MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

(1)

Prime Minister
The difficulty is that we shall not get sufficient support from the other members to make our protest effective. But clearly we should continue to make our views plain. Agree line proposed in Mr Walker's final para?

From the Minister

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

9 May 1980

Yes MT

Agreed 12/5

Prime Minister,

EEC EXPORTS TO RUSSIA

You were tackled during Prime Minister's questions last week about the Dairy Management Committee's recent decision to approve tenders for the sale of 20,900 tonnes of heavily subsidised butter to Russia. As you told the House, my officials had made it quite clear that we were totally opposed to this but, as the majority of the Member States continue to favour such sales, it went through. We have now learned that the Commission will next week be proposing changes that will make it easier to sell butter to Russia.

Because of the voting procedures of the Management Committees, it is just not possible - as the recent butter case shows - for us to block subsidised sales to the USSR at that stage. There is therefore no chance of achieving our objective unless there is a fresh political directive from the Foreign Affairs Council. Unfortunately the Foreign Office assessment - to which I can but defer - is that there is no prospect of the Foreign Affairs Council being persuaded to toughen up its decision of 15 January.

I myself have made several approaches to Gundelach about the butter situation but they have had little effect. This is not perhaps surprising because the Commission takes its cue from the majority of Member States who are keen for trade to take place and they are certainly not prepared to go beyond what they see as necessary to honour the Council Directive of 15 January - which brings us back to the fact that, unless the Council changes its attitude, we have no chance of attaining our objective.

The question of the recent butter sales has not yet been raised either in COREPER or in the Foreign Affairs Council, but the Lord Privy Seal got an undertaking from Haferkamp in the margins

of this week's Council that the Commission will make a full report to COREPER on 14 May. I think it important that, before that meeting, our Ambassador to the Community should make strong representations to Gundelach, to try to bring home to him the political significance of the whole issue and the unsatisfactory nature of the Commission's attitude, as evidenced by their recent and proposed actions on butter. This could then be followed up vigorously in COREPER and Peter Carrington could then consider whether to raise the question at the next Foreign Affairs Council.

I am sending a copy of this letter to members of OD(E) and to Sir Robert Armstrong.

PETER WALKER