



Ref. A086/2094

PRIME MINISTER  

---

Cabinet: Community Affairs

The Foreign and Commonwealth Secretary will refer to imports of New Zealand butter. The Community should settle the tonnages for 1987 and 1988 by 1 August. This has become directly linked with the proposed release into custody on French territory of the two agents imprisoned in New Zealand following the sinking of the "Rainbow Warrior". As part of that deal France agreed not to oppose figures, originally proposed by the Commission in 1985, of 77,000 tonnes for 1987 and 75,000 tonnes for 1988. The Commission again proposed these figures and the question was discussed in the Agriculture Council on 14-15 July under Mr Jopling's chairmanship. Subject to a waiting reserve from France which is implicitly linked to the date of release of their agents, eleven member states were able to agree to the Commission's proposal. The Commission stressed that New Zealand could be expected to co-operate with the Community in obtaining better order and more remunerative prices in world markets. The Republic of Ireland, however, stood out in insisting on a 3 per cent reduction in the quantities proposed for New Zealand imports. As Presidency we have put strongly to the Irish the need to lift their reserve at the Foreign Affairs Council on 21-22 July.

2. The Minister of Agriculture, Fisheries and Food will also comment on other matters discussed at the meeting of the Agriculture Council on 14-15 July. In his Presidency statement about the Council's work programme Mr Jopling said that the Council must be guided by the conclusions of the June European Council on the need to adapt the common agricultural policy to changed circumstances and to keep 1987 expenditure within the





agricultural guideline. He stressed the need to get on with the reform of the beef regime, to tackle the Commission's proposals on structural measures (these are a feeble hotchpotch but can provide the vehicle for our set-aside scheme for cereal land) and to agree agricultural and food measures which are part of the programme for completion of the common market.

3. In addition to the Foreign Affairs Council on 21-22 July there will be a Budget Council, also on 21-22 July, and an Internal Market Council on 24 July. The European Parliament has now gone into recess until September.

RA

ROBERT ARMSTRONG

16 July 1986