



Foreign and Commonwealth Office

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London SW1A 2AH

12 March 1990

*Prime Minister*

*Dear Charles,*

*You will be interested  
to see this assessment.*

Food for the Soviet Union

President Bush told the Prime Minister last month that President Havel had said that the Soviet Union needed food aid. President Havel had said the same thing to Mr Waldegrave earlier in the week, adding that the Russians would be too proud to ask for such aid. The Prime Minister undertook to President Bush to make some enquiries (your letter of 24 February).

*CAP  
12/3*

*copy attached*

We have consulted the Embassy in Moscow and our own experts. Our conclusion is that while food (especially meat), and all other consumer items are in scarce supply in the shops, there is no serious hardship. People have to queue, which is nothing new, but having done so they can buy enough to eat. Empty shelves in the shops can be misleading, since much food and other consumer goods are sold in the workplace, or through the black market. Public complaints about shortages still focus on items such as soap. Demonstrations are politically oriented rather than bread riots, although lack of food supplies have helped to cause industrial unrest such as the miners' strike last summer. Rationing is widespread but there has been no sign of panic measures to control dwindling supplies. The foreign trading companies are still purchasing equipment to improve food production storage and packaging rather than switching to direct food supplies.

No doubt President Havel was as shocked as others from outside to see the state of supplies in the Soviet Union. But although things have got worse, we do not believe that they have reached or will soon reach crisis point. There are thought to be considerable strategic reserves which can be used in cases of local crisis.

The Soviet Union is still producing at least 80% of its food requirements. Last year's harvest was quite good by Soviet standards. Measures to increase production through private plots and leasehold agriculture have yet to lead to more in the shops. The main problem is distribution. About one third of total produce is wasted either in the fields or in storage, transit, or in packaging or processing. Know-how in this area is vital to reform. The Russians are well aware of what the West can offer, but have not taken up any major consultancies.

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There are signs that the fall in domestic confidence in the rouble and moves towards greater regional autonomy are making the problems of distribution worse. Centralised distribution of grain (much of which is fed to animals) seems to be in some disarray and livestock producers have warned that meat supplies will be affected if deliveries do not improve. The Food Minister, Nikitin, has said that it may not be possible to step up imports to cover the shortages. The food situation may therefore worsen. But for the moment we do not see real hunger as an immediate prospect.

The Foreign Secretary has instructed that this be discussed with the State Department in Washington. We are sending instructions, making it clear that this is a follow-up to the 24 February conversation with President Bush.

*Yours ever*

*Richard Easton*

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