

PREM 19/235

Fishery Limits.

• EEC Common Fisheries Policy

Aid to Fishing Industry.

FISHING
INDUSTRY

Part 3.

Pr 1: May 1979

Pr 3: May 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
19.5.80							
22.5.80							
28.5.80.							
3.6.80							
11.6.80							
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30.7.80							
31.7.80							
6.8.80							
15-8-80.							
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PREM 19/235

PART 3. ends:-

CST to PM 15-8-80.

PART 4. begins:-

Mtg Record; MAFF and Gimsby fishermen 4/9.

Cabinet / Cabinet Committee Documents

[illegible]

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed

Signed Wayland

Date 8 April 2010

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

House of Commons Hansard	18/06/80
European Community (Agriculture and Fisheries Ministers' Meetings)	Columns 1569-1582

House of Commons Hansard	24/07/80
European Community (Agriculture Ministers' Meeting)	Columns 783-798

Signed AWayland Date 8 April 2010

PREM Records Team



Fishing Fund.
✓
MS

PRIME MINISTER

FISHERIES: CLAIM ON THE CONTINGENCY RESERVE

The Minister of Agriculture wrote to you on 11 July proposing a claim on the Contingency Reserve to cover £15 million further aid which he proposed to give to the UK fishing industry. I referred to this in my minute to you of 29 July about the Northern Ireland claim on the Reserve.

2. After detailed consideration by officials this proposal was discussed by E Committee under your Chairmanship on 4 August. The Committee decided that notwithstanding the severe pressure on this year's Contingency Reserve there was a case for further aid along the lines proposed. It agreed to make available from the Contingency Reserve to cover both this and some £0.9 million additional fishery protection costs which I had been discussing with Fisheries Ministers a sum of £15 million at outturn prices. This is equivalent to a claim on the Reserve of £13.2 million at 1980 Survey prices. It was left to Fisheries Ministers to decide whether or not they wished to supplement these funds by savings within their existing PES provision in order to be able to meet their £15 million aid target. In the event they chose not to do so.

3. The £15 million additional expenditure was announced to the House of Commons by the Minister of State, MAFF on 7 August. A further announcement will be made in due course to deal with the consequential effects on fisheries cash limits.

4. I am copying this minute to other members of Cabinet and to Sir Robert Armstrong.

W.J.B.

JOHN BIFFEN
15 August 1980

15 AUG 1950





From the
Minister of State

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

N Sanders Esq
Private Secretary
10 Downing Street
London
SW1

PA
✓
MS
mt

6 August 1980

Dear Nick

I attach a copy of the announcement which my Minister of State intends to make during the Debate on CFP documents this evening. I should be grateful for your clearance by 3.15pm today.

I am copying this letter, and the announcement, to private secretaries to members of 'E' Committee, Secretary of State for Defence, Lord Privy Seal, Secretaries of State for Scotland, Wales and Northern Ireland, Chancellor of the Duchy of Lancaster, Chief Whip (Commons) and Sir Robert Armstrong, and shall assume, unless I hear to the contrary by 3.15 pm, that they are content.

Yours

Jane Rabagliati
Private Secretary

Government aid to the fishing industry in this financial year amounts to £23½ million. We now propose further aid of just over £14 million up to the end of the financial year. This brings to over £37 million the assistance which the Government is making available to the industry.

It is imperative that the industry be kept viable in order to meet the opportunities which will be open to it when the negotiations on the Common Fisheries Policy are completed. To fail in this would undermine what we have been working for in the Community. This new aid will sustain the industry over the period of negotiations.

The aid will take the form of payments to vessel owners. We have responded swiftly to the industry's case - it is less than a month since we received their final figures. We shall now move equally quickly to complete our consideration of the details of the new scheme. Our officials will be meeting representatives of the industry very shortly to outline the proposed scheme. My Rt Hon Friend the Minister has discussed the urgent need for this measure with the European Commission and will be notifying them formally of the details.

We also propose to make a further £0.9 million available this year for replacement fishery protection vessels; this will ~~(speed up the commissioning of)~~ the two vessels currently being built by Hall Russell of Aberdeen.

* enable contracts to be placed for

Parliamentary approval for the new scheme and for the consequential increase of £15 million in Cash Limits to cover both the aid and the additional fishery protection costs will be sought in Supplementary Estimates. Pending that approval the new expenditure on fisheries aid will be met by repayable advances from the Contingencies Fund.

