



PM/80/61

PRIME MINISTERNew Zealand Sheepmeat

Prime Minister (1)
 Would you be unlikely with
 something on these lines?

yes
 no
 think

1. When Peter Walker and I minuted at the end of last week you commented that the UK should accept nothing that would not be acceptable to New Zealand. At the Agriculture Council on 22 July Peter Walker argued strongly for the 8% tariff which Mr Muldoon says he needs. He received no support, though all Member States except France and Ireland were prepared to accept the terms negotiated by Gundelach in Wellington, subject only to insisting on a 10% tariff rate.

2. It is not yet clear whether the French will be ready to continue to block the Commission proposal (and I was struck by Peter Walker's pessimism on this point in Cabinet on 24 July) but if the French do after all give way I am sure that it would then be in our interest (and that of New Zealand) for the Commission to go back to the New Zealanders with a formal offer to conclude an agreement on the terms proposed by Gundelach. We should, of course, protect the New Zealand position by emphasising that we cannot agree to anything unacceptable to the New Zealanders. But I think it would be wrong to deny them the opportunity to weigh the balance of advantage and decide whether or not to settle quickly on the basis of the Community's offer. If you agree I recommend you should reply to Mr Muldoon along these lines. / I attach a draft which Peter Walker has seen and agreed.

3. I am sending a copy of this minute to other Members of OD(E) and to Sir Robert Armstrong.

C

(CARRINGTON)

Foreign and Commonwealth Office

25 July 1980

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM: PRIME MINISTER

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

The Rt Hon R D Muldoon
Prime Minister of New Zealand

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

Thank you very much for your message bringing me up to date on the outcome of your talks with Commissioner Gundelach. I must say I greatly admire what you have already been able to secure for New Zealand. The language on export restitutions is explicit and particularly helpful. You have managed to achieve something quite unprecedented in negotiations with the Community on agricultural trade.

No doubt you will have heard that at the Agriculture Council on 22 July France and Ireland opposed the package which the Commission were prepared to recommend.

There will be further discussion in the Special Committee for Agriculture, possibly next week. We shall, of course, continue to take the line which Peter Walker took at the Council, arguing that your demand for an 8% tariff is reasonable and that in no circumstances would an agreement be acceptable to the UK unless it was acceptable to New Zealand. But at the Council we had no support whatever for a reduction below 10%. The Commission will doubtless put their package, including a 10% tariff, to you again if the French and Irish can finally be persuaded to drop their objections. I do hope we can all secure a satisfactory agreement soon.

Enclosures—flag(s).....