CONFIDENTIAL

Soviet Union.

Foreign and Commonwealth Office

London SW1A 2AH

30 March 1981

P.M. has seen. Approved for despatch. Mr Gomersall informed

Dear Michael.

FRENCH WHEAT SALE TO SOVIET UNION

The Prime Minister and the Lord Privy Seal agreed this morning to send instructions to the Embassy in Washington to complain about the report in Washington telno 1038 that Mr Haig had given American approval to a French proposal for the sale of 600,000 tonnes of wheat to the Soviet Union. I attach a draft telegram.

I am copying this to Kate Timms and to David Wright.

Yours ever

Stephen Gomersall.

S J Gomersall

M O'D B Alexander Esq
PS/Prime Minister
10 Downing Street

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OUT TELEGRAM

		Classification and Caveats	Precedence/Deskby
		CONFIDENTIAL	IMMEDIATE

ZCZC	1	ZCZC
GRS	2	GRS
CLASS	3	CONFIDENTIAL
CAVEATS	4	
DESKBY	5	
FM FCO	6	FM FCO
PRE/ADD	7	TO IMMEDIATE WASHINGTON
TEL NO	8	TELEGRAM NUMBER
	9	AND INFO TO UKREP BRUSSELS, BONN, PARIS
	10	YOUR TELNO 1038: FRENCH WHEAT SALE TO SOVIET UNION
	11	1. The news that Haig has given the French the green light is
	12	most unwelcome. As you pointed out to Stoessel, the Americans
	13	have kicked through their own goal. They have also cut the
	14	ground from under the feet of those like ourselves who have been
	15	working consistently for the past fourteen months to hold the
	16	Community to its January 1980 decision and have opposed the French
	17	wheat deal in Brussels as not being consistent with that decision,
	18	which was itself triggered by the US grain embargo. You should
	19	leave the Americans in no doubt that they have made it very
	20	difficult for us to block this sale if and when it is further
	21	discussed in Brussels. They may be unaware that at the Foreign
///	22	Affairs Council on 17 March, we expended a great deal of effort in
//	23	successfully watering down a French resolution in favour of a sale
/	24	to the Soviet Union. The French seemed resigned to the situation
	25	at the Management Committee on 26 March, when the Commission

NNNN ends telegram	BLANK	Catchword: reaffirmed
File number	Dept: ECD(E)	Distribution: Frame External/Agriculture; ECD(E); EESD; NAD
Drafted by (Block capitals): G E FitzHerbert		
Telephone number: 233 5604		
Authorised for despatch		
Comcen reference	Time of despatch	

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reaffirmed its view that disposal of this 600,000 tonnes to destinations other than the Soviet Union was not expected to cause major problems, either for the Community or for the world wheat market. But, following Haig's response, they will no doubt return to the charge.

2. Haig's action is all the harder to understand in view of the strong reaffirmation by President Reagan published over the week-end of the US decision to maintain the grain embargo, a further reason adduced for which was the threat of Russian intervention in Poland.

3. Please take this up with the State Department at an appropriately high level and make the points above. Since the French may well have purported to believe that their proposed sale fell within traditional trade, and thus would be acceptable to the Community, you may want to make clear that this is specious, drawing on my telno 182 to UKRep and the brief for the 16/17 March Foreign Affairs Council.

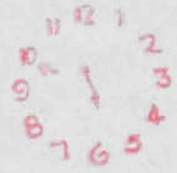
4. You should make it clear that we would take it ill if the Americans subsequently tell the French that there have been complaints by other allies about Haig's green light. You should encourage any American disposition to reopen the question with the French, suggesting if appropriate that the critical situation in Poland and President Reagan's remarks to the Washington Post provide sufficient justification for doing so.

5. (for Bonn). You should not (not) tell the Germans of the actions we are taking with the State Department.

6. If Hermes asks about reactions in London you should confine yourself to saying that we have queried with the State Department the apparent inconsistency between what Haig said to the French and what President Reagan said over the weekend.