Fishing Ltd

CONFIDENTIAL

cc Miss Rabagliati	Mr Wilson - PS/SS Scotland
Mrs Brock	Mr Gomersall - PS/LORD
Mr Kelsey	PRIVY SEAL
Mr Mason o/r	Mr Alexander - no 10
Mr Holmwood	Mr Cormack - DAFS
Mr Boyling	Mr Franklin - Cabinet Office
Mrs Reed	Mr Nicoll - UKREP Brussels

Paul Lever Esq
Private Secretary to the Secretary
of State for Foreign Affairs
Foreign and Commonwealth Office
Downing Street
London SW1

4 August 1980

MA

AID FOR FISHING INDUSTRY

I refer to my minute of 30 July to
Mr Holmwood in this Department in which I
recorded a conversation between my Minister
and Mr Gundelach.

The Minister thinks it would be useful to
cement this conversation with a written
account of what was said.

Accordingly I would be grateful if you would
arrange for the attached letter to be
forwarded to Mr Gundelach.

G R WATERS
Principal Private
Secretary

CONFIDENTIAL

PERSONAL AND CONFIDENTIAL

Mr Finn Gundelach
Vice President of the Commission
of the European Communities
200 Rue de la Loi
1049 Brussels

31 July 1980

Thank you for showing the understanding that you did when I explained to you on the telephone yesterday the desperate state in which my fishing industry finds itself.

We shall of course be notifying the details to the Commission formally when we have decided them finally, but - as I said - I am contemplating a temporary boat maintenance grant worth about £10-£15 million over a period of 9 months. I am grateful to you for your assurance that there will be no difficulties from your side over this.

PETER WALKER

PERSONAL AND CONFIDENTIAL

11 12 1
10 9 8 7 6 5 4 3 2 1
- 5 AUG 1988

CONFIDENTIAL

RM

MR WRIGHT

CABINET OFFICE

Common Fisheries Policy: Fish as a
Common Resource

The Prime Minister has seen and noted
Sir Robert Armstrong's minute (ref A02773) of
31 July, about Fish as a Common Resource.

M. A. PATTISON

4 August, 1980

CONFIDENTIAL

Fishing Industry

A02794

PRIME MINISTERAID FOR THE FISHING INDUSTRY

E(80) 82

PURPOSE OF MEETING

To decide whether further interim aid should be given to the United Kingdom fishing industry; if so, how much and for how long; and how to tackle the problem of compatibility with our Community obligations.

BACKGROUND

2. The Council of Ministers of the European Community has committed itself to reach agreement on the Common Fisheries Policy (CFP) by the end of the year. In April, the fishing industry was given £5m in Government aid, but are now pressing for substantial further help (£35m). The Minister of Agriculture and the Secretary of State for Scotland suggest £15m. The Treasury would prefer £10m and want the aid to last for the rest of the financial year (ie until end March 1981 rather than end December 1980). The argument would be that, even if agreement on the CFP is reached before the end of the year, Community finance for buying-out redundant deep-sea vessels is unlikely to come through immediately.

3. Under Article 93 of the Treaty of Rome, Member States are required to notify the Commission of any plan to grant or alter aid in sufficient time to enable the Commission to comment before it is implemented. If the Commission finds the aid incompatible with the common market, it may decide that the aid should be altered or abolished. If the member state does not comply with such a decision, the Commission may refer the matter to the European Court of Justice. If the case were treated as urgent, a ruling might be given within 4 weeks of the commencement of proceedings in the Court. Since Article 93 is directly applicable in the United Kingdom, an aggrieved party could also conceivably seek a declaration in our own courts that an aid was unlawful and void. An adverse ruling from either the European Court or our own courts might require that the aid be abolished and any sums already paid be recovered.

4. Fisheries Ministers admit (paragraph 7 of the paper) that the aid proposed would be incompatible with Community rules, but are relying on an assurance given to the Minister of Agriculture by Commissioner Gundelach that he would not make trouble over the proposed aid (record of conversation attached). Commissioner Gundelach hints that as a quid pro quo he would expect us to be helpful to the Germans over the fisheries negotiations with Canada which would allow more Canadian fish imports into our market in return for fishing opportunities mainly of benefit to the Germans in Canadian waters. Whether Gundelach can be relied upon remains to be seen. He will almost certainly not be able to prevent the Commission taking proceedings against us (they have already done so in respect of part of the aid we gave in April to support withdrawal prices for fish) but he may be able to slow the process down. We shall also look for help from the British Commissioners.

HANDLING

5. You will wish to invite the Minister of Agriculture to introduce the joint memorandum. Has the Secretary of State for Scotland anything to add?

