

New Zealand

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

24 September 1979

Visit by the Prime Minister of New Zealand

As you know, the Prime Minister of New Zealand had a working lunch with the Prime Minister on Friday 21 September. I enclose a copy of the record of their discussion.

I am sending copies of this letter, together with its enclosure, to Garth Waters (Ministry of Agriculture, Fisheries and Food), Tony Battishill (H.M. Treasury), and Martin Vile (Cabinet Office).

M. O'D. B. ALEXANDER

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

RECORD OF THE PRIME MINISTER'S TALK WITH THE PRIME MINISTER OF NEW ZEALAND AT A WORKING LUNCH AT 10 DOWNING STREET ON 21 SEPTEMBER 1979 AT 1300

<p><u>Present:</u> Prime Minister The Foreign and Commonwealth Secretary The Minister of Agriculture Mr. Timothy Raison, M.P. Minister of State, Home Office Sir Michael Palliser Mr. Michael Franklin Mr. Clive Whitmore Mr. Michael Alexander</p>	<p>The Rt. Hon. R.D. Muldoon H.E. The Hon. L.W. Gandar Mr. B.J. Lynch</p>
---	---

Sheep Meat Regime

Mr. Muldoon said that New Zealand did not want a sheep meat regime. They wanted total access to the EEC market and did not see why they should accept regressivity in the trade at which they were best. The problem should in any case be regarded as a bilateral one between the United Kingdom and New Zealand. New Zealand lamb was produced for the UK market. To adapt their product to a different market would involve changing breeding and agricultural practices in New Zealand. It would take New Zealand up to thirty years to adapt. If New Zealand were to lose the lamb trade, it would take the heart out of the New Zealand sheep raising industry. The industry was the largest single element in New Zealand's export trade. The British market for lamb was, literally, vital.

The Prime Minister asked why New Zealand could not sell lamb to the UK without a sheep meat regime. The issue was of real concern to only three members of the Community. The Minister of Agriculture said that there would have to be a sheep meat regime. The terms of the Treaty of Rome made it impossible to argue that there should not be such a regime. Its introduction might be delayed but it would come. But it would of course be possible to call a non-regime a regime. There was already a 20% tariff on sheep meat imports as a result of the GATT agreement to which New Zealand was a party. This would have to be retained. But for the rest, the UK requirement was for free movement of sheep meat within the EEC. Since demand far exceeded supply there was no need for intervention to take place. The French and Irish had

CONFIDENTIAL

- 2 -

a transitional problem: the United Kingdom position was that producers in those countries could be paid a premium for three years at the expense of their own Governments. Since this approach was totally unacceptable to those Governments, there would be no agreement on the question.

Mr. Muldoon said that what was required was an amendment to the Treaty of Rome in the light of intelligent reconsideration. Treaties were not written on tablets of stone. They could be changed if the signatories of the Treaty had the will to do so. The Community would not necessarily last for ever. If it were to break down it might well be over the Common Agricultural Policy (CAP). Economic lunacy could not go on indefinitely.

The Foreign and Commonwealth Secretary said that the CAP was being used to finance the solution to the social problems of some Member States. Sir Michael Palliser pointed out that while it had in the past been used for essentially social purposes, this was no longer the case. But the CAP was politically very popular in a number of countries. It had become part of the political mythology in France and other Member countries. It would have to be retained. But of course a less extravagant way of financing it would have to be found. Mr. Muldoon asked what price the British public was paying for the CAP. The reasoning underlying it was untenable. Sir Michael Palliser suggested that this was not the right way to put the question. The basic problem was to ensure that we extracted the maximum benefit from our membership of the EEC. The other members of the EEC had to be brought to realise the need to take more notice of British concerns. It had been very difficult for the last Government because they were suspected of trying to undermine the Treaty. The present British Government were much better placed to ensure that their interests were taken into account.