CARRINGTON

NNNN



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AMENDED DISTRIBUTION 30 MARCH 1981

GR 150

[FRAME EXTERNAL]
[FRAME AGRICULTURE]

CONFIDENTIAL
FM WASHINGTON 280120Z MAR 81
TO PRIORITY F C O
TELEGRAM NUMBER 1038 OF 27 MARCH 1981
INFO UKREP BRUSSELS BONN AND PARIS

FRENCH WHEAT SALE TO THE SOVIET UNION

1. STOESSEL, UNDER-SECRETARY AT THE STATE DEPARTMENT, TOOK THE GERMAN AMBASSADOR AND ME ASIDE THIS AFTERNOON AFTER ANOTHER MEETING AND TOLD US IN CONFIDENCE THAT THE FRENCH AMBASSADOR HAD APPEALED DIRECTLY TO HAIG FOR U S APPROVAL OF A PROPOSED SALE OF 600,000 TONS OF WHEAT TO THE SOVIET UNION. THE STATE DEPARTMENT HAD RESPONDED THAT THEY WOULD RAISE NO REPEAT NO OBJECTION. STOESSEL HINTED THAT GISCARD'S ELECTORAL REQUIREMENTS HAD PLAYED A PART IN THE FRENCH REQUEST AND THE U S RESPONSE.

2. HERMES AND I BOTH EXPRESSED SURPRISE. I COMMENTED THAT THE STATE DEPARTMENT APPEARED TO HAVE FACILITATED AN END-RUN BY THE FRENCH AROUND U S POLICY ON AFGHANISTAN. STOESSEL SIGHED AND INDICATED THAT WHAT WAS DONE COULD NOT BE UNDONE.

FRETWELL

[THIS TELEGRAM WAS NOT ADVANCED]

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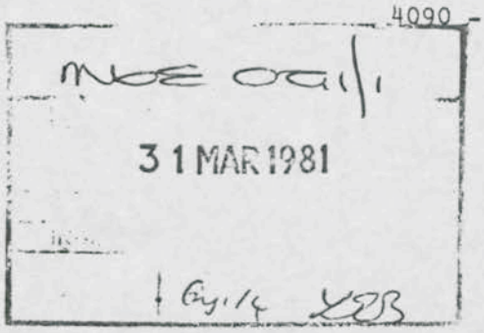

OO WASHINGTON
GRS 468
CONFIDENTIAL
FRAME EXTERNAL/AGRICULTURE
FM FCO 301736Z MAR 81
TO IMMEDIATE WASHINGTON
TELEGRAM NUMBER 509 OF 30 MARCH
INFO IMMEDIATE UKREP BRUSSELS, BONN, PARIS, HONG KONG (FOR PRIVATE SECRETARY)
YOUR TELNO 1038: FRENCH WHEAT SALE TO SOVIET UNION

1. THE NEWS THAT HAIG HAS GIVEN THE FRENCH THE GREEN LIGHT IS MOST UNWELCOME. AS YOU POINTED OUT TO STOESSEL, THE AMERICANS HAVE KICKED THROUGH THEIR OWN GOAL. THEY HAVE ALSO CUT THE GROUND FROM UNDER THE FEET OF THOSE LIKE OURSELVES WHO HAVE BEEN WORKING CONSISTENTLY FOR THE PAST FOURTEEN MONTHS TO HOLD THE COMMUNITY TO ITS JANUARY 1980 DECISION AND HAVE OPPOSED THE FRENCH WHEAT DEAL IN BRUSSELS AS NOT BEING CONSISTENT WITH THAT DECISION, WHICH WAS ITSELF TRIGGERED BY THE US GRAIN EMBARGO. YOU SHOULD LEAVE THE AMERICANS IN NO DOUBT THAT THEY HAVE MADE IT VERY DIFFICULT FOR US TO BLOCK THIS SALE IF AND WHEN IT IS FURTHER DISCUSSED IN BRUSSELS. THEY MAY BE UNAWARE THAT AT THE FOREIGN AFFAIRS COUNCIL ON 17 MARCH, WE EXPENDED A GREAT DEAL OF EFFORT IN SUCCESSFULLY WATERING DOWN A FRENCH RESOLUTION IN FAVOUR OF A SALE TO THE SOVIET UNION. THE FRENCH SEEMED RESIGNED TO THE SITUATION AT THE MANAGEMENT COMMITTEE ON 26 MARCH, WHEN THE COMMISSION REAFFIRMED ITS VIEW THAT DISPOSAL OF THIS 600,000 TONNES TO DESTINATIONS OTHER THAN THE SOVIET UNION WAS NOT EXPECTED TO CAUSE MAJOR PROBLEMS, EITHER FOR THE COMMUNITY OR FOR THE WORLD WHEAT MARKET. BUT, FOLLOWING HAIG'S RESPONSE, THEY WILL NO DOUBT RETURN TO THE CHARGE.

