



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

From the Minister's Private Office

File Minister

CAP 574

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Charles Powell Esq
Private Secretary to the Prime Minister
10 Downing Street
LONDON
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5 April 1989

Dear Charles,

- ... I attach a short brief on exports of UK grain to the USSR which the Prime Minister might find useful for her meeting with Mr Gorbachev.
- + I am copying this to Ben Slocock (DTI) and Richard Gozney (FCO).

*Yours
Stephen*

STEPHEN LAMBERT
Private Secretary

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EXPORTS OF UK GRAIN TO THE USSR

Line to Take

1. We very much welcome the developing trade in exports of British wheat and barley to the Soviet Union. Such exports were at very low levels in the early 1980's but over the last five years have averaged about a million tonnes a year.

2. Since we joined the European Community, the UK has become a major grain exporter and the Soviet Union is one of our most important markets. We would like to see this trade develop further. I hope that the Soviet Union will be willing to turn more to the UK as a supplier of cereals and to develop on a more systematic basis the contacts that already exist. Perhaps there might be periodic contacts, eg in the autumn, at which Soviet grain requirements and UK availabilities could be discussed.

Background

3. UK exports of wheat and barley to the Soviet Union rose sharply in the mid-1980's but have since levelled out:

	M	tonnes
1984/85	-	1.21
1985/86	-	0.85
1986/87	-	1.15
1987/88	-	0.82
1988/89	-	1.15 (estimate to end of March)

4. The USSR is the world's biggest grain importer and buys from all the main world suppliers. Within the Community, France is

easily the biggest supplier to the USSR and the trade has tended to take place under framework deals between the two countries: the most recent was concluded during Mitterand's visit to Moscow last year. The UK has never had such an understanding with the Soviet Union but we nonetheless value our export trade with them and would like to see it expand both because of the commercial benefits and because of the opportunity to minimise expenditure on intervention buying of grain that would otherwise be unsold. It would therefore be helpful to have some sort of commitment from the Russians to buy from the UK in future years so that the trade can develop.

5. Earlier this year the Soviet Ambassador in London had the idea of announcing a million tonne sale of UK grain to the Soviet Union during Mr Gorbachev's visit. This would be on top of the sales already achieved this year. The idea was followed up by contacts between the Soviet importing agency and British exporters but these have run up against difficulties, chiefly because it is very late in the export season to be contemplating a sale on such a scale: there is no longer sufficient UK grain available fully to cover such a deal without leaving our market short until the 1989 harvest and the EC Commission, which controls the awarding of export refunds on all EC grain exports, is currently keeping a tight rein on export quantities through to the next harvest. The prospects for this personal initiative of the Soviet Ambassador are therefore doubtful and it is probably best to concentrate any discussion on the development of the UK/Soviet grain trade in future years.

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