



10 DOWNING STREET

*From the Private Secretary*

17 May, 1984

Subsidised Food Exports to the Soviet Union

BF 11  
The Prime Minister has seen your letter of 16 May. With reference to your penultimate paragraph, Mrs. Thatcher has asked who took the decision in 1981 that in future the United Kingdom representatives at Management Committees should vote so as to support the most economical way of dealing with surpluses, and not so as to oppose in principle any refunds on exports to the USSR. She has also asked for clarification of the reasons for this decision.

I am copying this letter to Roger Bone (Foreign and Commonwealth Office) and Richard Hatfield (Cabinet Office).

A. J. COLES

Ivor Llewelyn, Esq.,  
Ministry of Agriculture, Fisheries and Food





From the Minister's Private Office

John Cole Esq  
10 Downing Street  
LONDON  
SW1A

Ministry of Agriculture, Fisheries and Food  
Whitehall Place London SW1A 2HH

Prime Minister.

You will wish to note,  
in particular, the last sentence.

A-2C. 75.

16 May 1984

Dear John

#### SUBSIDISED FOOD EXPORTS TO THE SOVIET UNION

The Prime Minister will be aware of the concern which Mr Teddy Taylor and other members of the House have expressed about subsidised exports of food and wine to the Soviet Union. In particular she was asked about this on 10 May by Mr Richard Body. I attach a copy of exchanges with Mr Body, the PQ which prompted Mr Body's question and a press statement which Mr Teddy Taylor issued on the same day. I am writing to you because we believe that you may find it useful to have a little of the background on this for future reference.

As you will know one of the objectives of the Common Agricultural Policy is to ensure the availability of supplies but over time this has led to the production of considerable surpluses of some products for which there is no economic outlet within the Community. The cheapest means of disposal of these surpluses is often to sell them on the world market with the benefit of subsidies called export refunds to enable Community exporters to match the prices offered by other sellers. The Soviet Union is a major purchaser of such produce, partly because of the failure of its own agricultural policies. We have to face the fact that even if the Community did not sell its agricultural produce to the Russians they would still be able to acquire comparable supplies from other sources at equivalent prices. Alternative ways of disposing of Community surpluses such as food aid or subsidised sales within the Community would in general increase the burden of agricultural support on Community taxpayers. The Government's policy has therefore been to concentrate on the need for achieving a better balance between supply and demand within the Community, thereby reducing surpluses of products for which there are no economic outlets inside or outside the Community. Recently we have made

/significant progress on ...



significant progress on this particularly in the milk sector.

As the Prime Minister recognised in her reply to Mr Body, decisions on the fixing of export refunds are taken by the Commission subject to the opinion of the relevant management committee. However, the arrangements in these bodies are such that member states individually have little power if the Commission are determined on a particular course.

*by whom?*  
*why?*  
In 1981 when the Community lifted most of the restrictions on exports to the USSR, which had been imposed after the Soviet invasion of Afghanistan, it was decided that in future the United Kingdom representatives at Management Committees should vote so as to support the most economical way of dealing with surpluses, and not so as to oppose in principle any refunds on exports to the USSR. But there was a special case where the payment of refunds on goods sent to the USSR was not removed until March 1983 (when the United Kingdom delegate voted against the resumption). Currently therefore instructions to delegates in Management Committees are not to oppose refunds on the grounds that they would apply to exports to the USSR, but to oppose vigorously, and if need be, to vote against any proposal for specially favourable terms for exports to the Soviet Union.

I hope this is helpful.

I am copying this to Roger Bone (FCO) and Richard Hatfield (Cabinet Office).

Yours Sincerely  
C I Llewelyn

C I LLEWELYN



stadium, but took place both before and after the match. A special committee was set up after previous examples of violence in Luxembourg. It will report shortly. I am happy to take my hon. Friend's invitation and condemn the violence. It was a disgrace to Britain and we deeply apologise for it.

**Q4. Mr. Dormand** asked the Prime Minister if she will list her official engagements for Thursday 10 May.

**The Prime Minister:** I refer the hon. Gentleman to the reply that I gave some moments ago.

**Mr. Dormand:** Will the Prime Minister confirm that a line in a well-known prayer, which she recited to the nation in 1979,

"grant that I may seek . . . to understand rather than to be understood"

still guides her in her duties? If so, will she now intervene in the miners' dispute as the only possible way of breaking the deadlock? Will she cease to play the role of Pontius Pilate by washing her hands of the dispute? Is that not the way to seek greater understanding?