Principal of Aid

6. There will probably be general agreement that for economic and political reasons the fishing industry should be given a quick cash injection to tide it over the crucial phase of the CFP negotiations provided it can be done in a way which distinguishes fishing from other industries in trouble which the Government does not intend to help. The combination of factors described in paragraph 1 of the paper produce a special case; but (as already agreed by E Committee) the subsidy should not be described as compensation for high energy costs, nor take the form of interest relief grant for which other industries have made an equally good case.

Quantity and Duration of Aid

7. Neither £10 nor £15m has any precise justification: it should be possible to find a compromise. The Chancellor might accept the higher figure if it is clearly understood that it covers the remainder of the financial year and the Fisheries Ministers agree to meet part of it (say £2-5m) out of their cash limits,

including a disputed £0.9m for the cost of a fisheries protection vessel. The situation should be reviewed in November if by then it looks at all likely that the CFP will not be settled by the end of the year.

Form of Aid and Compatibility with Community Rules

8. The Lord Privy Seal may wish to argue that we should not embark on a course so exposed to challenge under Community law and that we cannot rely on Commissioner Gundelach's assurances. The Attorney-General will no doubt confirm the legal risk. The Lord Privy Seal may suggest that an employment premium would be less vulnerable to challenge, but could it be confined to the fishing industry? The Fisheries Ministers may argue that it would be more complicated than payment by boat. If necessary, officials could examine urgently.

9. The Chancellor of the Exchequer may argue that payments should be adjusted to vessel age as well as vessel size, on the grounds that it is in the industry's long-term interests to give more help to the newer and more efficient vessels which also carry a heavier interest burden. This form of differentiation might also make it easier for the Commission and should therefore be supported.

Procedure

10. The Secretary of State for Scotland will emphasise the importance of an early announcement in view of the unrest in the Scottish fishing fleet. A Commons debate on the CFP has now been fixed for after 10 pm on Tuesday, 5 August, but the Commission should be given advance warning of any announcement. They must be properly notified of the details as soon as they have been settled.

CONCLUSION

11. You may be able to sum up that the Committee agrees that -

i. In spite of the risk of legal challenge, a cash injection of £15m to the fishing industry should be granted. But it must last them for the rest of the financial year and Fisheries Ministers should make some contribution (say £2-3m) from within their existing cash limits. If by November it is clear that a CFP will not be agreed by the end-year dealing, contingency planning for the future of the fishing fleet should be put in hand.

ii. An outline announcement about the aid should be made on 5 August, after prior warning to the Commission.

iii. Notification of the details of the scheme should be made to the Commission as soon as officials have worked them out, including any suggestions to reduce the legal risk of challenge under Community law.

A handwritten signature in black ink, appearing to be 'RA' with a stylized flourish extending from the 'A'.

ROBERT ARMSTRONG

1 August 1980

CONFIDENTIAL

Ref. AO2773

MR ALEXANDER

COMMON FISHERIES POLICY: FISH AS A COMMON RESOURCE

The Prime Minister has on occasion referred to fish as a "common resource" - indeed the only common resource - in the Community. I am advised that this is not legally correct; and in the context of our negotiations over the Common Fisheries Policy we need to be careful not to give the Germans or others more than in fact they aspire to.

2. The Prime Minister may have in mind the doctrine of Public International Law to the effect that fish are not subject to the jurisdiction of any state until they have actually been caught. In practice this is only relevant to the high seas, since it is an equally accepted principle that coastal states have the right to control access to their waters for the purposes of catching fish. But the concept of a "common resource" is not an established doctrine of Community law. All that appears in the Act of Accession and in the basic Fisheries Regulation is the term "equal conditions of access". The Germans have not claimed that Community fishery resources are owned in common: all they are claiming is the right to fish within a specific geographical area. To use the term "common resource" as shorthand for "equal conditions of access" would therefore not be tactically wise. Moreover, by allowing the concept to gain credence we might inadvertently damage our position in another context such as North Sea Oil.

RA
(SIR ROBERT ARMSTRONG)

31 July 1980

CONFIDENTIAL

News From

THE BRITISH TRAWLING INDUSTRY

EECs NEW RECIPE STILL 'COOKS THE BOOKS' ON QUOTAS

Special mix does not disguise totally unpalatable full mix

A new 'cod equivalent' recipe devised by the EEC Commission is just another way of cooking the books to ensure the rest of Europe achieves its object of seizing most of Britain's fish say British trawlermen.

