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SN
New Zealand

10 DOWNING STREET

From the Private Secretary

11 June 1979

Dear Sir,

Prime Minister's Discussion with the Rt. Hon. Robert Muldoon
at 10 Downing Street on 11 June 1979

As you know, the Prime Minister gave a lunch today for the Prime Minister of New Zealand, the Rt. Hon. Robert Muldoon. I enclose a summary record of the discussion which took place during the meal. I should be grateful if you and the other recipients of this letter, would ensure that it is given an appropriately restricted distribution.

I am sending copies of this letter and enclosure to Garth Waters (Ministry of Agriculture, Fisheries and Food), Tom Harris (Department of Trade) and Martin Vile (Cabinet Office).

Yours ever,

Bryan Cartledge.

J. S. Wall, Esq.,
Foreign and Commonwealth Office.

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10 DOWNING STREET

From the Private Secretary

11 June 1979

Dear Sir,

Prime Minister's Discussion with the Rt. Hon. Robert Muldoon,
at 10 Downing Street on 11 June 1979: CHGM, Lusaka

I have sent you separately today a copy of my summary record of the discussion which took place during the Prime Minister's lunch for Mr. Muldoon on EEC and trade matters. At the end of the lunch, there was a short exchange, which Mr. Muldoon initiated, on the forthcoming CHGM in Lusaka and in particular on the question of The Queen's security. I enclose a copy of my note of this part of the conversation.

I am sending a copy of this letter and enclosure to Roger Facer (Ministry of Defence) and Martin Vile (Cabinet Office).

Yours ever,

Bryan Cartledge.

J. S. Wall, Esq.,
Foreign and Commonwealth Office.

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cc: Master Set of Records
Euro. Pol, May 79, CAP.

SUMMARY RECORD OF DISCUSSION DURING A LUNCH GIVEN BY THE PRIME MINISTER FOR THE PRIME MINISTER OF NEW ZEALAND, THE RT. HON. ROBERT MULDOON, AT 10 DOWNING STREET on 11 JUNE 1979 AT 1315 HOURS

Present:-

Prime Minister	Rt. Hon. R.D. Muldoon, CH, MP
Rt. Hon. William Whitelaw, MP	HE the New Zealand High Commissioner
Rt. Hon. Lord Carrington	Mr. Alistair Bisley (Foreign Affairs Adviser to the Prime Minister)
Rt. Hon. Peter Walker, MP	Mr. B.J. Lynch (Deputy High Commissioner)
Sir Harold Smedley (High Commissioner, Wellington)	
Mr. B.G. Cartledge	

Butter

When the conversation turned to political matters, the Prime Minister asked Mr. Muldoon how he saw the prospects for New Zealand butter. Mr. Muldoon said that the Prime Minister had only to remember one figure: 100,000 tonnes. This was the quota figure which New Zealand wished to agree with the EEC. The proposals put forward by Commissioner Gundelach were in general satisfactory, subject to the insertion in them of the right basic quota figure. The Commissioner's proposals met New Zealand's requirement for a long term agreement with the Community, instead of annual arguments. Mr. Muldoon said that Commissioner Gundelach had told him that he spent more time on the affairs of New Zealand than on those of any other country outside the Community. Mr. Muldoon went on to explain that unless New Zealand could achieve economic growth, she would never be able to overcome the problems created by the world increase in oil prices.

Mr. Walker said that, when he had himself met Commissioner Gundelach a few days before, the Commissioner had mentioned the figure of 90,000 tonnes as a possible target. Mr. Muldoon expressed considerable interest in this and commented that if a compromise were eventually to be reached on a figure of 90,000 tonnes, New Zealand could probably live with this: but in order to achieve it, they would have to put in an opening bid of 100,000 tonnes.

/Mr. Walker

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Mr. Walker said that Mr. Gundelach's visit to New Zealand had produced a very good and positive effect. There was, however, a problem in the proposal that supplies of New Zealand butter should be limited to a specified percentage of the British market. Mr. Muldoon confirmed that this would not be acceptable to New Zealand. The Prime Minister said that she could well understand this, since the UK market depended on the fluctuating price relationship between butter and margarine. Mr. Walker pointed out that the other Members of the Community believed that the market for butter would decline; they consequently preferred to establish the New Zealand quota on a percentage basis rather than commit themselves to a fixed quantity. He thought that the Community might be prepared to offer, for example, a figure of 110,000 tonnes, tied to a percentage of the UK market, or alternatively a quota of 80,000 tonnes with no percentage link. The British Government would need advice from the New Zealand Government on the optimum figure between these extremes for which New Zealand could settle. Mr. Muldoon said that New Zealand definitely wished to avoid a percentage link but might be able to settle for a quota of 90,000 tonnes with no such link.

