



CONFIDENTIAL

Prime Minister

②

why are we selling barley to the USSR? not

I was not aware of X. I am told that we do get rid of some of our excess barley to the Russians (yet we oppose butter and have criticised US grain sales).

FCS/82/195

MINISTER FOR AGRICULTURE, FISHERIES AND FOOD

A.J.C. 25/11

Sales of Butter to the USSR

1. Thank you for your letter of 24 November about the proposed sale of Community butter to the Soviet Union.
2. I am in entire agreement with you about our policy, namely that we must continue to object to such sales, as we always have. Our position is now well established and well known and we must maintain it by voting against the Commission proposal if and when it comes to the Management Committee.
3. At the same time we need to recognise that the situation has changed since April 1981 when we insisted that any resumption of subsidised butter sales to the Soviet Union should be discussed in COREPER before a decision was taken. We will get no support within the Community apart from the Germans. We have failed to enlist any help from the Americans to lobby against these sales on general East-West policy grounds. We are ourselves acquiescing and may even participate in sales of subsidised grain to the Soviet Union. There is therefore no prospect that we should be able to prevent the sale of butter, whatever discussion we insisted on in COREPER or elsewhere. In these circumstances to raise the Soviet butter issue in COREPER and to be rebuffed, as we should be, would in my view be a more damaging signal to the Soviet Union than a simple decision by the Management Committee which we opposed.
4. Against this background I hope you can agree to instruct the UK representative in the Management Committee on 25 November, in voting

X

/against

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against the Commission's proposal, to make a strong statement of disagreement with it on the grounds in the last sentence of your letter, but to stop there. Of course, if the Germans wish to have the issue discussed in COREPER, we must support them; and I will instruct Sir Michael Butler accordingly.

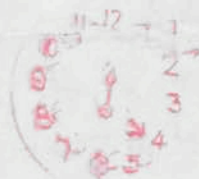
5. I am sending copies of this letter to the Prime Minister, members of OD(E) and Sir Robert Armstrong.

Handwritten initials

Foreign and Commonwealth Office

25 November 1982

25 NOV.



CONFIDENTIAL



de B

10 DOWNING STREET

From the Private Secretary

26 November 1982

Sales of Butter to the USSR

The Prime Minister has seen the minute of 25 November by the Foreign and Commonwealth Secretary on this subject.

Mrs Thatcher noted the statement that we were acquiescing in and might even participate in sales of subsidised grain to the Soviet Union. She has enquired what grain we are selling to the Soviet Union and why we are doing so. I should be most grateful if you could let me have the facts.

I am copying this letter to Roger Bone (FCO).

A. J. COLES

Robert Lowson, Esq.,
Ministry of Agriculture, Fisheries & Food.

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

Prime Minister

From the Minister

CONFIDENTIAL

A.F.C. 24/11

The Rt Hon Francis Pym MC MP
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1A 2AL

24 November 1982

Dear Secretary of State,

SALES OF BUTTER TO THE USSR

We expect that the Dairy Management Committee may be asked at its meeting on 25 November to vote on Commission proposals which would, if adopted, open the way for the sale of Community butter to the USSR from intervention and private aided stocks. Such sales are, of course, being sought by France and are acceptable to other Member States except Germany. There thus is no real prospect of blocking the regulations in the Management Committee. However, when other controls on agricultural exports were lifted in April 1981, we said that the question of resumption of subsidised butter sales should be discussed in COREPER before any decision was taken. Germany supported us and may do so again. I believe we must be consistent and clear in our approach and that we should seek to raise the issue in COREPER before the regulation is adopted.

I am therefore instructing the UK representative in the Management Committee on 25 November to seek to delay a vote until COREPER has had a discussion. If the vote takes place, he will vote against but the COREPER discussion will still be relevant to the implementation of the regulations even if we cannot delay their adoption.

