MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

12 December 1979

PRIME MINISTER

Dear Prime Minister,

You will have seen from the telegrams that the Council of Agriculture Ministers agreed late last night on a mandate to the Commission to open negotiations with third countries on voluntary restraint on their export to the Community of mutton and lamb. I enclose a copy of the final text and of an accompanying entry which has been recorded in the Council minutes.

We kept in close touch with the New Zealanders when the mandate was being negotiated. Brian Talboys was very concerned about some aspects of the draft circulated on Monday but we succeeded in getting a number of significant improvements and I hope that, when you see him later today, he will acknowledge that it represents a good outcome from their point of view. It provides for sendings at traditional levels, and in return for agreement to the voluntary restraint arrangements the Community undertakes not to use the safeguard clause or to seek the unbind in the GATT the 20% duty applicable to imports of mutton and lamb.

In particular, paragraph 3 of the mandate was specifically included to meet Gundelach's wish to have the Council authority to give third countries which reach agreement with the Community an assurance that there will be no question of pursuing the possibility of renegotiating the GATT-bound 20% tariff. The French attempted to modify the wording to introduce the threat that unbinding the tariff would be likely to follow if voluntary agreements were not reached. We rejected this out of hand and had the support of all of the other members of the council.

/There will ....

There will obviously be aspects of the mandate on which the New Zealanders want to negotiate, for example, they want some flexibility for switching between the broad categories referred to. In fact, we have created a situation in which New Zealand is free to agree to anything they want to agree and if they decide on no change their present position is totally protected.

I am sending copies to Peter Carrington, John Nott and John Biffen.

Yours ever
Peter

PETER WALKER

Annex to COM (79) 763 final
rev.

Draft decision of the Council concerning the negotiation of autolimitation arrangements with non-member countries for live sheep and mutton and lamb

The Commission shall be authorized to seek autolimitation arrangements with non-member countries supplying live sheep and fresh, chilled and frozen mutton and lamb on the basis of the following elements:

1. the non-member countries undertake to limit their exports of live sheep and mutton and lamb to the Community to the level of traditional quantities and presentations. The Commission will take account, for this purpose, of the trade figures relating to the last three-year period, taking account of the practice established under GATT

(1)

2. the quantities which are subject to the arrangements may be modified to take into account the evolution of ~~the consumption~~ of (the Community market in) mutton and lamb ~~in the Community~~.

3. as long as the non-member countries agree to limit their exports under the conditions set out in paragraph 1, the Community will undertake not to seek to unbind the 20% duty applicable to fresh, chilled and frozen mutton and lamb

4. the customs duties applicable shall be set autonomously at a reduced level to be negotiated

5. the Community undertakes not to have recourse to the safeguard clause with regard to countries which have subscribed to the arrangements and provided that exports from such countries do not exceed the quantities agreed

6. however, the Commission shall be authorized to establish with non-member countries import licensing (or alternative procedures for monitoring the volume of supplies), it being understood that the Commission shall reserve the possibility of suspending imports from any non-member country which exceeds the agreed quantity

7. the quantities and the modalities negotiated by virtue of paragraphs 1, 2 and 4 may be rediscussed with the countries concerned at the time of the accession of new Member States to the Community

8. the arrangements will be subject to further negotiation within the six months preceding the date of expiring (if so decided by the Council) of the regulation on the common organization of the market in mutton and lamb

ANNEX

ENTRY IN THE COUNCIL MINUTES

1. Measures with regard to non-signatory countries

If in accordance with the negotiating directive agreements are reached with non-member countries supplying a substantial part of Community imports of live sheep, mutton and lamb, then as regards imports of live sheep or mutton and lamb from non-member countries which have not subscribed to the agreements, the Community will invoke the safeguard clause and suspend imports as soon as the quantities imported would exceed those which the Comummunity would be prepared to accept under the autolimitation arrangements envisaged.

2. Minor imports

The Commission will not necessarily seek to reach agreements with non-member countries whose exports of the products in question are negligible. the relevant regulation, however, will lay down the means of monitoring these imports in order to apply any directives approved by the Council to such imports and, if necessary, the measures set out in paragraph 1 above.

3. Yugoslavie

The Commission states that the quantities which it will propose for allocation to Yugoslavia will take account of the need to grant to that country a concession consistent with the package of concessions which it has proposed, or will propose, to make to that country under the current bilateral negotiations.

4. The Commission states that it understands presentation to refer to the three broad categories -

ad point 1
in the minutes.

live sheep, fresh qnd chilled mutton and lamb and frozen mutton and lamb

90,000. 115,000. 120,000

Over 5 years.

100,000

N.Z. about 1 [illegible] ago.

Price : 50% of [illegible]
now

Proposed — 65%. → Jan 81
75%.