Mr. Walker said that he thought that the New Zealand Government had achieved considerable success in their careful cultivation of EEC Members; they had created an atmosphere in which the Community would feel acutely guilty about any measures which could be represented as ill-treatment of New Zealand. New Zealanders should maintain their diplomatic efforts. Mr. Muldoon commented that he was trying to moderate his public comment on the EEC. Mr. Walker added that the UK would have to work very hard on the Irish.

Sheep Meat

Mr. Walker said that the sheep meat problem would come before the Council of Ministers in July. The kind of sheep meat regime on which the UK was at present insisting would, he was sure, prove unacceptable to the French. The Prime Minister made it clear that

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she had strong reservations about a sheep meat regime in any form. Mr. Walker said that he thought that the UK should be prepared to accept a regime provided that New Zealand's interests were adequately safeguarded and that the regime allowed for the free export of UK lamb to France. If the French were prepared to accept these conditions, well and good; if not, there would be no regime.

Mr. Muldoon said that sheep were New Zealand's single most important product and an integrated industry, for wool as well as meat, had been built around it. If New Zealand could not secure a growth area in her exports, her economy would inevitably go downhill. In answer to a question from Lord Carrington, Mr. Muldoon confirmed that New Zealand had developed a breed of lamb for the UK market and that this type of lamb was unsaleable elsewhere. Mr. Walker said that the UK should be able to make more room in our domestic market for New Zealand lamb if we could export more to the Continent. Lord Carrington said that the French would either have to disregard the European Court's latest ruling or agree to take in UK lamb; he thought that they would, in the end, accept a regime of the sort we had in mind. The Prime Minister said that the trouble with any regime was that its terms might be acceptable initially, but that these could subsequently be modified. Mr. Walker pointed out that this could only be done with the agreement of all concerned, including the UK.

Mr. Muldoon told the Prime Minister that New Zealand had at present a deficit of \$250 million on her invisibles account with the UK, although New Zealand had an overall trade surplus. If New Zealand was pledged to accept a sheep meat regime, this would amount to a loss of ground since, as the Prime Minister had said, the terms of a regime could always be tightened. A Bill on beef imports, which would allow the import of beef into the United States only when this was necessary to make up for a domestic shortfall, was currently under consideration by the US Congress and, although modifications might be made to it, the "counter-cyclical" formula had evidently been accepted. Mr. Muldoon went

/on to say

on to say that, in his view, the entire Common Agriculture Policy was a nonsense so far as the UK was concerned: not only did it have the effect of raising prices for the UK consumer but it pledged the British Government to pay for this as well. The Prime Minister agreed and mentioned a possible French proposal under which the countries which produced agricultural surpluses would become responsible for paying for them. Mr. Walker said that he thought the French were talking only about future surpluses: their purpose was to freeze British agriculture at its present level of production, while safeguarding French agriculture which had reached its ceiling. France was using the CAP to defend her social structure. Unfortunately, it was not in the UK's power to achieve a substantial reform of the structure of the CAP. Mr. Muldoon said that he was inclined to question this, in view of the fact that the CAP had already been subjected to significant amendment.

Mr. Muldoon went on to say that he regarded the OECD trade pledge as an exercise in diplomatic hypocrisy. Every year one of the nations which had signed the trade pledge tightened up its restrictions against New Zealand's agricultural exports. He thought there was so wide an understanding of the basic weaknesses of the CAP that change should surely be possible. The Prime Minister commented that Chancellor Schmidt had a clear understanding of these weaknesses but was unable to do anything about it because his Agriculture Minister, Herr Ertl, belonged to the other coalition party. Mr. Walker suggested that the UK and New Zealand should keep in close touch on the tactics to be pursued with the EEC; they clearly shared the same objectives.

