

SUBJECT



Prime Minister

BM
12/6

✓ Mr Lever (FLO) New Zealand 2
Mr. Walker (MAFF)
Mr. Vile (Adviser MAFF)

Prime Minister
Wellington
New Zealand

11 June 1979

Rt. Hon. Margaret Thatcher,
Prime Minister,
10 Downing Street,
London.

PRIME MINISTER'S
PERSONAL MESSAGE

SERIAL No. T24/79T

My dear Prime Minister,

It gave me great pleasure to see you again today and to enjoy your warm hospitality. Thank you also for the opportunity to renew my friendship with Willie Whitelaw and Peter Carrington, and to meet Peter Walker whose responsibilities in your Government lie in areas of such key concern to New Zealand.

I want you to know that I was immensely encouraged by your understanding of the difficult situation that New Zealand is facing, and of how vitally important it is for us to safeguard the access of our dairy products and lamb to your market.

The immediate preoccupation for us, of course, concerns the future of our butter imports to Britain after 1980. The figure of 90,000 tonnes for 1985 and thereafter which Gundelach proposed to us in Wellington would involve a sizeable reduction in the quantities we are sending at present, but it is a level we could just live with at the end of the day. Anything less would cause us serious difficulties given the lack of alternative markets. In order to secure even that quantity, the Commission will inevitably have to open the negotiations at a substantially higher level and to maintain his position Gundelach will need strong British support. I am grateful therefore for Peter Walker's offer to suggest to Gundelach that his opening proposal should be 100,000 tonnes and to argue the case for New Zealand from the British corner in terms of 115,000 tonnes or thereabouts. I also appreciate your ready acceptance of the reasons why we are opposed to any attempt to limit our future butter supplies to a specified share of your market.

It is good to know as well that your views are so close to mine on the question of a sheepmeats regime and what its consequences could be for the New Zealand sheep industry which contributes such a major share of our overseas earnings. I am heartened, as I know my Cabinet colleagues in Wellington will be, by your determination to resist any measures that could jeopardise the future of our lamb exports to Britain.

I have no illusions about how tough the negotiations ahead on these questions are going to be, and I know full well the pressures your Government will be under to accept arrangements for New Zealand that would fall far short of our crucial needs and could mean disaster for us. It was reassuring therefore to receive this strong and unequivocal commitment from you to uphold our position in the British market. I am more than ever convinced, following our talk today, that this must and can be done, not simply to maintain the important trading links we have but to underpin all those other ties between Britain and New Zealand.

With kindest regards,
Noel Hurndell