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MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON S.W.1



From the Minister

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The Rt Hon the Lord Carrington PC KCMG MC
Foreign and Commonwealth Office
Downing Street
London
SW1

6 November 1980

NEW ZEALAND BUTTER: POST 1980 ACCESS

You will recall my letter of 23 January and subsequent correspondence, in which we agreed our broad negotiating aims on access for New Zealand butter after the end of this year. As you know, the Commission's proposals are very much in line with what we had expected at the time and, since they meet our broad aims and are acceptable to the New Zealanders, we have tried to preserve them intact in the lead up to the discussion in the next Agriculture Council on 10 and 11 November.

Due partly to the delays in reaching a settlement for the remainder of 1980, time is now short for agreement on post-1980 access, and I believe that we must do everything possible to secure an agreement at the next Agriculture Council. The main difficulty is likely to be on the duration of the arrangements. An attractive feature for New Zealand of the Commission proposals in the element of permanency they would give in providing access for 90,000 tonnes in 1984 and thereafter, even though the arrangements would be subject to review before the end of 1984. It is fairly certain, however, that other Member States will not be prepared to settle on this basis. Apart from France, however, they do appear to be ready to agree on quantities for the next 3 or 4 years with provision for subsequent extension. The French maintain that there is no legal basis for access after 1980 and have said that the most they would agree to would be a 1 or 2 year arrangement with quantities and levy arrangements less favourable to New Zealand than in the Commission proposals.

In view of the French attitude, the prospects for a settlement at the November Council are not bright but they are not completely negligible and I think we need to take a view now on whether a 3 or 4 year agreement would be acceptable in case, contrary to expectations, the French are prepared to settle for 3 years and on reasonable terms. My view is that, subject of course to

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the New Zealanders' agreement and to the other elements of the arrangements being acceptable, we should be prepared to settle on the basis of specified quantities for three years (four if possible) and the firm commitment of an extension after that.

Although this would mean going back to some extent on one of our important negotiating aims, I am sure it would be better to settle on these terms now, if we can, than to let the negotiations drag on until the next price fixing, especially since it is unlikely that the attitude of other Member States will change. I am fairly confident that such an arrangement would be acceptable to New Zealand at least as a second best. The New Zealanders are well aware of the opposition to permanent arrangements, following Mr Talboys' visits to Community capitals, and will be letting me know before the November Council whether a three or four year agreement is acceptable.

One problem in accepting a three or four year arrangement is the terms of the Commons resolution as it came out after the Government accepted an Opposition amendment. The resolution read as follows, the Opposition amendment begins 'so long as':-

"That this House takes note of European Community Documents 8832/79 and 8476/80 on access for New Zealand butter to the European Community and supports the Government's intention to secure satisfactory arrangements for the importation of New Zealand butter into the European Community after 1980, so long as these arrangements include the principle of permanent access with a quota for 1984 of not less than 90,000 tonnes".

I think, however, that we can justify to the House accepting a shorter term arrangement on the following grounds:-

- (a) the arrangements have a continuing commitment to import New Zealand butter after the three or four years for which specific quantities will be laid down;
- (b) it would have been more damaging to New Zealand to have no arrangements at all and the deal is in the terms that were the most favourable that could be obtained for New Zealand at the time.

If you and other colleagues agree, I intend at the November Council to maintain our existing line but to settle on the

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terms I have set out if it becomes clear that the French and others will do so and provided the New Zealanders also agree.

I am sending copies of this letter to the Prime Minister, to other members of OD(E), to other Agriculture Ministers and to Sir Robert Armstrong.

PETER WALKER

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