Lord Carrington asked Mr. Muldoon whether Australia was holding back from New Zealand's markets. Mr. Muldoon said that there were informal agreements which had this effect; Australia and New Zealand were co-operating in third markets. Negotiations were in train which could result in a run down of Australia's dairy industry. Mr. Muldoon repeated that the 15 per cent gap

/in New Zealand's

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in New Zealand's terms of trade could only be made up by achieving growth. The New Zealand fruit industry, for example, was growing fast but not sufficiently fast to pay for increased oil costs; New Zealand's oil imports had cost \$193 million in 1973, had risen to \$630 million in 1979 and would amount to \$730 million in 1980. The New Zealand Government were making slow progress with the Japanese on fish. The Japanese hated to give ground but they had agreed to use New Zealand's agricultural products for their food aid programme, in return for some access to New Zealand's fishing grounds. He had been advised not to embarrass the Japanese in public but he had also been told that he would not make progress unless he did so; in his experience, the second line of advice was the right one. Japan's access to New Zealand's waters would be strictly controlled; New Zealand had already arrested two Japanese fishing vessels, as well as ships from Korea and the Soviet Union. So far as New Zealand's wool industry was concerned, exports were increasing satisfactorily, especially to the West Coast of the United States.

[The discussion concluded with some exchanges on the forthcoming Commonwealth Heads of Government Meeting in Lusaka, which have been recorded separately.]

Bm.

11 June 1979

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cc: Master Set of Record
Queen, May 79, Visit to Afr

PARTIAL RECORD OF A DISCUSSION DURING THE PRIME MINISTER'S LUNCH FOR THE PRIME MINISTER OF NEW ZEALAND, THE RT. HON. ROBERT MULDOON, AT 10 DOWNING STREET ON 11 JUNE 1979

At the end of the Prime Minister's lunch for Mr. Muldoon, there was a short exchange on the question of The Queen's security at the forthcoming Commonwealth Heads of Government meeting in Lusaka.

Mr. Muldoon asked the Prime Minister whether she shared his concern that The Queen's security might be at risk in Lusaka. The Prime Minister said that she did: President Kaunda was clearly not in complete control and he could not rely on his own security forces. There would be a particular risk to aircraft flying in and out of Lusaka. The British Government was keeping a close watch on the situation and would have to make an official judgement nearer the time. Lord Carrington said that if developments over Rhodesia were to reach a point at which the Patriotic Front guerillas thought they were losing, they might resort to some act of desperation.

Mr. Muldoon agreed and asked whether the leaders of the Commonwealth countries had the right to expose The Queen to a risk which could not be defined. The Prime Minister said that much would depend on whether it proved possible to monitor the removal of ground-to-air missiles from the guerillas and to maintain this position right up to the time of the Conference. Mr. Muldoon commented that the shooting down of two Rhodesian Viscount aircraft had shown that there was no need for the missiles which the guerillas had in their possession to be fired with skill or accuracy.

The Prime Minister said that she would not take a decision on the advice which she should give to The Queen without consulting her Commonwealth colleagues. *Passage deleted and closed under FOI Exemption..* *Wayland, 26 August 2014*
Mr. Muldoon said that, as the time of the Conference approached, it would become increasingly difficult to take a decision which would result in switching its venue. Lord Carrington pointed

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out that the last date on which the Conference could have been switched to Nairobi, namely 1 May, had already long passed. The Prime Minister said that a decision to change the venue of the Conference could not be taken by the UK alone; it would have to be taken by the Commonwealth as a whole. One possibility might be to hold the Conference without The Queen being present. Sir Douglas Carter expressed the view that only a minority of Commonwealth opinion would support a decision to advise The Queen not to attend. Mr. Muldoon repeated that the Commonwealth leaders had a responsibility to preserve their Sovereign.

Lord Carrington asked whether it might not be possible for other countries, such as the Indians, to conduct an objective check on the security of Lusaka airfield. Mr. Muldoon said that he would shortly be meeting Mr. Lee Kuan Yew in Singapore and would discuss this matter with him.

The Prime Minister said that in view of the nature of the debate on Rhodesia which could be expected at the Conference, any decision which would have the effect of stopping it would be more than usually difficult to take. She repeated that she would consult her Commonwealth partners.

Mr. Muldoon said that the New Zealand Government would support the UK in whatever the Prime Minister decided to do, and would follow her lead.

By M.

