



10 DOWNING STREET

From the Private Secretary

4 April 1984

EC/New Zealand

I enclose a copy of a letter which the Prime Minister has received from the Prime Minister of New Zealand requesting further help on New Zealand butter.

be || I should be grateful if you could let me have a suitable draft reply for signature by the Prime Minister.

I am copying this letter and enclosure to Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food) and Richard Hatfield (Cabinet Office).

Roger Bone Esq
Foreign and Commonwealth Office.

MJ

4 April 1984

The Prime Minister has asked me to thank you for your letter of 4 April enclosing the text of a message addressed to her on 1 April by the Prime Minister of New Zealand.

AJC

His Excellency **The Honourable William L. Young.**



Could I pl. see the
pages showing what
action was taken on the

NEW ZEALAND HIGH COMMISSION *early version?*

NEW ZEALAND HOUSE · HAYMARKET · LONDON SW1Y 4TQ
Telephone: 01-930 8422 Telex: 24368

W. L. Young

From the High Commissioner
H.E. The Hon W. L. Young

4 April 1984

Dear Mr. Thatcher

I am pleased to enclose the message on the New Zealand
butter issue addressed to you on 1 April by the Prime
Minister of New Zealand, the Rt. Hon. Sir Robert
Muldoon. The cabled text of this communication was
delivered informally to Downing Street on Sunday
morning.

*kindest personal regards
yours sincerely
Bill Young.*

Rt. Hon. Margaret Thatcher, MP, FRS
Prime Minister
10 Downing Street
London SW1



10 DOWNING STREET

John A.S.C. $\frac{2}{4}$

On Tim's advice I
gave the PM a copy
of this last night
& sent copies to
FCO & MAFF asking
for advice.

Nicky .



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No: T49A/84

Prime Minister
Wellington
New Zealand

1 April 1984

Dear Margaret

I have just received reports of the outcome of the meeting of Agriculture Ministers in Brussels. What the Council has proposed is clearly not acceptable to New Zealand. Neither does it serve the Community's own best interests.

When I visited Dublin in February Dr Fitzgerald and Mr Deasy led me to believe that once the Irish had obtained some safeguards for their dairy farmers from the proposed "super levy", as they appear to have done, they would not stand in the way of a settlement on our access. I have written therefore to Dr Fitzgerald expressing my surprise at the attitude Mr Deasy took in the Council and expressed the hope that after a period of reflection Ireland might adopt a more balanced and reasonable perspective. I would therefore ask that the next Foreign Ministers Council in Luxembourg on 9/10 April take up these questions again.

I would also like to convey to you our very great concern at the effect the Council's decision to reduce the intervention price for butter will have on our returns from the British market. We estimate that we could be faced with a loss of revenue of approximately \$30 million a year unless steps are taken to secure a compensatory reduction in the levy we pay on our exports. Warren Cooper has already discussed this with Michael Jopling and I would be grateful for all the help you can give us.

Kind regards,

(Signed) BOB MULDOON

Rt.Hon.Margaret Thatcher, MP, FRS
Prime Minister
10 Downing Street
London SW1

Subject

1/4/84

cc Master
ops

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T49A/84

BEGINS:

DEAR MARGARET,

I HAVE JUST RECEIVED REPORTS OF THE OUTCOME OF THE MEETING OF AGRICULTURE MINISTERS IN BRUSSELS. WHAT THE COUNCIL HAS PROPOSED IS CLEARLY NOT ACCEPTABLE TO NEW ZEALAND. NEITHER DOES IT SERVE THE COMMUNITY'S OWN BEST INTERESTS.

WHEN I VISITED DUBLIN IN FEBRUARY DR FITZGERALD AND MR DEASY LED ME TO BELIEVE THAT ONCE THE IRISH HAD OBTAINED SOME SAFEGUARDS FOR THEIR DAIRY FARMERS FROM THE PROPOSED 'SUPER LEVY', AS THEY APPEAR TO HAVE DONE, THEY WOULD NOT STAND IN THE WAY OF A SETTLEMENT ON OUR ACCESS. I HAVE WRITTEN THEREFORE TO DR FITZGERALD EXPRESSING MY SURPRISE AT THE ATTITUDE MR DEASY TOOK IN THE COUNCIL AND EXPRESSED THE HOPE THAT AFTER A PERIOD OF REFLECTION IRELAND MIGHT ADOPT A MORE BALANCED AND REASONABLE PERSPECTIVE. I WOULD THEREFORE ASK THAT THE NEXT FOREIGN MINISTERS COUNCIL IN LUXEMBOURG ON 9/10 APRIL TAKE UP THESE QUESTIONS AGAIN.

I WOULD ALSO LIKE TO CONVEY TO YOU OUR VERY GREAT CONCERN AT THE EFFECT THE COUNCIL'S DECISION TO REDUCE THE INTERVENTION PRICE FOR BUTTER WILL HAVE ON OUR RETURNS FROM THE BRITISH MARKET. WE ESTIMATE THAT WE COULD BE FACED WITH A LOSS OF REVENUE OF APPROXIMATELY \$30 MILLION A YEAR UNLESS STEPS ARE TAKEN TO SECURE A COMPENSATORY REDUCTION IN THE LEVY WE PAY ON OUR EXPORTS. WARREN COOPER HAS ALREADY DISCUSSED THIS WITH MICHAEL JOPLING AND I WOULD BE GRATEFUL FOR ALL THE HELP YOU CAN GIVE US.

KIND REGARDS,
ROB MULDOON.

ENDS