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



From the Minister

PRIME MINISTER

7 February 1980

*I do hope that for once we can stand by our friends.*

*Prime Minister*

*Print 7/2*

*Robbie*

NEW ZEALAND BUTTER : POST 1980 ACCESS

Your Private Secretary's letter of 28 January recorded your view that we should try to secure continued access for 100,000 tonnes of New Zealand butter after the present arrangements expire this year. I agree that such a figure would be excellent if it could be secured; but I do not think it is negotiable.

Ever since we took office, I have been urging on Commissioner Gundelach the vital importance of this matter to New Zealand and the need to get it settled before the 1980 price fixing (so as to avoid its getting entangled with other negotiating issues). But despite repeated assurances he has still not put forward formal proposals, though he is expected to do so shortly.

I understand Mr Gundelach has it in mind to suggest 100,000 tonnes for 1981, decreasing by 2,500 tonnes per annum until 1985 and then stabilising at 90,000 tonnes from then onwards. As the New Zealanders are very anxious that the new arrangements should have the effect of settling the access question permanently this last feature of Mr Gundelach's proposals is attractive. The 90,000 tonnes is in fact in line with what the New Zealand Government has told us they could live with in the longer term. Their revenue position (important to us as trading partners) would be very largely safeguarded by another feature of Mr Gundelach's proposal, an increase in price from around 60% of the intervention price to 75%.

The problem is that, when it comes to the actual negotiation, most of the Member States will be dedicated to reducing the figure as far as possible (some will indeed argue that New Zealand has no rights of access after 1980) and to removing any suggestion of permanence. For this reason, as well as my desire to secure the best possible deal for New Zealand, I have repeatedly urged Mr Gundelach to propose a higher figure. He will not do so and we understand privately that he accepts that it is highly probable that in the end it will be necessary to settle for something less than 90,000 tonnes (perhaps 80,000 tonnes or even lower).

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My opening position will certainly be that there should be no reduction from the 115,000 tonnes which is New Zealand's 1980 entitlement, but it is now bound to get caught up in the price fixing negotiations and we shall have to weigh our desire to see a satisfactory settlement for New Zealand against our other negotiating objectives, particularly in relation to the Budget and the dairy sector, both of which have already been linked to the New Zealand issue by other Member States. It is important to realise that a solution has to be attained before the end of 1980, since, if it is not, New Zealand butter will be treated like other third country butter and be liable to the full levy from the beginning of 1981. This fact further weakens our negotiating position.

I shall of course keep you and my other colleagues in touch with the progress of negotiations as they progress. At some stage you may indeed wish to raise the question with your fellow heads of Government.

I am sending copies of this minute to the Foreign and Commonwealth Secretary and to the other members of OD(E), to the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.



PETER WALKER

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**10 DOWNING STREET**

*From the Private Secretary*

8 February 1980

New Zealand Butter: Post 1980 Access

The Prime Minister has seen your Minister's letter to her of 7 February on this subject. She has taken note of its contents. She has expressed the hope that we will continue to support the New Zealand case.

I am sending copies of this letter to the Private Secretaries to the members of OD(E), to the Secretaries of State for Scotland, Wales and Northern Ireland and to David Wright (Cabinet Office).

**M. O'D. B. ALEXANDER**

Garth Waters, Esq.,  
Ministry of Agriculture, Fisheries and Food.

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