11 June 1979

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LIST OF GUESTS ATTENDING THE LUNCHEON TO BE GIVEN BY THE PRIME MINISTER
IN HONOUR OF THE RIGHT HONOURABLE R.D. MULDOON, CH, MP, PRIME MINISTER
OF NEW ZEALAND ON MONDAY, 11 JUNE 1979 AT 1.00 PM FOR 1.15 PM

The Prime Minister

The Right Honourable R.D. Muldoon, CH, MP

Prime Minister of New
Zealand

His Excellency the High Commissioner for New Zealand

Mr. Alistair Bisley

Foreign Affairs Adviser
to the Prime Minister

Mr. B.J. Lynch

Deputy High Commissioner
for New Zealand

The Rt. Hon. William Whitelaw, MP

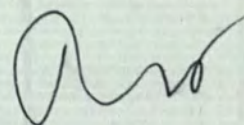
The Rt. Hon. Lord Carrington

The Rt. Hon. Peter Walker, MP

Sir Harold Smedley

H.M. High Commissioner,
Wellington

Mr. Bryan Cartledge



DRAFT SEATING PLAN FOR LUNCH ON MONDAY, 11 JUNE 1979

Sir Harold Smedley

Mr. Bryan Cartledge

HE The High Commissioner
for New Zealand

Mr. Alistair Bisley

PRIME MINISTER

Rt. Hon.
William Whitelaw

RT. HON. R.D. MULDOON

Rt. Hon. Lord Carrington

Rt. Hon. Peter Walker

Mr. B.J. Lynch

ENTRANCE



10 DOWNING STREET

Prime Minister *W*

I attach below the
guest list and seating
plan for your lunch
for Mr. Mulholland: and
a copy of a letter ^{6.6.79}
from Mr. Talboys
to Mr. Walker about
New Zealand / EEC
relations which you
should see. *But*
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Foreign and Commonwealth Office

London SW1A 2AH

8 June 1979

Dean Bryan

Visit of New Zealand Prime Minister: EEC/New Zealand

Since the briefing for Mr Muldoon's lunch with the Prime Minister on 11 June was prepared, the Minister for Agriculture, Fisheries and Food has received a letter from the New Zealand Deputy Prime Minister, Mr Talboys, giving (in strict confidence) further details of the discussions in Wellington between the New Zealand Government and Commissioner Gundelach at the end of May.

On butter Mr Gundelach told the New Zealanders that while there would have to be an early drop in the level of New Zealand sendings he was prepared to advocate their stabilisation from 1985 onwards at a level of 90,000 tonnes, subject to review. This would, however, be accompanied by reductions of 10,000 tonnes in New Zealand's current entitlements for 1979 and 1980 (120,000 and 115,000 tonnes respectively).

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Mr Gundelach also wished to limit New Zealand supplies to a specified percentage of the British market. The New Zealanders are particularly concerned about this proposal since it might undermine the value of any quantitative assurances. If necessary, they would prefer to see a review clause linked to the eventuality of a substantial decline in the volume of British consumption because of unforeseen circumstances, although even this would leave them feeling uneasy.

On sheepmeat Mr Talboys said that the New Zealanders would be prepared to consider an arrangement proposed by Commissioner Gundelach whereby in return for voluntary restraint at an agreed level based on recent exports, New Zealand would benefit from a reduction in the Community's external tariff from the present 20% to around 8%.

Advance contact with a member of Mr Muldoon's party has confirmed an impression of qualified New Zealand optimism about their future arrangements with the Community. Mr Muldoon's officials say that they expect him to ask the Prime Minister to support vigorously Commissioner Gundelach's proposals on both butter and sheepmeat once they are tabled. The Prime Minister may wish to say that our position in detail can only be made clear once the Commission proposals see the light of day; it

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Bryan Cartledge Esq
10 Downing Street

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remains to be seen whether in fact they turn out to be as satisfactory as those outlined in Wellington by Mr Gundelach.

I am copying this letter to John Chilcot (Home Office), Garth Waters (MAFF), and to Martin Vile (Cabinet Office).

Yours ever,
J S Wall

J S Wall
Private Secretary

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Foreign and Commonwealth Office

London SW1A 2AH

8 June 1979

Dear Mr Cartledge,

Visit to London by the Prime Minister of New Zealand: 11 June

enclosed in folder

As requested in your letter of 16 May, I enclose briefing (3 sets) for the Prime Minister's discussion with Mr Muldoon over lunch on 11 June.

Mr Muldoon is always very careful to cultivate the press, and may talk to them frankly about his conversation with the Prime Minister if he sees no reason why he should not. But we are confident that he will respect confidentiality where he sees the need, or when asked.

I am sending copies of this letter and briefing (2 sets each) to John Chilcot (Home Office), Garth Walters (MAFF), and Martin Vile (Cabinet Office).

*Yours aw,
Steph. Wall*

P.P (J S Wall)

B G Cartledge Esq
10 Downing Street