The Prime Minister said that member countries should pay for their own social problems. She agreed with Mr. Muldoon that the reasoning underlying the CAP was untenable. Food prices were an important element in inflation and had to be contained. Moreover, the CAP was having a damaging effect on agriculture in non-member

CONFIDENTIAL countries.

countries. There was no overall view of its consequences. The Minister of Agriculture said that the burden of the CAP was excessive. The British contribution was monstrous. But it was important that we should not, in doing a deal to reduce our net contribution to the Budget, commit ourselves to the continuation of the CAP in its present form. The Foreign and Commonwealth Secretary said that one reason why the UK imported food from outside the EEC, thereby pushing up our contribution to the Budget, was that the British consumer wanted products eg hardwheat, not produced within the Community. The Prime Minister said that the CAP had come to such a pass that changes would have to be made. Agreeing with Sir Michael Palliser that the 1% VAT ceiling would in any case precipitate a crunch, the Prime Minister said that there was a risk that because of our requirement for change on the Budget, we should be blamed. It would be wise, therefore, for us to clear our minds about reform of the CAP before the 1% VAT ceiling was reached.

Reverting to the sheep meat question, Mr. Muldoon asked why the French were always able to call the tune. They seemed to have the other members perpetually on the wrong foot. They invariably got their way despite being in a minority of one. The Minister of Agriculture said that this was an over-simplified view. On many occasions the Community did line up against the French. But frequently the French were not in a minority of one. It was not realistic to suppose that the sheep meat regime could be avoided. The Foreign and Commonwealth Secretary said that the previous British Government had frequently been the one that was out of step but that the policy had not paid many dividends. Mr. Muldoon repeated his view that the sheep meat issue should be a bilateral one. Every round in the argument that was lost was a further nail in New Zealand's coffin. If a regime was agreed - and even if it was a non-regime - someone else would built on it at a later stage. The Minister of Agriculture said that the realities of the situation were that there was no problem about New Zealand lamb coming in. The only barrier was the GATT tariff. This would not be deconsolidated. The EEC would not go to GATT and ask for a lower tariff. The only possibility was that the Commission would propose the offer of a fixed volume of imports of New Zealand lamb in exchange for a lowering of the tariff. Mr. Muldoon said that

this approach was not acceptable. The Minister of Agriculture said that this was for Mr. Muldoon to decide. But it was important to remember that New Zealand's bargaining position was not strong. The UK would get the best quotas it could in 1981 but New Zealand had no other allies within the EEC.

Rhodesia

On Rhodesia, Mr. Muldoon asked whether there was anything he could do to help with the Rhodesia Constitutional Conference. He would be very happy to tell Mr. Smith that the end of the road had been reached. The Foreign and Commonwealth Secretary took note of Mr. Muldoon's offer.

The discussion ended at 1430.

Ants

21 September 1979

GUEST LIST FOR THE PRIME MINISTER'S WORKING
LUNCH FOR THE PRIME MINISTER OF NEW ZEALAND,
MR. MULDOON, AT 1.00 P.M. FOR 1.15 P.M. IN
THE SMALL DINING ROOM AT 10 DOWNING STREET
ON FRIDAY, 21 SEPTEMBER 1979.

The Prime Minister

The Foreign and Commonwealth Secretary

The Minister of Agriculture, Fisheries & Food

Mr. Timothy Raison, M.P. (Minister of State
for Home Affairs)

Sir Michael Palliser, Foreign & Commonwealth Office

Mr. Michael Franklin, Cabinet Office

Mr. Michael Alexander, 10 Downing Street

Mr. Clive Whitmore, 10 Downing Street

The Rt. Hon. R. D. Muldoon, C.H., M.P.,
Prime Minister of New Zealand

Mr. B. V. Galvin,
Head of Prime Minister's Office

His Excellency The Honourable L. W. Gandar,
High Commissioner

Mr. B. J. Lynch,
Deputy High Commissioner



Foreign and Commonwealth Office

London SW1A 2AH

20 September 1979

Dear Michael,

Mr Muldoon's Visit

I wrote to you on 18 September enclosing briefs for the Prime Minister's discussion with Mr Muldoon on 21 September.

Paragraph 2 of Brief No 4 (Background) touches on the New Hebrides Constitutional Conference. You will wish to know that the Conference had a satisfactory outcome. The draft Independence Constitution was approved, and it was agreed that fresh elections would be held on 14 November. The date of independence was not discussed, but we still expect this will be in the first half of 1980.

