



From the Minister

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

*Submit with reply from FCS.*

*Paul*

*VSF*

CONFIDENTIAL

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State for Foreign  
and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
London SW1A 2AL

5 May 1981

*RW Bee*

SALES OF FOOD TO THE USSR

Last week's meeting of COREPER concluded that the Foreign Affairs Council's resolution of 15 January 1980 was no longer applicable as a result of the American decision to lift their embargo on grain sales to Russia. Consequently, as agreed following the discussion in Cabinet yesterday, our representative abstained when the Cereals Management Committee voted on a proposal to resume sales of cereals to Russia on the grounds that we objected to the way the issue had been handled by the Commission. We now have to decide the general line for our officials to take in Management Committees on proposals involving export refunds on sales to the Russians.

I understand you think that, as the United Kingdom has accepted the cancellation of the 1980 Council resolution (albeit objecting to the way this has been done), it would be inconsistent for us to maintain our general opposition to proposals for refunds on exports to Russia. Without the cover of the Council resolution it would not be sensible for us to continue to oppose export refunds that might apply to sales to Russia in the Management Committees. Indeed, it would considerably weaken our ability to influence decisions in support of British interests and a reasonable Community policy.

Now that the embargo has been lifted on I think that, in determining our line in the Management Committees on export refunds that might apply to sales to Russia, we should be guided primarily by market management criteria, unless there are exceptional circumstances of a politically

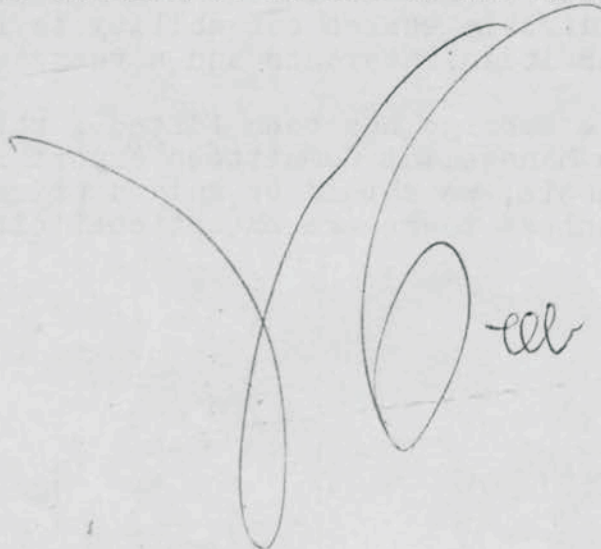
controversial nature such as a proposal for the export to Russia of unusually large quantities of a product or for especially favourable rates of refund for Russia. In such circumstances I agree with the suggestion in your telegram No 364 of 29 April to Brussels that the Commission should inform COREPER so that the political aspects can be considered before a proposal is voted on in the Management Committees. In such cases our line in the Committees would be determined in the light of the discussion in COREPER. However, the principle that the Commission should inform COREPER in such cases will first have to be agreed in COREPER or in the Foreign Affairs Council. Without such agreement it will be pointless for our Management Committee representatives to argue against such proposals being put to the vote.

In the case of butter we should clearly support the Commission's stated intention to retain the existing restrictions on exports to Russia in present market conditions. If, as is to be expected, Community stocks build up again following increased summer milk production, it would not be unreasonable, on market management grounds, for the Commission to propose refunds on sales to Russia. But here again I agree that before a decision is taken the Commission should consult COREPER.

It is helpful that the Commission are proposing to maintain the monitoring arrangements which have been set up since the invasion of Afghanistan. Bearing in mind the possibility of Russian action in Poland leading to a renewed embargo to Russia, I think we should support the Commission on this.

In reply to questions in Parliament and elsewhere we might say that, with the lifting of the US embargo and cancellation of the 1980 Council resolution, it would normally be appropriate to determine our line in the Management Committees on the basis of market considerations. This does not represent any change in our attitude to the Soviet invasion of Afghanistan. To act otherwise would seriously limit our capacity to safeguard our interests in the Management Committees. We could also point out that even with the refunds sales to Russia would not be below world prices.

I should be glad to know as soon as possible if you agree with what I have suggested above. I am sending copies of this letter to the Prime Minister, to the other members of OD and to Sir Robert Armstrong.



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PETER WALKER

*Soviet Union*



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

*Mr Alexander (or)*

From the Minister

CONFIDENTIAL

*Am*

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State for Foreign and  
Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
London SW1A 2AL

28 May 1981

*R. Bee*

AGRICULTURAL EXPORTS TO THE USSR

Thank you for your minute of 14 May.

In view of your judgement that any attempt to oblige the Commission to bring politically sensitive proposals for sales to Russia to COREPER would fail, I agree with your suggestion that Sir Michael Butler be instructed to make clear our position to the Commission. You will I am sure appreciate that, unless COREPER has the chance to intervene, there is nothing that our representatives in the Management Committee can do to stop politically controversial proposals from being put to the vote.

