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FM UKREP BRUSSELS

TO DESKBY 040800Z FCO

TELNO 1897

OF 031610Z JUNE 86

INFO PRIORITY WELLINGTON

INFO ROUTINE PARIS, WASHINGTON, UKMIS GENEVA

INFO SAVING BRUSSELS, COPENHAGEN, THE HAGUE, ROME, DUBLIN, BONN

INFO SAVING LUXEMBOURG, ATHENS, LISBON, MADRID

FRAME EXTERNAL/AGRICULTURE

MY TELNO 1828: EC/NEW ZEALAND: VISIT OF PRIME MINISTER LANGE

SUMMARY

1. LANGE VISITED BRUSSELS ON 30 MAY FOR TALKS WITH THE COMMISSION. A TETE A TETE WITH DELORS (PRESIDENT OF THE COMMISSION) WAS FOLLOWED BY A ROUND TABLE DISCUSSION AND LUNCH WITH COMMISSIONERS COCKFIELD (INTERNAL MARKET), CLINTON DAVIS (ENVIRONMENT/TRANSPORT), ANDRIESEN (AGRICULTURE) AND CARDOSO E CUNHA (FISHERIES). (DE CLERCQ WAS IN SEOUL FOR THE TRADE MINISTERS' MEETING). OUR IMPRESSION (FROM DEBRIEFING THE NEW ZEALAND MISSION AND GIOLA, DEPUTY DIRECTOR GENERAL, DGM) IS THAT THE TALKS WENT WELL AND THE ATMOSPHERE WAS CONSTRUCTIVE, FRIENDLY AND RELAXED. THERE WAS NO DETAILED DISCUSSION ON QUANTITIES OF NEW ZEALAND BUTTER, THOUGH ANDRIESEN INDICATED SOME OF THE ELEMENTS HE REGARDED AS NECESSARY FOR A SOLUTION. LANGE EMPHASISED THAT THE EC/NEW ZEALAND RELATIONSHIP SHOULD BE MORE BROADLY BASED.

DETAIL

2. THE NEW ZEALAND MISSION POINTED OUT THAT THIS WAS THE FIRST VISIT BY A NEW ZEALAND PRIME MINISTER TO BRUSSELS: AND THE FIRST COMMISSION/NEW ZEALAND CONTACT AT THIS LEVEL SINCE THORN'S VISIT TO WELLINGTON IN 1982 (THOUGH THERE HAD OF COURSE BEEN CONTACTS AT OTHER LEVELS). LANGE'S AIM HAD BEEN TO CONSIDER HOW THE EC/NEW ZEALAND RELATIONSHIP SHOULD DEVELOP IN THE FUTURE: THERE HAD BEEN TOO MUCH EMPHASIS IN THE PAST ON BUTTER AND SHEEPMET, AND THERE WAS NO NEED TO HARP ON THEM AT THIS MEETING. IN THE TALKS, LANGE EXPLAINED RECENT DEVELOPMENTS IN THE NEW ZEALAND ECONOMY INCLUDING PROBLEMS IN THE AGRICULTURE SECTOR AND GOVERNMENT MEASURES, AND ALSO SPOKE OF DEVELOPMENTS IN THE SOUTH PACIFIC REGION. HE WAS GIVEN A FULL EXPOSITION BY COCKFIELD ON THE DEVELOPMENT OF THE EC'S INTERNAL MARKET AND ITS LIKELY INTEREST FOR THE EC'S TRADING PARTNERS. LANGE PICKED UP THE SUGGESTIONS FOR NEW AREAS OF COOPERATION MENTIONED DURING DE CLERCQ'S TALKS IN WELLINGTON IN APRIL (UKREP TELNO 1128). IN PARTICULAR CLINTON DAVIS RAISED ENVIRONMENTAL MATTERS WHICH THE COMMISSION WOULD FOLLOW UP WITH THE NEW ZEALANDERS. CLINTON DAVIS ALSO REFERRED TO PROBLEMS IN SHIPBUILDING AND MARITIME TRANSPORT, ACCORDING TO THE COMMISSION. THERE WAS SOME DISCUSSION WITH CARDOSO ON FISHERIES INCLUDING THE POSSIBILITY OF EC/NEW ZEALAND LINKS IN PROCESSING THE MARKETING OF FISH. THE NEW ZEALAND MISSION DESCRIBED ALL THIS AS POSITIVE AND FORWARD-LOOKING.