After studying the Commission's latest quota proposals a British Fishing Federation spokesman said: "In 1978 Brussels added a dash of low value horse mackerel in a vain attempt to make its proposals more palatable to British fishermen. In 1980 they are trying a more sophisticated concoction with a special mix of selected species. But the total mix produces the same allocation of threequarters of the catch going to the rest of Europe, even though nearly 70 per cent of the fish is in British waters."

On a straight tonnage basis the 1978 quotas rejected by the British government offered the UK 26.5 per cent of the total catch available to EC fishermen, although the Commission sought to make this look more attractive with a special allocation of the low value horse mackerel to Britain to raise the share to 27.8 per cent. Horse mackerel is excluded from the latest 1980 proposals which, on a straight tonnage basis, offer Britain a mere 24.9 per cent.

The BFF has always emphasised that the 'product mix' is an important element of the fight to get Britain a fair share of her own fish and, in the latest quota proposals, the Commission has introduced the 'cod equivalent' formula to apply to what it considers to be the seven principal species - namely cod, haddock, plaice, redfish, whiting, saithe and mackerel. The first three have been given a relative value of 100 and the remainder 87, 86, 77 and 30 respectively.

The relative values in this partial mix can be presented to give the UK a 33.6 per cent share of these selected species, an apparent advance even though it is still far short of the 45 per cent minimum the British fisheries organisations have been seeking.

more.....

"But it is obviously the values on the British market that matter to the British fisherman," said the BFF spokesman, "and there is a significant difference between the relative values calculated by the Commission and relative values based on the actual prices realised by British fishermen at the quayside auctions in recent years. (see table below).

"At 1978 prices the share of these selected species would drop to 31.6 per cent and, at last year's prices, to 32.8 per cent.

"But that still begs the question as to why the 'cod equivalent' should be applied only to the seven selected species - except as a means of producing a desired result for the rest of Europe. Why should it not be applied to all the allocated species?

"Perhaps the answer is to be found when it is applied across the board. On the basis of the prices realised by UK vessels landing at UK ports in 1978 (comparable 1979 figures are not yet published) a 'cod equivalent' on all the species listed in the Commission's 1980 proposals gives a UK share of the total mix of 25.1 per cent.

"With such 1979 values as we do have available it is 24.9 per cent - which, coincidentally, is exactly the same as the crude tonnage percentage!"

Although most of the fish is British the British fisheries organisations, anxious above all to curb the damaging onslaught on the fish stocks by Continental fleets, have said they will accept slightly less than half the catch even though it means giving the rest of Europe a free gift of hundreds of £millions of fish a year.

"There is still absolutely no recognition of the massive contribution we make to the resource nor is sufficient account taken of our huge loss of fishing opportunities in third country waters." said the BFF. "The EEC attitude can still be summed up in the one word - give."

end
July 30, 1980

Relative values comparison

Species	EEC ratio	Actual UK 1976	quayside price 1977	1978	ratios 1979
Cod	100	100	100	100	100
Haddock	100	75	75	89	85
Plaice	100	106	80	94	92
Redfish	87	51	37	43	42 *
Whiting	86	51	53	54	54
Saithe	77	48	53	52	55
Mackerel	30	16	11	18	18

*England and Wales only

CONFIDENTIAL

Ref. A02773

MR ALEXANDER

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ROBERT ARMSTRONG

(SIR ROBERT ARMSTRONG)

31 July 1980

CONFIDENTIAL



31 JUL 1980

CONFIDENTIAL*Am 30/7*
in Memo

AID FOR FISHING INDUSTRY

Am 30/7

After your meeting with the Minister last night, in which the Minister of State (C), Mr Kelsey and Mr Boyling took part, I contacted No 10 about the timing of a Cabinet Committee discussion. They told me that fish was on the agenda for a meeting of E Committee on Monday 4 August at 10.30. That seems consistent with an announcement on 6 August and the Minister is content that we proceed accordingly.

The Minister spoke to Mr Gundelach this morning to explain that the fishing industry was in a desperate state, threatening to blockade the ports, unless a promise of Government aid was forthcoming by 7 August. They were demanding £35 million over six months to offset their rising costs (up 22%), their reduced prices (down 22%) and the effects of imports (up 60%) attracted here by the strong £. The Minister said that he would have to make an announcement before the Commons rose on 8 August and would be giving the industry £10-£15 million to keep them in business for the next nine months. The details had not yet been decided, but he would notify the Commission when they were. He was thinking of a temporary boat maintenance grant.

