



10 DOWNING STREET

THE PRIME MINISTER

4 December 1981

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Thank you for your letter of 23 November about economic assistance for Poland. As foreseen in our discussions on 25 November, the Council did indeed discuss the situation in Poland. You may be interested to see the enclosed copy of the Council's conclusions on Poland, about which you will have seen press reports.

The Government is very conscious of the potential dangers of the situation and of the food shortages which Poland faces. Thus, together with our partners in the European Community, we have over the past year played a substantial role in supplying food and agricultural products to Poland. The Community budget has borne the cost of the special discount, while individual member states have made available the necessary credit to cover the products they have supplied. Under decisions taken in December 1980 and in April and May this year the Community has responded to specific Polish requests by making available large amounts of food from Community stocks at special prices (an average 15 per cent discount from normal world prices). These offers have so far included 452,500 tonnes of barley (all from the United Kingdom), 272,500 tonnes of wheat, 100,000 tonnes of meat (including 3,000 tonnes of beef from the United Kingdom), 40,000 tonnes of butter (including 10,000 tonnes from the United Kingdom) and 100,000 tonnes of sugar.

/On 7 October

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On 7 October the Community approved a further offer of food and agricultural products to be made available to Poland in the last quarter of 1981 on the same special terms as the earlier offers. The United Kingdom will supply the 25,000 tonnes of barley included in that offer. At the same time the Community agreed to consider proposals by the European Commission for further deliveries to Poland in the first quarter of 1982. These proposals are likely to come forward in the near future. Meanwhile, on 24 November, the Budget Council agreed, in response to a proposal made by the European Parliament, that an additional sum of 10 mecu (about £5.8m) should be made available to the Commission to assist the supply of food from the Community to Poland. And in August a resolution was adopted by the Council making it possible for member states to deliver to Poland, free of charge, fruit and vegetables withdrawn from the Community market in accordance with the provisions of the Common Agricultural Policy.

The Community's contribution therefore has been substantial, and the UK has played a full part in that contribution. As the European Council statement makes clear, the Community and its Member States will continue to assist Poland's economic recovery within the limits of the resources at their disposal and in collaboration with the efforts of others. At the same time, as I explained to you and other representatives of the European Trade Union Confederation at our meeting on 25 November, there is clearly no easy solution to Poland's economic problems. Food supplies are only part of the answer. And there are limits to what any of Poland's Western creditors can do in the face of their own economic problems.

I note your hope that the Polish Government and Solidarity can join together to make arrangements for the distribution of necessary foodstuffs throughout Poland. This is something of course for the Poles themselves to decide. It is encouraging that the Government and Solidarity are now jointly discussing economic issues, including action to end the economic crisis and to alleviate the consequences of winter. As I am sure you will agree, no amount of external aid will by itself solve the economic

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problems which Poland faces. The only people who can finally overcome these problems are the Poles themselves, by agreeing on solutions and putting them into effect as quickly as possible.

(sgd) M TR

The Rt. Hon. Lionel Murray, O.B.E.