I recognise that in forcing the matter to COREPER, probably at its meeting on 2 December, we may prejudice the adoption of the New Zealand butter regulation, which we expect to be at the Environmental Council on 3 December. This regulation has been agreed in the Agriculture Council without any linkage but adoption has been delayed by the Presidency in deference to the French who want measures for exports adopted first. We do not accept such linkage. The risk that the French press it is one which I believe we have to take.

/I trust you will ...

I trust you will therefore agree to instruct Sir Michael Butler to arrange for this matter to be discussed in COREPER once it is clear that the Management Committee procedure is taking the course we anticipate. Our main argument in COREPER would be that facilitating exports of butter to the USSR is the wrong signal to make in the light of the Soviet Union's policies in Afghanistan and Poland; and we would place on record our political objections to the Commission's policy.

I am sending copies of this letter to the Prime Minister, members of OD(E) and Sir Robert Armstrong.

Yours sincerely,

Peter Walker

PETER WALKER

MP

(Approved by the Minister
and signed in his absence)

24 JUN 1982
6013001111

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



From the Minister

CONFIDENTIAL

The Rt Hon Francis Pym MC MP
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1

Prime Minister

You agreed with Mr. Pym on
Friday that the right approach was
for us to insist that the Commission
carry out their obligations.

A.S.C. 29/11.
29 November 1982

Dear Secretary of State,

Thank you for your minute of 25 November.

I am sorry to hear that you no longer feel that we should show the seriousness of our opposition to the export of butter to the USSR by insisting on a discussion in COREPER before such sales take place. As we previously recognised, this would provide a Council forum where our foreign policy objections to the sale could be placed on record, whereas the Management Committee is a Commission body, and moreover not one which is properly able to take account of political statements. Consequently, I do not myself think it would be persuasive in domestic political terms if our response on this issue were limited to an adverse vote in the Management Committee - though it is of course for you to decide in the final analysis how to pursue what is essentially a foreign policy issue.

All this does of course have a direct link with my minute of 19 November to the Prime Minister about the Franco-Soviet Agreement. I was glad to see from your minute of 22 November that you share my views as to the seriousness of this development, and, as I said in Cabinet on Thursday, I hope we can continue to exert the maximum pressure on the Commission. I see that the original timetable for their consideration of infraction proceedings has already slipped by a week, and the French Commissioners will doubtless do all they can to delay this still further, whilst pushing the butter tender for all it is worth. In the final analysis, we may not be able to prevent the butter tender, but,

/unless we can ...

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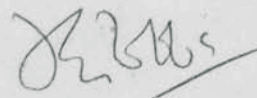
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Exec. Pol. CAP.
A 10

unless we can persuade the Commission to face up to their responsibilities on the wider Franco-Soviet deal, I fear we run the risk of getting the worst of all worlds. Can I ask therefore what is being done at the highest levels to put pressure on the Commission?

/ I am copying this letter to the Prime Minister, to the members of OD(E) and to Sir Robert Armstrong.

Yours sincerely,



pp PETER WALKER

(Approved by the Minister
and signed in his absence)

29 NOV 1982



CONFIDENTIAL



FCS/82/171

MINISTER FOR AGRICULTURE

Butter Sales to the Soviet Union

1. Thank you for your letter of 22 October about butter sales to the Soviet Union.
2. I agree wholly that we must continue to oppose Community butter sales to the Soviet Union and that we must avoid giving the US any excuse to make butter sales which would, as you say, find their way to the Soviet Union and increase the cost of EC export disposals.
3. I am grateful for your offer to visit Washington to try to get some better understanding of the whole food export business. I cannot help feeling, however, that at this sensitive time in EC-US relations over the pipeline and East-West, economic relations generally now is not the moment for such a visit. I should, however, like to reflect on the balance of advantage and will let you have a more considered view soon.

A handwritten signature in dark ink, appearing to be 'FP' with a flourish underneath.

(FRANCIS PYM)

Foreign and Commonwealth Office

28 October 1982