2. HAIG'S ACTION IS ALL THE HARDER TO UNDERSTAND IN VIEW OF THE STRONG REAFFIRMATION BY PRESIDENT REAGAN PUBLISHED OVER THE WEEK-END OF THE US DECISION TO MAINTAIN THE GRAIN EMBARGO, A FURTHER REASON ADDUCED FOR WHICH WAS THE THREAT OF RUSSIAN INTERVENTION IN POLAND.

3. PLEASE TAKE THIS UP WITH THE STATE DEPARTMENT AT AN

APPROPRIATELY HIGH LEVEL AND MAKE THE POINTS ABOVE. SINCE THE FRENCH MAY WELL HAVE PURPORTED TO BELIEVE THAT THEIR PROPOSED SALE FELL WITHIN TRADITIONAL TRADE, AND THUS WOULD BE ACCEPTABLE TO THE COMMUNITY, YOU MAY WANT TO MAKE CLEAR THAT THIS IS SPECIOUS, DRAWING ON MY TELNO 182 TO UKREP AND THE BRIEF FOR THE 16/17 MARCH FOREIGN AFFAIRS COUNCIL.

4. YOU SHOULD MAKE IT CLEAR THAT WE WOULD TAKE IT ILL IF THE AMERICANS SUBSEQUENTLY TELL THE FRENCH THAT THERE HAVE BEEN COMPLAINTS BY OTHER ALLIES ABOUT HAIG'S GREEN LIGHT. YOU SHOULD ENCOURAGE ANY AMERICAN DISPOSITION TO REOPEN THE QUESTION WITH THE FRENCH, SUGGESTING IF APPROPRIATE THAT THE CRITICAL SITUATION IN POLAND AND PRESIDENT REAGAN'S REMARKS TO THE WASHINGTON POST PROVIDE SUFFICIENT JUSTIFICATION FOR DOING SO.

5. (FOR BONN). YOU SHOULD NOT (NOT) TELL THE GERMANS OF THE ACTIONS WE ARE TAKING WITH THE STATE DEPARTMENT.

6. IF HERMES ASKS ABOUT REACTIONS IN LONDON YOU SHOULD CONFINE YOURSELF TO SAYING THAT WE HAVE QUERIED WITH THE STATE DEPARTMENT THE APPARENT INCONSISTENCY BETWEEN WHAT HAIG SAID TO THE FRENCH AND WHAT PRESIDENT REAGAN SAID OVER THE WEEKEND.

CARRINGTON

NNNN
DIST
FRAME EXTERNAL/AGRICULTURE
ECD (E)
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NAD

CABINET OFFICE
70 Whitehall, London SW1A 2AS Telephone 01-233 8319
From the Secretary of the Cabinet: Sir Robert Armstrong KCB CVO

Ref. A04505

19th March, 1981

Wheat for the Soviet Union

The Secretary-General in the Elysee, Monsieur Jacques Wahl, telephoned Sir Robert Armstrong this afternoon about the proposed sale of 600,000 tonnes of wheat to the Soviet Union. He said that the French Government were concerned that this proposed sale seemed to be developing into a major cause of dispute in Europe. Monsieur Wahl argued that the sale was a routine question and not the sort of substantial matter which should provoke disagreement. In addition, he said, the quantity of 600,000 tonnes proposed in 1981 was the same as in 1980 and the cost to the Community would not be very high. Furthermore, according to Monsieur Wahl, the United States Government, who could have been expected to object to this sale, had let it be known that they were not concerned about it.

Sir Robert Armstrong took note of what Monsieur Wahl had said, agreed to look into the question, and to be in touch with him again.

I have spoken to Michael Franklin about this and he says that this French approach is something on which the Prime Minister will need to be briefed for Maastricht. You will wish to arrange for this to be put in hand.

I should also be grateful for advice as to what Sir Robert should say when he rings back. Copies of this letter go to Kate Timms (MAFF), John Wiggins (Treasury), Stuart Hampson (Trade) and Michael Alexander (No. 10).

D. J. WRIGHT

(D. J. Wright)
Private Secretary

R. A. Burns, Esq.