Mr Gundelach said that there would be no problem from the Commission's side. He understood the need for action. The market was not operating properly and aid would have to be given. That was the counterbalance to the Germans' insistence on a cod deal with the Canadians. A mistake last time had perhaps been over the use of money to support withdrawal prices; that had sucked in imports. He would tell his office not to fly off the handle when it learned of the measure.

Can A Waters

G R WATERS
30 July 1980

Mr Holmwood + 1

- cc Miss Rabagliati
- Mrs Brock
- Mr Kelsey
- Mr Mason o/r
- Mr Boyling
- Mrs Reed
- Mr Wilson - PS/SS Scotland
- Mr Gomersall - PS/Lord Privy Seal
- Mr Alexander - PS/No 10
- Mr Cormack - DAFS
- Mr Franklin - Cabinet Office
- Mr Nicoll - UKREP Brussels

30 JUL 1961





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

From the Minister's
Private Office

N Sanders Esq
Prime Minister's Office
10 Downing Street
London SW1

PA
✓ MS

24 July 1980

Dear Nick,

COUNCIL OF MINISTERS (AGRICULTURE AND FISHERIES):
21-22 JULY 1980

--- I attach a copy of the statement which Mr Walker intends to make to the House today.

I am copying this letter to Ingham; Stevens (Leader of the House's Office); Maclean (Whip's Office, Commons) Pownall (Whip's Office, Lords); Wright (Cabinet Office) and to private secretaries of the other Agricultural Ministers and members of the OD(E).

Yours sincerely

G R Waters

G R Waters
Principal Private Secretary

STATEMENT

FISHERIES COUNCIL 21 JULY 1980 AND AGRICULTURE COUNCIL
22 JULY 1980

With permission, Mr Speaker, I wish to make a statement about the Council of Fisheries Ministers in Luxembourg on 21 July, at which I represented the United Kingdom, together with my Rt Hon Friend the Secretary of State for Scotland and my Hon Friend the Minister of State.

I would also like to report on the Council of Agriculture Ministers meeting on 22 July at which I and my Hon Friend the Minister of State represented the United Kingdom.

The Fisheries Council had a useful discussion of the principles for determining 1980 quota allocations between Member States. The Commission had prepared a schedule of quota allocations. The Commission made clear that these were not their proposals on quotas but were simply a schedule to indicate the effects of using a range of calculating methods which they had been considering. I questioned these methods and I stressed the need for a fair distribution of catches to take into account the size of the resources found within our fisheries limits and the full extent of United Kingdom losses of fishing opportunities in third country waters. I urged the Commission to put forward proposals fully reflecting these factors and it was agreed that the Council would undertake detailed discussion of quota proposals to be presented by the Commission at the October meeting.

The Council also considered a Commission communication on access arrangements, where I made clear the Government's requirement for an adequate zone of exclusive access and for preferential arrangements beyond. These demands were supported by certain other Member States.

New proposals on structural measures were tabled at the Council but not discussed in substance, and there was a general exchange of views on the revised Commission proposals for a conservation regime. The Council agreed to have a detailed examination of all outstanding problems connected with the conservation proposal at its next meeting on 29 September.

A further Council was planned for October which will allow time for preparatory discussions to be completed on quotas, access and the structural proposals.

At the Agriculture Council there was a short discussion upon the various programmes for structural aid. It was agreed that decisions on these proposals, including those for Northern Ireland and Scotland, would be taken at the October meeting of the Council.

Mr Gundelach reported to the Council on his successful negotiations with New Zealand on arrangements for the future import of New Zealand lamb into the Community. There

had been total agreement between the Commission and the New Zealand Government other than on the issue as to whether the existing tariff of 20% should be reduced to 10% or to 8%.

The Commission emphasised that the agreement reached was a satisfactory and fair one. Only the French Government raised major reservations. They opposed any reduction in the tariff below 15% and questioned other elements in the agreement. The British Government expressed the view that a reduction of the tariff to 8% was a reasonable request on the part of the New Zealand Government and we made clear our position that we would only support an agreement that was satisfactory to the New Zealand Government.

We were supported vigorously both by the Commission and by many other nations in our demand that agreement should be swiftly reached and that it was essential that the sheepmeat regime came in at the earliest possible date. On the recommendation of the Commission and the Presidency, the Council agreed that all the internal and external aspects of the regime should be decided at its next meeting in September in order to permit its entry into force on 1 October 1980. The Commission expressed their confidence that they would reach the necessary agreement with third country suppliers in time for the Council to finalise arrangements at the next meeting.

