



PM/80/35

PRIME MINISTER

Prime Minister

Agree text of telegrams attached?

Yes no.

Rmt

European Council: New Zealand Interest in a Possible Concession
on Sheepmeat

1. As you know, one of the points on which we may have to show some flexibility at the European Council is the inclusion of a limited element of intervention in the proposed sheepmeat regime. This is something to which the New Zealanders will be strongly opposed.
2. They fear that any form of intervention would be the thin end of a wedge leading to the development of more elaborate intervention agreements, which would lead in time to increased prices, reduced demand and a drop in New Zealand's exports of lamb. They also fear that the Community would be tempted in addition to extend export restrictions to sheepmeat, thus damaging New Zealand's prospect in third markets as well.
3. There is, of course, no prospect of our conceding all that the French request at the European Council. But we have to recognise the real New Zealand concern about conceding the principle of intervention, even on a limited scale. They have made their views on this clear to us many times, and spoke strongly on the issue to Willie Whitelaw when he paid an official visit to Wellington last week. We therefore have to recognise that any concession by us at the European Council is likely to provoke a critical reaction in New Zealand.
4. One possibility would be to leave the New Zealand Government in ignorance of our position until we see whether it does in fact prove necessary to give some ground over intervention at the European Council itself. I believe, however, that events will move too fast for us to be sure of being the first to break any unwelcome news there may be to the New Zealanders.
5. I therefore favour taking the New Zealanders into our



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/ confidence and, subject to your approval, would like to send a message to Talboys in the terms of the attached draft. I would instruct our High Commissioner to deliver this on the morning of Monday 28 April (which corresponds to the evening of Sunday 27 April European time).

6. I am sending copies of this minute to the Members of OD(e), to Willie Whitelaw, and to Sir R Armstrong.

C
/

(CARRINGTON)

Foreign and Commonwealth Office
25 April 1980

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File No.....

Department

Drafted by
(Block Capitals)

Tel. Extn.....

OUTWARD

TELEGRAM

Security Classification CONFIDENTIAL
Precedence IMMEDIATE
DESKBY262130Z.....Z

FOR COMMS. DEPT. USE	Despatched	(Date)	POSTBY
		(Time)ZZ

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(Time of Origin) Z (G.M.T.) (Restrictive Prefix)

(Security Class.) CONFIDENTIAL (Caveat/ Privacy marking) DEDIP

(Codeword) (Deskby)..... Z

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[TEXT]

EUROPEAN COUNCIL: POSSIBLE CONCESSIONS ON SHEEPMEAT

1. Please deliver the following personal message from me to Mr Talboys as soon as possible on the morning of Monday 28 April.

Begins:

A

Since I wrote to you on 2 April it has become less likely that there will be any discussion of post-1980 access for New Zealand butter at the European Council. However, as you know, the internal regime for sheepmeat will be one of a number of issues, including, amongst other things, CAP prices (and the Common Fisheries Policy), which some of our Community partners want to have settled in parallel with the UK budget contribution. We of course believe that our case for more equitable treatment

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on the budget stands on its own, But, given the attitude of other Member States, it would be unrealistic to expect to have it resolved in isolation. We have therefore indicated that we too are ready to see progress made in parallel on the various outstanding issues.

So far as sheepmeat is concerned we have to recognise that the French are likely to be unyielding in their insistence that, for there to be progress on an internal regulation, it must include some element of intervention. Other Member States are prepared to acquiesce in this. As you know, we have consistently opposed intervention and we continue to think it unnecessary. But it would be less than frank of me not to tell you that we may be forced to show some flexibility on this point if, in the light of developments, this ~~is seems to be~~ essential in order to secure a successful outcome to the European Council as a whole.

I do of course appreciate your concern that even 'light' intervention would, potentially, be damaging for New Zealand. Willie Whitelaw tells me you repeated your anxieties on this score when you saw him in Wellington recently. As you know, while we do not believe that a 'light' intervention regime would materially damage your interests, we too are conscious of the danger that there might in time be pressure to develop such a regime into something more elaborate and more expensive. This would threaten our interests as well as yours and we would resist it. Our objective at the

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Council will be to avoid, if at all possible, any concessions on intervention and only to give ground in the last resort and subject to strict conditions, if we judge this essential to secure an overall budget settlement. It is of particular importance that knowledge of this possibility should be restricted to as few people as possible. A leak in advance of any concession being made would be damaging to both our interests.

After the Council I shall make sure you receive as soon as possible an immediate authoritative account of what has taken place.

Ends