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3. THERE WAS THEN SOME DISCUSSION OF THE SITUATION IN THE COMMUNITY AND THE INTERNATIONAL ECONOMIC SCENE IN THE LIGHT OF THE TOKYO SUMMIT. DELORS SPOKE OF THE POSSIBILITY OF A THIRD ENERGY SHOCK. ON THE NEW GATT ROUND, LANGE STRESSED THE NEED FOR RESULTS IN THE AGRICULTURE SECTOR: THE COMMISSION AGREED, SUBJECT TO ACHIEVING AN OVERALL BALANCE IN THE NEGOTIATIONS. LANGE ARGUED THAT IT COULD BE DAMAGING TO THE INTERESTS OF THE SMALLER COUNTRIES INVOLVED IF ONLY THE LARGER PLAYERS' INTERESTS WERE TAKEN INTO ACCOUNT IN THE MTNS. IN RESPONSE DELORS GAVE AN ASSURANCE THAT THE COMMUNITY DID NOT INTEND TO SETTLE ITS TRADE PROBLEMS WITH THE U S AT OTHER COUNTRIES' EXPENSE. ON EC/JAPAN, DELORS' LINE SHOWED A BALANCE BETWEEN FRUSTRATION AT THE LACK OF RESULTS, AND SOME ACKNOWLEDGEMENT THAT NAKASONE WAS PROBABLY DOING HIS BEST.

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4. LANGE HAD PRESSED THE CASE FOR COMMUNITY ACCESS TO THE EC MARKET FOR AGRICULTURAL PRODUCTS, POINTING TO THE NEW ZEALAND AGRICULTURAL PROBLEMS. HE ARGUED THAT THE NEW ZEALAND DAIRY INDUSTRY COULD NOT PROVIDE THE KEY TO RESOLVING THE EC'S SURPLUS PROBLEM: BUT HE DREW ATTENTION TO THE ADJUSTMENTS MADE IN THE NEW ZEALAND DAIRY SECTOR, AND ALSO TO THE NEW ZEALAND DAIRY BOARD'S PROPOSAL FOR COOPERATION OVER PLANS FOR BUTTER DISPOSAL. ANDRIESEN SAID THAT DGVI WERE LOOKING POSITIVELY AT THE PROPOSAL FOR A JOINT VENTURE COMPANY TO TAKE OVER THE BUTTER SURPLUS AND DISPOSE OF IT. AS EXPECTED, ANDRIESEN MENTIONED NO FIGURES FOR NEW ZEALAND BUTTER EXPORTS TO THE COMMUNITY FOR 1987/88: BUT CONFIRMED THAT THE COMMISSION PROPOSALS WOULD COVER BOTH YEARS AND HAD SAID THAT THE QUANTITY SHOULD BE LINKED TO AN UNDERSTANDING WITH NEW ZEALAND ON THE NEED TO RAISE THE MINIMUM BUTTER PRICE UNDER THE INTERNATIONAL DAIRY ARRANGEMENT TO DOLLARS 1,000 PER TONNE. THE COMMISSION INTENDED TO PUT FORWARD A PROPOSAL TO THE COUNCIL IN MID-JUNE. ANDRIESEN ALSO REFERRED TO WHAT SEEMED TO BE A HARDENING OF THE BRITISH ATTITUDE.

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5. THE ACCOUNT GIVEN TO US BY GIOLA WAS BROADLY SIMILAR. HE ADDED THAT, IN HIS GENERAL INTRODUCTION, LANGE HAD EMPHASISED HIS AND NEW ZEALAND'S ATTACHMENT TO EUROPE AND TRADITIONAL LINKS WITH THE UK, AND ARGUED THAT IT WAS NEW ZEALAND'S ISOLATED SITUATION IN THE PACIFIC WHICH LED HIM TO TAKE HIS PRESENT POSITION ON NUCLEAR MATTERS. LANGE RAISED NEW ZEALAND'S PROBLEMS WITH FRANCE EN TETE A TETE WITH DELORS: WE UNDERSTAND THIS WAS DONE IN LOW KEY AND IT WAS AGREED THAT THE AFFAIR SHOULD NOT OBSCURE MORE IMPORTANT ISSUES.

HANNAY

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ADVANCE

SHEPHERD ECD FCO

FURNESS SPD FCO

RENWICK FCO

D C WILSON FCO

JAY CAB

ANDREWS MAFF

HADLEY MAFF

KUYK MAFF

PS/MR JOPLING MAFF

AND TO NO 10 DOWNING STREET

MAIN

FRAME EXTERNAL/AGRICULTURE

FCO PASS SAVING COPENHAGEN, THE HAGUE, ROME, DUBLIN, BONN

LUXEMBOURG, ATHENS, LISBON, MADRID

FRAME EXTERNAL/AGRICULTURE

ECD(E)

SPD.

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