

CONFIDENTIAL

MR. ALEXANDER

Prime Minister

Agree A overleaf?

25/2

New Zealand Butter Post 1980 Access

The Minister of Agriculture's letter of 7th February to the Prime Minister has been commented on by the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Secretary of State for Trade. In your letter of 8th February to Gareth Walters you said that the Prime Minister had expressed the hope that we would continue to support the New Zealand case.

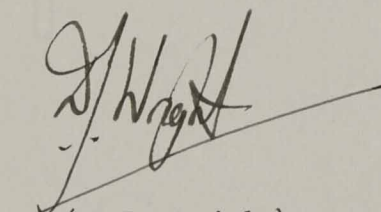
2. The Foreign and Commonwealth Secretary is seeing the New Zealand Deputy Prime Minister (Mr. Talboys) tomorrow afternoon, Thursday, 21st February, and the Minister of Agriculture is seeing him on the morning of Friday, 22nd February. An agreed Government line is needed for these meetings

3. The Minister of Agriculture has argued that the negotiations on New Zealand butter are bound to be linked with those on farm prices for 1980-81. In particular it may be difficult to prevent the Member States hostile to continued New Zealand access (principally France and Ireland) trying to associate it to the prices package. He thinks that we cannot allow the negotiations to drag out beyond the price-fixing because, in the absence of agreement, New Zealand access will simply lapse at the end of the year. This makes it necessary to let the New Zealanders know where they stand as soon as possible. The Minister of Agriculture has also suggested that at some stage the Prime Minister may wish to raise the question with her fellow Heads of Government. On balance, however, it would be better not to have to raise this issue at the European Council at all and especially not while we are still pressing for a solution to our Budget problem.

4. The Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Secretary of State for Trade all argue that we should make the case for New Zealand on broad economic and political grounds rather than in the specifically agricultural context where the linkage with prices will be very awkward for us. The Foreign and Commonwealth Secretary has said that he is ready to fight hard for New Zealand in the Foreign Affairs Council. On timing, Lord Carrington thinks that we could still get a good settlement in that Council

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A after the price-fixing. In commenting on the Foreign and Commonwealth Secretary's views, the Minister of Agriculture has said that he supports Lord Carrington's proposal that he should fight for New Zealand's case in the Foreign Affairs Council and that Lord Carrington should explain this approach to Mr. Talboys as the best prospect of getting a satisfactory deal. If the Prime Minister agrees that this is the best way to proceed, it would be helpful if this view could be made known before the Foreign and Commonwealth Secretary's meeting with Mr. Talboys at 3.10 pm tomorrow.


(D.J. Wright)

20th February, 1980

Agreed - but this must
be viewed in the light of
our discussions this evening
when we talked about the whole
matter in the context of the budget.
DJB



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20 FEB 1980



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10 DOWNING STREET

From the Private Secretary

OD(E)
(FCO)
HMT
Ld. Pres.
Ld. Privy Seal
MAFF
D/Trade
Att-Gen. + C.O.
21 February 1980
European Policy

NEW ZEALAND BUTTER: POST 1980 ACCESS

The Prime Minister has seen the Ministerial correspondence, now resting with the Minister of Agriculture's letter of 20 February to the Foreign and Commonwealth Secretary, on this subject. She agrees that New Zealand's case should be fought in the Foreign Affairs Council and that the Foreign and Commonwealth Secretary should explain this approach to Mr. Talboys this afternoon as being the best way, in our judgement, to secure a satisfactory deal for New Zealand. She has asked, however, that the link between this problem and the problem of the British contribution to the Community Budget should be constantly borne in mind.

I am sending copies of this letter to the Private Secretaries to the members of OD(E) and to David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Paul Lever, Esq.,
Foreign and Commonwealth Office.

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