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FM UKREP BRUSSELS 271522Z MAY 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 2575 OF 27 MAY

INFO IMMEDIATE CANBERRA WELLINGTON ROUTINE COPENHAGEN THE HAGUE
ROME DUBLIN PARIS BONN

SHEEPMEAT

TALBOYS/GUNDELACH MEETING: 23 MAY

1. THE NEW ZEALAND MISSION HERE HAVE GIVEN US AN ACCOUNT OF THIS MEETING, WHICH CAME AT THE END OF TALBOYS' TOUR OF EC CAPITALS.
2. TALBOYS REPORTED THAT A NUMBER OF MEMBER STATES' MINISTERS HAD AGREED THAT THE SHEEPMEAT REGIME, AS IT WAS NOW FIRING UP, COULD DAMAGE NZ, AND ALL, EXCEPT FRANCE, SEEMED PREPARED TO CONSIDER GIVING NZ SOME GUARANTEE.
3. GUNDELACH REPLIED THAT HE WAS LOOKING HARD FOR SOME FORMULA WHICH WOULD SATISFY NZ THAT THEY COULD SAFELY CONCLUDE AN AGREEMENT WITH THE COMMUNITY. HE ENVISAGED SOMETHING GOING BEYOND A VOLUNTARY RESTRAINT AGREEMENT; SOMETHING MORE IN THE NATURE OF A "BILATERAL AGREEMENT" BETWEEN NZ AND THE COMMUNITY. HE ENNUMERATED THE MAIN ELEMENTS OF SUCH AN AGREEMENT. AS REPORTED, THESE FOLLOW CLOSELY THE HEADINGS IN THE MANDATE FOR DISCUSSION OF VRAS SO LABORIOUSLY AGREED IN THE AGRICULTURE COUNCIL AT THE TURN OF THE YEAR. HOWEVER, GUNDELACH APPARENTLY ALSO OFFERED CONSULTATION WITH NZ OVER ANY EC SALES OF SHEEPMEAT IN THIRD COUNTRY MARKETS AND OVER FUTURE DEVELOPMENTS ON THE INTERNAL EC MARKET WITH A VIEW TO ENSURING THAT NZ'S POSITION WAS NOT ADVERSELY AFFECTED BY DEVELOPMENTS AFTER AGREEMENT HAD BEEN REACHED. GUNDELACH APPARENTLY REPLIED TO NZ QUERIES AS TO WHETHER THIS DID NOT GO BEYOND THE MANDATE BY SAYING (SOMEWHAT INCONSISTENTLY) THAT IT DID NOT, SINCE NZ COULD NOT BE EXPECTED TO SIGN UP FOR A DEAL LACKING THESE ELEMENTS.
4. NZ (UNDERSTANDABLY) SEEM TO HAVE COME AWAY FROM THE MEETING UNCLEAR AND UNEASY ABOUT JUST HOW MUCH OF A NEW INITIATIVE GUNDELACH WAS MAKING. IT COULD BE THAT HE WAS RESPONDING TO CONTINUED PRESSURE FROM NZ AND THE UK AND GENUINELY OFFERING SOMETHING NEW AND, PERHAPS, WORTH HAVING, OR IT COULD BE THAT HE WAS MAKING A WEASLY ATTEMPT TO GET HIMSELF PAST THE NEXT STAGE OF NEGOTIATIONS ON THE INTERNAL REGIME WITHOUT HAVING TO TELL THE COUNCIL THAT PROSPECTS

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WERE POOR FOR NEGOTIATING VOLUNTARY RESTRAINT WITH NZ. NZ SAY THE BALL IS IN GUNDELACH'S COURT AND THEY ARE WAITING TO SEE IF HE FOLLOWS UP HIS SUGGESTION. THEY TOLD US THAT THE NZ PRIME MINISTER'S INITIAL REACTION WAS SCEPTICAL. CLEARLY HE IS LIKELY TO WANT TO RAISE THIS ISSUE WITH THE PRIME MINISTER AT THE END OF THE WEEK.

5. THE NEW ZEALANDERS ARE PLAYING THIS ONE VERY QUIETLY. WE UNDERSTAND WELLINGTON HAS TOLD CANBERRA AND, APART FROM THE BRIEFING THEY HAVE GIVEN US HERE, THAT IS ALL THEY HAVE DONE. IT MAY BE THAT THEY WILL TELL US THE SAME STORY MORE OPENLY LATER IN THE WEEK, OR GUNDELACH WILL SAY SOMETHING IN THE AGRICULTURE COUNCIL, BUT UNTIL THEN WE WOULD BE GRATEFUL IF OUR SOURCE COULD BE PROTECTED AND WE DID NOT VOLUNTEER KNOWLEDGE OF GUNDELACH'S INITIATIVE.

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