This can be freely used with Mr Muldoon if necessary.

Yours ever
Paul Lyne

PP
(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

COVERING CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

18 September 1979

Dear Michael,

Mr Muldoon's Visit

in folder attached to file.

/// As requested in Bryan Cartledge's letter of 23 August, I enclose briefs (3 sets) for the Prime Minister's discussion with Mr Muldoon over lunch on 21 September.

Brief No 3 has been cleared with the Ministry of Agriculture, Fisheries and Food; Brief No 5 with the Home Office; Brief No 6 with the Department of Trade; and Brief No 7 with the Department of the Environment.

I am sending copies of this letter and of the briefs (2 sets each) to John Chilcot (Home Office), Garth Waters (MAFF) and Martin Vile (Cabinet Office).

yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

COVERING CONFIDENTIAL

PRIME MINISTER

DS
New Zealand

Visit by the New Zealand Prime Minister

You are giving a working lunch for Mr. Muldoon on Thursday 21 September.

The Foreign and Commonwealth Secretary has suggested the following participants on the UK side:

- The Foreign and Commonwealth Secretary
- The Home Secretary
- The Minister of Agriculture
- Sir Michael Palliser
- Sir Robert Armstrong
- Mr. Michael Franklin

Mr. Muldoon is likely to be accompanied by the Head of the Prime Minister's Department in Wellington, Mr. Galvin, and by the High Commissioner and Deputy High Commissioner here in London.

Together with yourself and a Private Secretary this would make a total of 12. Is the proposed list acceptable to you?

M. O'D. B. ALEXANDER

11 September 1979



10 DOWNING STREET

MICHAEL

Lunch for Mr. Muldoon:

Friday, 21 September.

The Foreign and Commonwealth Office suggested the Permanent Under Secretary of State at the Home Office for the extra name for this lunch. This will be Sir Robert Armstrong (until the beginning of October, and then Sir Brian Cubbon). What would you like to do?

Vanessa Burgess.

11 September 1979

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

4 September 1979

Dear Michael,

Mr Muldoon's Visit

Thank you for your letter of 23 August about the Prime Minister's working lunch for the New Zealand Prime Minister on 21 September.

Mr Muldoon has told our High Commissioner in Wellington that at the Prime Minister's lunch he would be interested mainly in discussing progress on sheepmeat and butter and in bringing himself up to date on Rhodesia. (As you know, Mr Muldoon's message of 16 August to the Prime Minister on Rhodesia concluded "I would be glad to be kept up with the play for, as I am sure you know, I want to be as helpful and constructive as I can"). He may also wish to mention the proposed amendments to British immigration rules, in which he has taken an interest, and perhaps also the proposed changes in British nationality law. Mr Muldoon might raise again, as he did in Lusaka, the question of our future diplomatic representation in the South Pacific islands (on which our High Commissioner in Wellington has been instructed to brief Mr Muldoon). We see no present need to raise any bilateral economic questions with Mr Muldoon at the lunch, as Mr Nott will be seeing New Zealand Ministers in Wellington on 20 September.

Against that background, Lord Carrington recommends that the UK participants might include himself, the Home Secretary, the Minister of Agriculture, Fisheries and Food and Sir Michael Palliser. Mr Muldoon is likely to be accompanied by the Head of the Prime Minister's department, Mr B V Galvin; by the New Zealand High Commissioner in London and by a member of the High Commission staff.