On access for New Zealand butter, Mr Gundelach reported that New Zealand was prepared, under a gentleman's agreement, to reduce sendings to the UK by 20,000 tonnes in 1980, in return for an increase in her net selling price to 75% of the intervention price. Other members of the Council were prepared to accept this agreement, even though they thought the terms over generous to New Zealand. Since it was clear that the Council would not agree to better terms, and in the knowledge that they were acceptable to New Zealand, I agreed to them in advance of the debate tomorrow.

Following a request I made at the last Council meeting on the difficulties of the glasshouse sector, the Commission reported that they were initiating discussions with the Dutch Government under Article 93(1) of the Treaty on the preferential rate charged for natural gas in the Netherlands. I was supported by other countries in demanding that these talks should take place speedily and the Commission assured the Council of their recognition of the urgency of the problem.

As a result of pressure from the United Kingdom for action against cheap offers from Poland, the Council agreed to a Commission proposal to introduce surveillance arrangements for strawberry pulp and frozen strawberries, thus equipping

the Council with the ability to take quick action to deal with cheap imports which threatened the interests of our soft fruit producers.

The Council endorsed the Commission's intention to produce a report and proposals on this subject and agreed that the report should be discussed speedily after it had been received. The Council agreed to a suggestion made by the UK that research made on alternative methods of commercial egg production should be co-ordinated throughout the Community.

CONFIDENTIAL

Kirby Inc.



10 DOWNING STREET

From the Private Secretary

24 July, 1980.

Problems of the Fishing Industry

Further to my letter of 16 July, I now understand that officials from the Fisheries Departments have discussed your Minister's proposal with the Treasury. The Prime Minister has asked that it should now be considered in the Official Committee on European Fisheries Questions with a view to consideration by E Committee subsequently.

I am sending copies of this letter to Malcolm Adams (Foreign and Commonwealth Office), Godfrey Robson (Scottish Office), John Craig (Welsh Office), Roy Harrington (Northern Ireland Office), Alastair Pirie (Chief Secretary's Office, HM Treasury), and David Wright (Cabinet Office).

D. E. LANKESTER

Garth Waters, Esq.,
Ministry of Agriculture, Fisheries and Food.

CONFIDENTIAL

LB.



From the Minister's
Private Office

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

*You may like to read
the attached reporting
telegram on the Council.*

- And*
1. ~~MR ALEXANDER~~
 2. ~~PRIME MINISTER~~

N Sanders Esq
Prime Minister's Office
10 Downing Street
London SW1

*Mr Walker's
statement for*

23 July 1980

Dear Nick

*Agreed
not, tomorrow*

*MS
23/7*

COUNCIL OF MINISTERS (AGRICULTURE AND FISHERIES):
21-22 JULY 1980

--- I attach a copy of the statement which Mr Walker hopes to make to the House tomorrow. I would be grateful for immediate clearance.

I am copying this letter to Ingham; Stevens (Leader of the House's Office); Maclean (Whip's Office, Commons) Pownall (Whip's Office, Lords); Wright (Cabinet Office) and to private secretaries of the other Agricultural Ministers and members of the OD(E).

Yours sincerely

David Jones

for G R Waters
Principal Private Secretary

DRAFT STATEMENT

With permission, Mr Speaker, I wish to make a statement about the Council of Fisheries Ministers in Luxembourg on 21 July, at which I represented the United Kingdom with my Rt Hon Friend the Secretary of State for Scotland and my Hon Friend the Minister of State, and about the Council of Agriculture Ministers meeting on 22 July at which I and my Hon Friend the Minister of State represented the United Kingdom.

^{Fisheries}
The/Council had a useful discussion of the principles for determining 1980 quota allocations between member states. The Commission had prepared a schedule of quota allocations. The Commission made clear that these were not their proposals on quotas but were a schedule to indicate the effects of using a range of calculating methods which they had been considering. I questioned these methods and I stressed the need for a fair distribution of catches to take into account the size of the resources found within our fisheries limits and the full extent of United Kingdom losses of fishing opportunities in third country waters. I urged the Commission to put forward proposals fully reflecting these factors and it was agreed that the Council would undertake detailed discussion of quota proposals to be presented by the Commission at the October meeting.

The Council also considered a Commission communication on access arrangements, where I made clear the Government's requirement for an adequate zone of exclusive access and for preferential arrangements beyond. These demands were supported by ~~some~~ other member states.

