

RESTRICTED



FILE

107

10 DOWNING STREET

From the Private Secretary

9 April, 1984

NEW ZEALAND BUTTER

Thank you for your letter of 7 April. As I told you on the telephone this morning the Prime Minister agrees that the proposed message from herself to Sir Robert Muldoon should be sent.

sf

I am sending a copy of this letter to Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food).

A. J. COLES

L. Appleyard, Esq.,
Foreign and Commonwealth Office

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AJC



10 DOWNING STREET

I passed the PM's agreement
to the F.O. Resident Clerk
on Sunday evening.

Mark
9/4.

cc Master
OPS MINISTER'S

SUBJECT

PERSONAL MESSAGE
SERIAL NO.

TOP COPY
PRIME MINISTER'S
PERSONAL MESSAGE
11717 - 1
SERIAL No. T54A184

RESTRICTED

DD 082100Z WELLINGTON

GRS 493

RESTRICTED [FRAME AGRICULTURE/EXTERNAL]

DESKBY 082100Z

FM FCO 081944Z APR 84

TO IMMEDIATE WELLINGTON

TELEGRAM NUMBER 104 OF 8 APRIL

INFO ROUTINE ALL EC POSTS

MY TELNOS 46 AND 47 TO DUBLIN: NEW ZEALAND BUTTER

PLEASE CONVEY THE FOLLOWING REPLY FROM THE PRIME MINISTER TO

SIR ROBERT MULDOON'S MESSAGE OF 1 APRIL:

BEGINS

DEAR ROB,

THANK YOU FOR YOUR MESSAGE OF 1 APRIL. I TOO WAS SURPRISED AND CONCERNED AT THE OUTCOME OF THE AGRICULTURE MINISTERS' MEETING ON 31 MARCH IN RELATION TO IMPORTS OF NEW ZEALAND BUTTER, AND WE HAVE MADE THIS VERY CLEAR TO THE IRISH GOVERNMENT. WE HAVE NEVER ACCEPTED A LINK BETWEEN REFORM OF THE COMMON AGRICULTURAL POLICY AND THE COMMUNITY'S UNCONDITIONAL OBLIGATIONS TO NEW ZEALAND. BUT NOW THAT AGREEMENT HAS BEEN REACHED ON REFORM OF THE MILK REGIME - INCLUDING SPECIAL PROVISIONS FOR IRELAND - THERE CAN BE NO POSSIBLE JUSTIFICATION FOR CONTINUING TO DENY NEW ZEALAND A FULL FIVE YEAR ARRANGEMENT OF THE KIND ORIGINALLY PROPOSED BY THE COMMISSION.

YOU WILL CERTAINLY HAVE OUR STRONG AND CONTINUING SUPPORT IN SEEKING THIS. I UNDERSTAND HOW URGENT THIS QUESTION IS FOR YOU, BUT, THOUGH WE - AS WELL AS THE DUTCH AND, I HOPE, OTHERS - WILL BE PUTTING OUR VIEWS FIRMLY ON THE RECORD UNDER 'OTHER BUSINESS' AT THE FOREIGN AFFAIRS COUNCIL AT LUXEMBOURG ON 9/10 APRIL, I REALLY DO NOT BELIEVE THAT IT WOULD BE TACTICALLY WISE FOR US TO SEEK A SUBSTANTIVE DISCUSSION THEN. THE MAIN FOCUS OF THE MEETING WILL AGAIN BE OUR BUDGET PROBLEM, AND THOUGH WE HAVE COME A CONSIDERABLE WAY IN SEVERAL RESPECTS SINCE THE EUROPEAN COUNCIL WE DO NOT EXPECT NEXT WEEK'S DISCUSSION TO BE EASY. I DO NOT THINK YOU WOULD HAVE REASON TO BE GRATEFUL TO US IF BY PROMOTING SUBSTANTIVE DISCUSSION OF NEW ZEALAND BUTTER AT

RECEIVED IN REGISTRY NO. 12
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THE FOREIGN AFFAIRS COUNCIL, WE ENCOURAGED OTHER MEMBER STATES TO INVOLVE YOU IN OUR BUDGETARY DIFFICULTIES.

FOR THE TIME BEING, I AM SURE THAT THE MAIN FOCUS OF OUR EFFORTS SHOULD BE THROUGH BILATERAL CONTACTS. I WAS GLAD TO SEE THAT YOU HAD WRITTEN TO MR FITZGERALD AND MR DEASY: THE PRESIDENCY AND THE COMMISSION, TOO, WILL HAVE AN IMPORTANT ROLE TO PLAY. IN SPEAKING TO THE FRENCH, I AM SURE YOU WILL WANT TO BEAR IN MIND THEIR STRONG INTEREST IN RENEWAL OF THE SENSITIVE AREA PROVISIONS FOR SHEEPMEAT. MEANWHILE GEOFFREY HOWE WILL BE SPEAKING IN THE MARGINS OF THE FOREIGN AFFAIRS COUNCIL TO THE IRISH, AND TO THE PRESIDENCY: WE CAN CONSIDER WHAT MORE NEEDS TO BE DONE IN THE LIGHT OF THESE CONTACTS.

YOU MENTIONED ALSO YOUR CONCERN, WHICH WE UNDERSTAND, ABOUT THE EFFECTS OF THE EC PRICE SETTLEMENT FOR MILK ON NEW ZEALAND'S RETURNS. I THINK THIS HAS TO BE PURSUED WITH THE COMMISSION. BUT I BELIEVE IT MAY BE EASIER TO DO SO IF THE AGREEMENT ON ACCEPTABLE ACCESS ARRANGEMENTS IS TIED UP FIRST. INDEED TO PRESS THIS ISSUE WITH OTHER MEMBER STATES BEFORE THE 5 YEAR AGREEMENT IS SETTLED, WOULD, I AM SURE, MAKE IT MUCH MORE DIFFICULT TO SECURE THAT AGREEMENT.