**The Prime Minister:** I seek both to understand and to be understood. I hope that I do not have great difficulty in either. I believe that the way to end the coal dispute is by taking advantage of the consultation procedures that already exist and which are being attended by some of the miners' unions.

**Mr. Richard Body:** In the course of today, will my right hon. Friend reflect on the answer to the written question tabled by my hon. Friend the Member for Southend, East (Mr. Taylor) regarding the vast quantities of surpluses still being exported to Soviet Russia? In particular, will she consider the vast quantities of wine sold at no less than 2½p a pint? So long as wine is sent to Russia at 2½p a pint on such a vast scale, can we say that there is any reason for an increase in the own resources of the EEC?

**The Prime Minister:** As my hon. Friend is aware, decisions on the export of surplus foodstuffs and wine in Europe are taken by a management committee. Those decisions are taken by a majority. Although we vote against them, we are not able to stop exports at highly subsidised prices. We disagree with those decisions and hope eventually to persuade others likewise. In the meantime, what my hon. Friend says reinforces the Government's present attitude and approach. This time, as part of the budget settlement, we must have strict financial guidelines on expenditure for ensuing years, including for agricultural expenditure.

**Mr. Kinnock:** As the Government have had the report and recommendations of the independent review body on nurses' pay since early April, will the Prime Minister say why she is making the nurses wait for several more weeks before telling them whether she will honour the report's recommendations?

**The Prime Minister:** I believe that the time taken to decide on review bodies' reports in general is in keeping with what happened previously. Obviously, we like to consider them all together.

I remind the right hon. Gentleman that those who report on review bodies do not have the duty of Governments who not only have to examine the amount recommended but how the money will be found.

**Mr. Kinnock:** But that still does not explain why it will be two months or more between the time of the submission of the report and when the Prime Minister said that she may make an announcement. Does not the right hon. Lady understand that nurses deserve a higher pay rise—one well above the current rate of inflation—and that she has no plausible reason whatever for denying that or continuing the delay? Why does not the Prime Minister announce now that she will honour the report and the figure recommended in it?

**The Prime Minister:** If the right hon. Gentleman had listened, he would have heard my reply. We now have all the reports of the top salary review body and the special review bodies. We like to consider them together and to ensure that we know where the money will come from to meet whatever recommendations are made. That is a sound financial principle.

I remind the right hon. Gentleman that since we came to office nurses' pay has increased by over 80 per cent., which is ahead of both average earnings and prices. In addition, nurses have benefited from a reduced working week. This Government have a very good record on nurses' pay.

**Mr. Kinnock:** I am sure that you, Mr. Speaker, and the Prime Minister would agree that nurses are worth everything that they can get. In her answer, was the Prime Minister suggesting that nurses' pay is in any way dependent on the allocations which she may choose to make to people on some of the highest salaries in the land? If so, things are much worse than we thought. It really is time that the Prime Minister made it absolutely clear that no other considerations about top salaries can inhibit the proper pay settlement which nurses deserve.

**The Prime Minister:** No. The right hon. Gentleman attempts to put words in my mouth, but he will not succeed. I merely suggest that we shall examine all the review bodies' reports together. Before we make a pronouncement, we shall know exactly where the resources will come from.

Of course, a Labour Government would not consider where the money would come from. They would only try to pay it out and jolly soon they would go back to the IMF. Indeed, we are now paying back money that they borrowed.

**Q5. Mr. Hal Miller** asked the Prime Minister if she will list her official engagements for Thursday 10 May.

**The Prime Minister:** I refer my hon. Friend to the reply that I gave some moments ago.

**Mr. Miller:** Will my right hon. Friend confirm her support for the refusal of the Secretary of State for Trade and Industry to intervene in the recent dispute between the owner and editor of *The Observer* despite the urgings of the Opposition whose noisy clamour on that contrasts deafeningly with their silence on the current issue of freedom of the press at the *Daily Express* in the light of the SOGAT issue?

**The Prime Minister:** I confirm that I wholly agree with the line taken by my right hon. Friend the Secretary of State for Trade and Industry on the matter relating to *The Observer*. We stand four square behind the freedom of the press. That freedom would soon be lost if threats to production succeeded in obtaining space in a newspaper for the propagation of particular points of view.