New proposals on structural measures were tabled at the Council but not discussed in substance, and there was a general exchange of views on the revised Commission proposals for a conservation regime. The Council agreed to have a detailed examination of all outstanding problems connected with the conservation proposal, at its next meeting on 29 September.

A further Council was planned for October which will allow time for preparatory discussions to be completed on quotas, access and the structural proposals.

At the Agriculture Council there was a short discussion upon the various programmes for structural aid. The German Minister explained that his Government was unable to agree to any of these proposals prior to the German Election. It was therefore agreed that decisions on these proposals, including those for Northern Ireland and Scotland, would be taken at the October meeting of the Council.

Mr Gundelach reported to the Council on his successful negotiations with New Zealand on arrangements for the future import of New Zealand lamb into the Community. There had been total agreement between the Commission and the New Zealand Government other than on the issue as to whether the existing tariff of 20% should be reduced to 10% or to 8%.

The Commission proposed that the agreement reached was a satisfactory and fair one.

With the exception of France, other countries supported the Commission. The British Government expressed the view that a reduction of the tariff to 8% was a reasonable request on the part of the New Zealand Government and we made clear our position that we would only support an agreement that was satisfactory to the New Zealand Government.

The French Government opposed any reduction in the tariff below 15% and questioned other elements in the agreement.

We were supported vigorously both by the Commission and by many other nations in our demand that agreement should be swiftly reached and that it was essential that the sheepmeat régime came in at the earliest possible date. On the recommendation of the Commission and the Presidency, the Council agreed that the system should be implemented on 1 October 1980 and the Commission expressed their confidence that they would reach the necessary agreement with third country suppliers in time for the Council to finalise arrangements at the next meeting so that the régime could come into operation by 1 October.

Agreement was reached on the volume and levy arrangements for New Zealand butter for 1980 on terms satisfactory to the New Zealand Government.

Following a request I made at the last Council meeting on the difficulties of the glasshouse sector, the Commission reported that they had initiated discussions with the Dutch Government under Article 93 of the Treaty on the preferential rate charged for natural gas in the Netherlands. I was supported by other countries in demanding that these talks should take place speedily and the Commission assured the Council of their recognition of the urgency of the problem.

As a result of pressure from the United Kingdom for action against the cheap offers of Poland, the Council agreed to a Commission proposal to introduce surveillance arrangements for strawberry pulp and frozen strawberries, thus equipping the Council with the ability to take quick action to deal with cheap imports which threatened the interests of our soft fruit producers.

A discussion took place upon an impending report being prepared for the Commission on the problems connected with battery hens. The Council agreed to a suggestion made by the UK that research made on alternative methods of commercial egg production should be co-ordinated throughout the Community and that the Commission's report should be discussed speedily after it had been received.

CONFIDENTIAL

PRIME MINISTER

Community Affairs

The Minister of Agriculture might report on the outcome of the 21st July Fisheries Council, which did little more than conduct a first reading of the Commission's proposals for 1980 quotas, access and technical conservation measures. The United Kingdom was not isolated. Discussion will resume in September.

2. The Minister of Agriculture might report on the outcome of the 22nd July Agriculture Council. Agreement was reached on a deal for New Zealand butter imports in 1980, under which a reduction in quantity was traded for an increase in price. The post-1980 arrangements were not discussed. On sheepmeat, the French held out against a settlement, arguing for a 15 per cent tariff. The United Kingdom was alone in pressing for a tariff of 8 per cent.

The aim now is to conclude the negotiations with New Zealand and other suppliers in September, so that both the internal and external regimes can enter into force on 1st October.

3. The Foreign and Commonwealth Secretary might be invited to report on the 21st-22nd July Foreign Affairs Council. On the main items in a long agenda, the Council reached agreement on the principle of pre-accession aid for Portugal, but without figures for the present; agreed on a formula for the automatic extension of the amended Financial Mechanism to 1982 if still required; accepted that work on the Article 235 Regulation should proceed with a view to a decision in principle in September; and agreed that a mandate for negotiations with Zimbabwe should be adopted by the September Council.

ReA

(Robert Armstrong)

23rd July, 1980

CONFIDENTIAL

Ref: A02658

CONFIDENTIAL

MR. LANKESTER

Prime Minister

Agree that this matter
be processed through
the Official Committee on
European Fisheries Questions
and then through E?
Problems of the Fishing Industry (see last para)
TL 22/7

Y
Yes not

Your letter of 16th July records the Prime Minister's agreement that in the first instance officials of the Treasury and of the Fisheries Departments should discuss the Minister of Agriculture's proposal to give the fishing industry a further £15 million of temporary financial assistance. When E Committee discussed fuel subsidies to horticulture and fisheries on 16th April, it was agreed that the Minister of Agriculture could present proposals for aid to the fishing industry going beyond the £3 million originally agreed, provided the aid was not related to the price of fuel and that it was met from within his public expenditure allocation.

