



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
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From the Minister

Prime Minister

PRIME MINISTER

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SALES OF BUTTER TO THE USSR

In view of the recent public interest in this subject, I think I should record that our own Intervention Board have received an enquiry from a UK firm who are apparently interested in exporting to the Soviet Union some 10-15,000 tonnes of butter currently held in public intervention in this country.

2. Our latest information is that the prospects of the deal going through are fairly remote. Nevertheless, given that it is clearly undesirable for any butter to be exported from here to the Soviet Union with the aid of a subsidy, I have been looking at our powers to stop such a transaction. The position is as follows. I do have certain powers to issue directions to the Intervention Board. However, I cannot legally do this if the direction I give is contrary to an EEC law which is directly applicable in the UK. The Regulation governing sales of butter from intervention is of course directly applicable, and moreover allows no discretion to intervention authorities to refuse a sale to an applicant who complies with the various conditions laid down. My conclusion therefore is that, if the deal does go ahead, we will have no option but to release the butter from intervention.

3. I am copying this minute to the Foreign and Commonwealth Secretary, the Attorney General and Sir John Hunt.

We cannot go on like this. These sales are politically unacceptable in this country. We pay high prices for butter here to provide it - cheap for the Russians. Little the better must be raised in the Agricultural Council in the Council of Ministers at Dublin.

PETER WALKER
(Approved by the Minister and signed in his absence)

C. R. Waters
G R WATERS
Principal Private Secretary
21 September 1979

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NO FOREIGN DISSEM



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