensen ~~the coped text~~ said that the Heads of Government should produce some declaration that was positive from the UK's point of view and satisfactory to New Zealand. Mr. Callaghan has submitted one text - but so had Mr. Wellenstein. ~~This was~~ Was this Mr. Wellenstein's personal proposal or should it be considered at their meeting?

M. Giscard d'Estaing said that the French Government had found that Mr. Rowling had been more worried about the time-scale than about the contents of any new arrangements for New Zealand. From the end of 1977 the ^{delegation} ~~delegation~~ on cheese would come to an end. If it were to be extended it would be

necessary/

NOTHING TO BE WRITTEN IN THIS MARGIN

Incl. A-A
over leaf

necessary to return to national parliaments to get approval. There had been heartfelt criticism by the Federal Republic of Germany and the UK of the CAP. The transitional period under Article 5 should be extended, perhaps for three years and then the matter could be looked at again. The trend of degressivity should however continue taking into account deliveries made by New Zealand which had in fact been below the amount allowed. The price was certainly obsolete and needed to be revalued. It was necessary to ensure an equitable revenue for New Zealand farmers taking into account their production costs. He wondered what the deadline ^{should be} was - surely not the end of April.

Mr. Jap den Uyl said he could not go along entirely with Mr. Wilson when he suggested that the ^{Commission} proposal should be fully worked out and agreed by the end of April. If Heads of Government made a general statement now they could trust the Commission to produce proposals which could be considered later. Cheese had been specifically excluded by Protocol 18 and it would be right strictly to stick to butter. JA

Herr Genscher said that Mr. R^owling was anxious that the 31 December 1977 date should be maintained. Any declaration should refer to butter only and say that the EEC intended to maintain deliveries after 1977 and to undertake regular reviews of prices in accordance with a number of criteria such as EEC prices, costs of production and the world price.

M. Ortoli said that the Commission had made a ^{suggestion} verbal declaration that was very close to Herr Genscher's proposals (and to those of Mr. Wellenstein). A new text was not necessary. A time limit was undesirable and it would not be possible to elaborate specific proposals before the end of April.

Mr. Wilson said that he recognised the difficulties about a date as early as April for the production of specific proposals.

Perhaps/

NOTHING TO BE WRITTEN IN THIS MARGIN

NOTHING TO BE WRITTEN IN THIS MARGIN

17865 Dd.145178 400m 5/73 G.W.N.Ltd. Gp.863

M. Ortoli agreed that proposals could be made in July.

Mr. Wilson said that officials could be left to work on specific drafts. Herr Genschler had expressed a considerable degree of common ground. Those who had met the Prime Minister of New Zealand understood the emphasis which he had placed on the question of price. Those who wanted an element of degressivity had got it since deliveries had been far ^{lower} later than those permitted under the Protocol and the ^{which the UK has suggested} ~~present~~ figures for the post-1977 period were ~~being~~ based on those lower deliveries. The whole question was an emotive issue. We had ~~only~~ a small amount of cheese in mind. It should be possible to get agreement on the amount and this would reduce the amount of butter supplied, since the total would be ^{expressed} in terms of butter equivalent or dairy products. On this basis the Commission might agree to it.

M. Ortoli said that the Commission hoped there could be an arrangement under which New Zealand would discuss its problems with the Commission. The ^{Community} ~~Commission~~ and New Zealand were ^{effectively} the only two ^{producers world} ~~in the dairy~~ ^{major products} market and there should be cooperation between them.

Mr. Wilson said that UK industry maintained that the import of New Zealand cheese would be at the expense of British producers and not at the expense of other producers in the EEC. The British Government would not object to such an arrangement and would encourage New Zealand on these lines though this could not be put in any declaration.

Mr. Cosgrave suggested that the matter should now be remitted to experts.

M. Giscard d'Estaing ^{Community} commented that consumers could buy New Zealand cheese if they wanted but they would just have to pay more for it. Cheese represented a political problem. There should be no derogation after 1977 and the Protocol could not be changed./

be changed. M. Ortoli pointed out that the Commission could not give a derogation after 1975. This would require Parliamentary procedures.

in that event
Mr. Wilson said that ~~therefore~~ it might be necessary to ~~give notice for~~ *contemplate* making a change in the Treaty.

Mr. Callaghan stressed the importance of getting ahead now with making proposals

M. Ortoli said that the Commission ^{could} ~~would~~ consider the two texts at present on the table and would make their proposals in July. They would draft a report which would be submitted to Ministers in July.

NOTHING TO BE WRITTEN IN THIS MARGIN