I am copying this minute to the Prime Minister, to other members of OD and to Sir Robert Armstrong.

*Peter Walker*

PETER WALKER

28 MAY 1981



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Prime Minister  
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FCS/81/53

MINISTER FOR AGRICULTURE, FISHERIES AND FOOD

Agricultural Exports to the USSR

1. Thank you for your letter of 5 May.
2. The American decision to lift their partial grain embargo was regrettable. Once the US embargo had gone, the Community's restrictions on food sales, which were imposed in support of that embargo, were bound to follow.
3. I agree with you that the line to be taken by our representatives in the various commodity management committees (for whose efforts since January 1980 to secure proper enforcement of the Community embargo I am most grateful) must now be altered to take account of these new circumstances. In most cases, I agree that it would <sup>now</sup> ~~not~~ be appropriate for them to decide their line on the basis of market management considerations and our own economic interests.
4. At the same time I very much agree that we would want the Commission in future to take more account than they have in the past of the potential political sensitivity of proposals for sales to the USSR. The problem is how to achieve this. I fear that efforts by us to seek agreement in advance to the principle that the Commission should be obliged to raise such proposals in COREPER would inevitably

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founder on opposition from both the Commission and a number of member states. It would be better not to try than to try and fail. Instead, I therefore suggest that Sir M Butler should be instructed to make clear to the Commission our view that COREPER should be given the opportunity to consider the political aspects of proposals for export restitutions on unusually large sales to the Soviet Union or for especially favourable rates of refund for sales. I doubt if he will get a satisfactory answer, but at least the Commission will have been forewarned that they will have trouble on their hands from us if they act in a cavalier fashion in future. At the same time it is fair to point out that the Commission are already showing some political sensitivity by retaining the existing restrictions on butter sales and keeping in place the new monitoring arrangements. When I am in Brussels on 18 May I shall try to have a quiet word with both Thorn and Dalsager to bring home to them the importance we attach to this issue.

5. As to our public presentation, I agree with the line proposed in the penultimate paragraph of your letter. We shall also be able to say that we have made clear to the Commission that member states should be consulted on proposals for sales which are politically controversial

6. I am copying this minute to the Prime Minister, to other colleagues on OD and to Sir Robert Armstrong.

  
(CARRINGTON)

Foreign and Commonwealth Office

14 May 1981

4 MAY 1981

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S E C R E T

SECRET

DEDIP

BURNING BUSH

FROM ROME 040345Z MAY 81

TO IMMEDIATE FCO

TELNO 135 OF 04 MAY 81

INFO PRIORITY WASHINGTON, PARIS, BONN, MOSCOW (PERSONAL FOR AMBASSADOR)

QUADRIPARTITE MINISTERIAL DINNER IN ROME 3 MAY:

GRAIN SALES TO THE SOVIET UNION

FOLLOWING FROM PRIVATE SECRETARY

1. AT THE END OF DINNER HAIG IRONICALLY THANKED HIS COLLEAGUES FOR NOT MENTIONING THE LIFTING OF THE GRAIN EMBARGO. THIS HAD BEEN INEVITABLE BECAUSE PRESIDENT REAGAN HAD GIVEN A PROMISE, BECAUSE THE EMBARGO WAS NOT EFFECTIVE AND BECAUSE IT WAS NOT BEING ABIDED BY. REACTIONS OUTSIDE THE UNITED STATES HAD BEEN LESS SERIOUS THAN HAIG HIMSELF HAD PREDICTED.

2. FRANCOIS PONCET SAID THAT A CASE COULD BE MADE IN THE POLISH CONTEXT FOR LIFTING THE EMBARGO. BUT THERE WOULD BE NO CASE FOR RENEWING THE AMERICAN/SOVIET 5 YEAR GRAIN AGREEMENT WHEN IT EXPIRED. THIS WOULD ONLY TIE AMERICAN HANDS. FRANCOIS PONCET FAVOURLED LEAVING DOORS OPEN TO THE SOVIET UNION, BUT NOT COMMITTING ONESELF TO DOING SO. IF THE GRAIN AGREEMENT WERE RENEWED, IT WOULD BE POINTLESS TO TALK OF RESTRICTING SALES OF HIGH TECHNOLOGY TO THE SOVIET UNION.

3. HAIG 'S RESPONSE TO THIS WAS A PENSIVE NOD.

ARCULUS

LIMITED  
HD/PLANNING STAFF  
HD/EESD  
HD/TRED  
HD/WED  
HD/NAD  
HD/SAD

PS/PUS  
MR BULLARD  
LORD BRIDGES  
MR HANNAY  
MR EVANS  
MR FERGUSSON

PS ✓  
PS/LAS.

S E C R E T