



Lev

10 DOWNING STREET

From the Private Secretary

23 May 1984

Subsidised Food Exports to the Soviet
Union

Thank you for your letter of 21 May,
the contents of which the Prime Minister has
noted.

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

R. J. COLES

David Dawson, Esq.,
Ministry of Agriculture, Fisheries and Food.

NK



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

From the Minister's Private Office

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John Coles
Private Secretary
10 Downing Street
LONDON
SW1A

Prime Minister.

You asked who took the
decision in 1981 and why.

A.J.C. ²¹/₅ 21 May 1984

Dear John

SUBSIDISED FOOD EXPORTS TO THE SOVIET UNION

I refer to your letter of 17 May to Ivor Llewelyn.

... The 1981 decision on instructions to be given to United Kingdom representatives at Management Committees was taken in an exchange of correspondence in May that year between the then Minister here (Mr Peter Walker) and the then Foreign and Commonwealth Secretary (Lord Carrington). These were copied to 10 Downing St but for your convenience I attach further copies. I think these letters are self-explanatory as to the reasons for which the decision was taken. As indicated towards the end of paragraph 4 of the letter from the Foreign and Commonwealth Secretary, it has been made clear to the Commission that we expect them to bring to the attention of Coreper any proposals for unusually large sales to the Soviet Union or of sales at an especially favourable rate of refund.

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

Yours ever

David Dawson

DAVID DAWSON
Private Secretary

Soviet Union credit terms Pt 3

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N. Parkhouse, for possible action please

Petty Read

Private Office

N. Davies

N. Andrews

Mrs Archer

N. Galford

N. Dixon

N. Hadley

N. Myers

N. Wilson

N. Sewell

N. Wilkes

N. Griffiths

DESS8

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 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

/founder

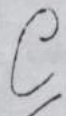
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founder on opposition from both the Commission and a number of member states. It would be better not to try than to try and fail. Instead, I therefore suggest that Sir M Butler should be instructed to make clear to the Commission our view that COREPER 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

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Mr Myers
Mr Wilson
Mr Parkhouse
Mr Sewell
Mr Wilkes
Mr Griffiths

DK 558

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N. H. ...
M. R.

file

1. Mr Anderson
2. Mrs Brown (or)
Rev. Dr. [unclear] [unclear]
[unclear] [unclear]
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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.

RETYPE COPY

LETTER FROM OFFICE OF THE UNITED KINGDOM PERMANENT REPRESENTATIVE
TO THE EUROPEAN COMMUNITIES TO M. CLAUDE VILLAIN (DIRECTOR-
GENERAL) DG VI ON 3 JULY 1981

SUBSIDISED EXPORTS TO THE SOVIET UNION

"Following the Community's decision of 30 April to lift restrictions on grain sales to the Soviet Union, my authorities have been giving thought to the lessons to be drawn from the embargo for the handling of future decisions on agricultural exports to the Soviet Union.

We very much welcomed the Commission's recognition, embodied in the assurances given at the Foreign Affairs Councils of 15 January 1980 and 17 March 1981, that member states should be kept fully informed at the political level and, where appropriate, consulted when agricultural exports had clear political implications.

Routine decisions concerning sales to the Soviet Union are now once again being taken in management committees on the basis of market management considerations and we should not wish to suggest any change to this practice. Nonetheless, in the light of the Community's concern at Soviet conduct internationally, such sales are found to remain a sensitive matter and their political implications cannot be ignored. This leads us to the conclusion that, in the case of proposals for export restitutions on unusually large sales to the Soviet Union or for especially favourable rates of refund for such sales, it will be appropriate for Coreper to continue to be given the opportunity to consider the political aspects before decisions are reached. This would ensure that major decisions on agricultural exports to the Soviet Union were consistent with the Community's political aims.

The excellent co-operation between the Commission and Council institutions over the past 18 months, on the basis of the assurances to which I referred above, lead us to believe that such a procedure should be acceptable, and I should be grateful if you would draw these views to the attention of the Commission."

21 MAY 1984