I am sending copies of this letter to Garth Walters (Ministry of Agriculture, Fisheries & Food) and Martin Vile (Cabinet Office).

yours ever
Roderic Lyne
(R M J Lyne)
Private Secretary

M O'DB Alexander Esq
10 Downing Street
LONDON SW1

CONFIDENTIAL

SEP 1979

12 1 00 30
10 2 00 30
9 3 00 30
8 4 00 30
7 5 00 30
6 6 00 30
5 7 00 30
4 8 00 30
3 9 00 30
2 10 00 30
1 11 00 30
0 12 00 30



New Zealand High Commission

Reference

29 August 1979

New Zealand House
Haymarket
London SW1Y 4TQ
Telephone: 01-930 8422 Ext:
Telex: 24368

Mr B. G. Cartledge,
Private Secretary (Overseas Affairs),
Prime Minister's Office,
10 Downing Street,
LONDON S W 1.

h.s. [Signature] 30/8
Mr. Alexander
GA 30/8

Dear Brian,

I enclose a copy of the tentative programme for the visit of the Rt Hon R. D. Muldoon and Mrs Muldoon. This is how it stands at present. There is a little polishing up to be done yet.

Yours,

Gray Nelson

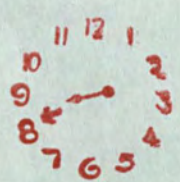
Gray B. Nelson
Counsellor (Assistant to
the High Commissioner)

Секретариат
Министерства
Образования
и Научных
Исследований
С. М. Ковалев

Секретариат
Министерства
Образования
и Научных
Исследований
С. М. Ковалев

Секретариат
Министерства
Образования
и Научных
Исследований
С. М. Ковалев

30 AUG 1979





New Zealand High Commission

Reference

New Zealand House

Haymarket

London SW1Y 4TQ

Telephone: 01-930 8422 Ext:

Telex: 24368

29 August 1979

Mr S. Cook,
South West Pacific Department,
Foreign and Commonwealth Office,
Downing Street,
LONDON S W 1.

The present state of the programme for the visit of the Prime Minister and Mrs Muldoon from Thursday, 20th, to Sunday, 23rd September is as follows:

Thursday, 20th September:

2100 Arrive Heathrow ex Concorde (Flight BA 170) from Washington - Prime Minister, Mrs Muldoon, Mr B. V. Galvin (Permanent Head Prime Minister's Department), Mr H. B. Hewett (Principal Private Secretary).

(Alcock and Brown Suite reserved)

Stay Berkeley Hotel (phone 235 6000)

Friday, 21st September:

1000 Prime Minister calls on Rt Hon John Biffen, Chief Secretary of the Treasury; accompanied by High Commissioner and Mr Galvin.

1145 Prime Minister calls on Rt Hon Peter Walker, Minister of Agriculture and Food; accompanied by Deputy High Commissioner and Trade Minister.

1300 Attend Working Luncheon hosted by Prime Minister, for the Rt Hon Margaret Thatcher, at 10 Downing Street.

1315 Prime Minister, High Commissioner, Mr Galvin, and a note taker.

(Mrs Muldoon

1230 Attend luncheon hosted by Mrs Gandar at 43 Chelsea Square.)

1500 Press Conference, New Zealand House.

Evening Dine privately at Berkeley Hotel.

Saturday, 22nd September:

Afternoon Attend First Division Football Match.

Prime Minister, Mrs Muldoon, High Commissioner and Mrs Gandar, Mr Galvin and Mr Hewett.

(This is in the course of being arranged).

1815 Attend pre-theatre party hosted by New Zealand Shipping Corporation at Ivy Restaurant, West Street.

2030 Attend play 'Night and Day' at Phoenix Theatre, Charing Cross Road.

Prime Minister and party, High Commissioner and Mrs Gandar, Deputy High Commissioner and Mrs Lynch.

Sunday, 23rd September:

1230 Lunch at the Compleat Angler, Marlow, as guests of Sir Ian Bowater and Lady Bowater.

Prime Minister and Mrs Muldoon, High Commissioner and Mrs Gandar.

1500 Leave for Heathrow.

1635 Depart Heathrow on BA 768 for Bremen.

Prime Minister and Mrs Muldoon, Mr B. V. Galvin and Mr H. B. Hewett.

(De Havilland Suite reserved)

In addition to this the Prime Minister's party will pass through Heathrow en route to Malta on Tuesday, the 25th.

They will return from Bremen accompanied by the High Commissioner and Mrs Gandar on LH 046 at 10.55, arriving at the Brabazon Suite, and then depart from the Kingsford Smith Suite at 1320 hours on KM 101.

Copy:

Mr B. Cartledge