WE SHALL STAY CLOSELY IN TOUCH WITH YOU AS THINGS MOVE FORWARD.

WITH BEST WISHES, MARGARET THATCHER.

ENDS

HOWE

NNNN

DISTRIBUTION

FRAME AGRICULTURE/EXTERNAL

ECD(E)

SPD

COPIES TO

MR ANDREWS MAFF

MR DIXON, MAFF

MR WENTWORTH MILK DIV MAFF

COPIES SENT TO
No. 10 DOWNING STREET

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Foreign and Commonwealth Office

London SW1A 2AH

7 April 1984

PRIME MINISTER

Agree reply?

A J Coles Esq
No 10 Downing Street

Dear Coles

Yes

Duty Clerk
714

NEW ZEALAND BUTTER

I enclose a draft reply from the Prime Minister to Sir Robert Muldoon's message of 1 April, in the form of a draft telegram of instructions to Wellington; the text of the reply has been agreed with MAFF, and approved by Sir Geoffrey Howe.

The top copy of the telegram is being held here ready for despatch: given that Sir R Muldoon's purpose was to persuade us to raise the issue at the Foreign Affairs Council in Luxembourg on 9/10 April, it would clearly be desirable for the reply to reach Wellington before 9 April, if at all possible.

The draft takes account of a message which the Secretary of State received on the afternoon of 6 April from Mr Warren Cooper, via the New Zealand High Commission. A copy of this is also attached.

I am sending a copy of this letter and its enclosures to Ivor Llewellyn.

Yours ever,

[Handwritten signature]

for L V Appleyard
Private Secretary

OUT TELEGRAM

Classification and Caveats

Precedence/Deskby

RESTRICTED

IMMEDIATE/DESKBY 082100Z

ZCZC
GRS
CLASS
CAVEATS
DESKBY
FM FCO
PRE/ADD
TEL NO

1 ZCZC
2 GRS
3 RESTRICTED
4
5 DESKBY 082100Z
6 FM FCO
7 TO IMMEDIATE WELLINGTON
8 TELEGRAM NUMBER
9
10 INFO ROUTINE ALL EC POSTS
11 MY TELNOS 46 AND 47 TO DUBLIN: NEW ZEALAND BUTTER
12 Please convey the following reply from the Prime Minister to
13 Sir Robert Muldoon's message of 1 April:
14 Begins
15 Dear Rob,
16 Thank you for your message of 1 April. I too was surprised
17 and concerned at the outcome of the Agriculture Ministers'
18 meeting on 31 March in relation to imports of New Zealand
19 butter, and we have made this very clear to the Irish Government.
20 We have never accepted a link between ~~the~~ reform of the Common
21 Agricultural Policy and the Community's unconditional obli-
22 gations to New Zealand. But now that agreement has been reached
23 on reform of the milk regime - including special provisions for
24 Ireland - there can be no possible justification for continuing
25 to deny New Zealand a full five year arrangement of the kind
originally proposed by the Commission.

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NNNN ends telegram		BLANK	Catchword You
File number MXE 020/405/1	Dept ECD(E)	Distribution FRAME AGRICULTURE/EXTERNAL ECD(E) ECD(I) SPD MR HANNAY MR RENWICK SIR C TICKELL	
Drafted by (Block capitals) R G LEWINGTON		COPIES TO: NO 10 MR ANDREWS, MAFF MR DIXON, MAFF	
Telephone number 233 6008			
Authorised for despatch		MR WENTWORTH MILK DIV MAFF	
Comcen reference	Time of despatch		

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 You will certainly have our strong and continuing support in seeking this. I understand how urgent this question is for you, but, though we - as well as the Dutch and, I hope, others - will be putting our views firmly on the record under 'other business' at the Foreign Affairs Council at Luxembourg on 9/10 April, I really do not believe that it would be tactically wise for us to seek a substantive discussion then. The main focus of the meeting will again be our budget problem, and though we have come a considerable way in several respects since the European Council we do not expect next week's discussion to be easy. I do not think you would have reason to be grateful to us if by promoting substantive discussion of New Zealand butter at the Foreign Affairs Council, we encouraged other member states to involve you in our budgetary difficulties.

For the time being, I am sure that the main focus of our efforts should be through bilateral contacts. I was glad to see that you had written to Mr Fitzgerald and Mr Deasy; the Presidency and the Commission, too, will have an important role to play. In speaking to the French, I am sure you will want to bear in mind their strong interest in renewal of the sensitive area provisions for sheepmeat. Meanwhile Geoffrey Howe will be speaking in the margins of the Foreign Affairs Council to the Irish, and to the Presidency; we can consider what more needs to be done in the light of these contacts.

You mentioned also your concern, which we understand, about the effects of the EC price settlement for milk on New Zealand's returns. I think this has to be pursued with the Commission. But I believe it may be easier to do so if the agreement on acceptable access arrangements is tied up first. Indeed to press this issue with other Member States before the 5 year agreement is settled, would, I am sure, make it much more difficult to secure that agreement.

We shall stay closely in touch with you as things move

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OUT TELEGRAM (CONT)

Classification and Caveats

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forward.

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With best wishes, Margaret Thatcher.

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ENDS

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