



f, 000 per mille  
x low but  
leads.

ms

FCS/80/166

MINISTER FOR AGRICULTURE, FISHERIES AND FOOD

Food for Poland

1. During the Political Cooperation Ministerial Meeting in Brussels on 24 November the question of how the Community could make some of its food surpluses available to Poland was raised and the Commission was asked to put some suggestions forward in time for discussion at the European Council on 1-2 December. Ministers agreed that food aid as such would not be appropriate but there was some talk of a possible 'lend/lease' arrangement, though no-one explained how this would work.

2. We do not know exactly what the Commission may now propose. But one obvious possibility would be some special arrangement for additional export restitutions in the case of Community food exports to Poland, which could I suppose even take the form of allowing the Poles to defer payment. I know that officials see a number of difficulties over anything of this kind but, given the political importance of the issue, I think that we need to examine very carefully whether in this case the objections are necessarily over-riding.

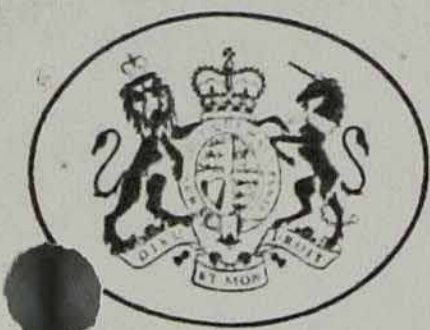
3. My comments on a number of the difficulties that have been raised are as follows:

a. Budgetary Cost. I understand that the Poles are interested in buying a large amount of British barley (perhaps as much as 750,000 tonnes). Thus we could expect to benefit considerably from any special export subsidies which might be agreed. This would be an important element to be set off against our budgetary share of the additional subsidies involved.

/b.

CONFIDENTIAL





- b. Monitoring of Destination. It should surely be possible to devise an administrative system to ensure that additional subsidies were only paid on food exports which actually went to Poland, eg by requiring evidence of delivery before the extra subsidy was paid. And, in Poland's present circumstances, there is surely little risk that once the food arrived in Poland it might be re-exported, eg to the Soviet Union.
- c. Undesirable Precedent. We should need to guard against the danger that the French, in particular, might see this as an opportunity to institutionalise a long term export policy for the CAP of the kind we have always strongly resisted. Moreover, if we go along with special subsidies for exports to Poland we could be accused once more of condoning a policy which will increase the cost of the CAP, where our policy in the restructuring context is the reverse. We should therefore need to make clear that Poland represented a special case and could not be regarded as a precedent, eg in any future discussion of special subsidies on the export of Community food to the ACP countries (an issue which has come up in the past).
- d. Complaints from other Food Exporters. The USA and Canada are the other major world food exporters. I think that we could hope to persuade them (and others such as Australia) that the political arguments for helping Poland were overriding and that in these exceptional circumstances additional Community export subsidies were justified.

4. The brief which has been prepared for the Prime Minister's use as the European Council is cautious and recommends that the Prime Minister should avoid commitment. But considerable political pressure could build up,

/particularly





particularly if the Commission produce what seem to be sensible and practical proposals. I think therefore that it would be desirable for us to consider whether we could not take a more forthcoming line, which I in any case would favour on political grounds.

5. I am sending copies of this minute to the other members of OD(E) and to Sir Robert Armstrong.

C

(CARRINGTON)

Foreign and Commonwealth Office  
28 November 1980

CONFIDENTIAL



28 NOV 1980

