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31/12

Mr Powell of

MEETING BETWEEN THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD AND MR GORBACHEV: 18 DECEMBER 1984

Present

The Minister  
 Parliamentary Secretary  
 Sir Michael Franklin  
 Professor Bell  
 Mr Hadley  
 Mr Boswell  
 Mr Cocking  
 Mr Llewelyn  
 Sir Iain Sutherland (HM Ambassador,  
 Moscow)  
 Miss Young (FCO)

Mr Gorbachev  
 Mr Komarov  
 Mrs Parschina  
 Mr Ivanov  
 Mr Popov

Pine Minister

EDD

23/12

1. In welcoming Mr Gorbachev, the Minister said that he was delighted that he had found time to visit the Ministry of Agriculture. He was glad that later in his visit Mr Gorbachev would actually see a farm, as we were very proud of our agriculture in the United Kingdom.

2. Mr Gorbachev said that there was a growing interest in UK agriculture in the USSR. This was connected to their desire to restructure their own agriculture. Their current plan for agriculture and food covered a large number of sectors and included an extensive programme of mechanisation. They had studied agricultural practices in a number of countries (they were particularly interested in those in Canada); and they were interested in the use of agricultural machinery in the UK, because conditions there were similar to those in some parts of the USSR. Other aspects of UK agriculture that they found of interest were sub-soiling and the widespread cultivation of winter wheat; there were plans to grow the latter intensively, on an experimental basis, on 10 million hectares. The USSR also needed improved fertilisers, herbicides and pesticides and so were building up a modernised agro-chemical industry. They were therefore interested in UK experience in the production and application of pesticides, with particular reference to environmental safeguards, and thought it would be helpful if officials from their respective Ministries of agriculture could look into this further, within the framework of Anglo-Russian relations. They would also like to develop an exchange of scientific experts in the pesticide sector. On the industrial side, they had placed a preliminary order for an integrated plant for the production of a wide range of pesticides and herbicides. They intended this plant, for which they were formulating detailed specifications, to be a turn key project. Another area where they would welcome an exchange of information with the UK was that of plant breeding, where they had embarked on a wideranging programme to select improved varieties and hoped to make major steps forward in the use of genetic engineering. Another area where they were expanding

was applied and fundamental research, where they were making efforts to improve supplies of basic equipment. To sum up, they were making a major effort to develop their agriculture, and for the second year it had proved profitable due to the introduction of a new pricing structure. To continue this improvement, they were in favour of increased co-operation between the two countries in this intrinsically peaceful area of activity.

3. Mr Gorbachev continued that to complement its agricultural programme, the USSR needed to improve its food processing facilities, in particular those for storage and packing. They were already negotiating with a number of countries with this in mind, and had now found that the UK had something to offer too; his visit to John Brown Limited had demonstrated this, particularly in the field of packaging. The USSR was already considering orders in this and in other sectors of agriculture; it was worth bearing in mind that over the next five years some 240-250 billion roubles had been allocated to agriculture.

4. Mr Gorbachev then briefly compared Russian and UK productivity in the cereals and dairy sectors. He added that the USSR had a protein deficiency; as they were unable to grow soya, they were concentrating on increasing areas of field beans, peas and lucerne. As a result they had managed to increase their cattle numbers. He ended his exposition by reciting from memory, an impressive list of per capita food consumption figures and by explaining, very briefly, the social and economic principals underlying Soviet agricultural policy. This completed, in his words, a frank report on the Soviet agricultural scene. This frankness was characteristic of the agricultural sector; farmers spent time in the open air and so did not develop "sick fantasies", in contrast to those who spent their life behind desks!

5. The Minister replied that he had listened with great interest to this account of Soviet agriculture. He had never had the opportunity to see it at first hand, but he had hoped that the Parliamentary Secretary would be able to see something of their agriculture and food industries when she visited Moscow to open the BRITAGROPROM in February. Mr Gorbachev interjected that if Mrs Fenner would get in touch on the eve of her departure, they would be pleased to work out an appropriate programme. It was clear, the Minister continued, that Russia took pride in her agriculture, as we did in this country. So far as our own farming industry was concerned. He was sure that there was much that the UK could contribute to the development of Soviet agriculture, both by means of trade and by exchanges of technology and information. In the UK we had progressively restructured our entire agricultural industry since the war, and it was now barely recognisable to those, like him, who had started farming in the 1950s. We now produced in the UK 80% of our temperate food requirements, although the agriculture sector employed only 2.6% of the working population. Since

1970 our cereals production had risen from 14 million tonnes to 26.5 million tonnes - Mr Gorbachev commented that this was a most impressive achievement - and we now had 9 million tonnes of grain to export. We were now, in fact, the seventh largest food exporter in the world and would be only too happy to sell more to Russia.

6. Mr Komarov pointed out that the USSR had already bought half a million tonnes of wheat this year. Mr Gorbachev added that it was much more convenient to buy from the UK than from the USA, but asked whether the Community would permit the UK to export freely to the USSR. The Minister replied that, because of the large surpluses in many sectors, the Community gave substantial inducements to encourage exports. Mr Komarov, however, said that in his experience other Member States tended to complain that it was the UK that tried hardest to frustrate exports to the USSR. The Minister denied this. We only opposed exports which took place at excessively low price levels. Mr Komarov was inclined to dispute this; the sales had been at world prices, which depended solely on demand on the world market (he added that internal prices within a country were its own business). The Minister repeated that we had no objection to sales at world prices; our objection was to sales at specially reduced price levels.

7. The Minister said that he had been interested to hear of the move to winter wheat cultivation in the USSR. This had been the main reason for the increase in cereals production in the UK and he wondered whether some of the winter wheat varieties developed here might be of interest to them. He had noted what had been said about the need for increased production of herbicides and pesticides; this was another area where we had much experience and had developed very effective technologies. He had also noted what Mr Gorbachev had said about the need to increase production of protein crops. The Community was moving in the same direction and he had started growing field peas, very profitably, on his own farm. Here again we might have varieties that would be of interest to the USSR. There followed a discussion on the cultivation of field peas between Mr Gorbachev and the Minister.

8. Picking up Mr Gorbachev's remarks on the social aspects of Soviet agricultural policy, the Minister explained our own views, with particular reference to our policies for the Less Favoured Areas. Mr Gorbachev asked what the average farmers' income was in the UK and what was the average level of indebtedness. The Minister gave some examples of net farm income, drawn from the 1984 Annual Review White Paper. He handed a copy of this to Mr Gorbachev, offering to send him a copy of the 1985 White Paper when it was published in January.

9. The Minister said that he had been interested to note what had been said about the Soviet food processing sector. He was glad that the existing arrangements for co-operation there were working so well.

10. Mr Gorbachev said that the meeting ( which had overrun by some 30 minutes ) had provided the opportunity for a most useful exchange of views. The section responsible for agriculture in the Soviet Ministry of Foreign Trade would now be seeking to ~~expand~~ on these, within the framework of the UK/USSR Joint Commission; he hoped that this would lead to further development in trade and co-operation between the UK and the USSR.

CIH

C I LLEWELYN  
20 December 1984.

Distribution

Private Offices  
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Mr Hadley  
Professor Bell  
Mr Cocking  
PS/Foreign Secretary  
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Miss Young (FCO)