2. As with the original £3 million agreed last March, the Minister's case rests on both economic and political grounds. The economic case is that gross earnings from fishing have so far this year been lower than in 1979, that fish prices are depressed and that fuel costs and interest charges in particular have risen sharply. The political argument is that, without extra aid, the industry may withdraw its backing for the Government's approach to the forthcoming negotiations on the Common Fisheries Policy and the Government may lose ground to the Scottish Nationalists and the Opposition parties. The Chief Secretary does not contest the political case, but implies that the Minister's proposal and its financial implications, have not been fully worked out.

3. It is clearly essential that officials should get together urgently to examine the economic case for further financial help and how any such aid would be best deployed in order to achieve the Government's objectives. It will also be necessary to ensure that it would be compatible with our Community obligations. As the Prime Minister knows (Mr. Alexander's letter of 1st July to Mr. Waters) the Fisheries Ministers also have in mind that the deep sea fleet will need financial help from the Community for restructuring as part of the eventual settlement on the Common Fisheries Policy. The Commission are expected to make new proposals shortly and these will have to be evaluated. It will be some



21 JUL 1980

CONFIDENTIAL

time before we shall know exactly what to go for and what may prove in the end to be negotiable. Decisions on possible short term aid will therefore probably have to be taken without knowing precisely what the public expenditure implications of any eventual Community settlement might be. At the meeting on 1st July, the Prime Minister took the view that any help for the deep sea fleet should be paid for by the Community, even if that proved to be negotiable it would still have some public expenditure implications through the effect on our net contribution to the Budget under the risk sharing formula. Ministers should at least be able to see how any further temporary assistance would fit into future plans for Community restructuring.

Min | 4. Your letter to Mr. Waters says that, after Treasury and Fisheries Departments' officials have met, it can then be decided how the matter should be taken further. I would propose that the Official Committee on European Fisheries Questions (EQF) should urgently prepare a report. The initial £3 million aid was decided by E(EA) Committee, although (as I have mentioned) there was a subsequent discussion in E. Given that the political arguments are now so closely bound up with continuing to carry the industry with us in the difficult CFP negotiations, the Prime Minister may feel that it should come to E Committee under her chairmanship and with the Foreign and Commonwealth Secretary attending.

ReA

(Robert Armstrong)

21st July, 1980



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

From the Minister's Private Office

Paul Lever Esq
Private Secretary
Foreign and Commonwealth Office
Downing Street
London SW1

11307
21 July 1980

Dear Mr. Lever

BILATERAL MINISTERIAL DISCUSSION ON FISHERIES WITH FRENCH AND
ITALIAN MINISTERS: LONDON - 17 AND 18 JULY

FRENCH DISCUSSION

1. The French Minister responsible for fisheries, Mr Le Theule, visited London on 17 July for a discussion about fisheries with my Minister before the next Council. He was accompanied by Mr Brossier, Mr Essig and Mr Landrieu from his Ministry and by Mr Vimont from the French Embassy, in London. On our side, as well as the Minister, there were Mr Buchanan-Smith, Mr Kelsey, Mr Mason, Mr Packer and I from MAFF and Mr Cormack from DAFS.

Prospects for next Council

2. My Minister said that the bilateral discussions that he had held with the Dutch, Luxembourg and German Ministers showed that the agenda for the next Council might cover access, conservation, quotas and structures; and that the Council scheduled for September might be deferred to give time for better preparation.

Quotas

3. Mr Buchanan-Smith said that our view was that the new proposals from the Commission concerning quotas took too much account of industrial fishing and too little account of losses of opportunities in third country waters. Mr Le Theule, who had not studied the proposals in detail either, agreed that industrial fishing had been given too much weight. Like us, he could not see how the figures had been calculated.

Mesh Sizes

4. Mr Le Theule noted that considerable progress had been made in discussions between British and French officials. The latest Commission document showed up two outstanding problems, the first concerning the nephrops by-catch and the second concerning the procedure for the introduction of a larger mesh size in the Celtic Sea. My Minister indicated that we would support a figure of 60% as the French wanted rather than the 50% proposed by the Commission for by-catches. On the date for the increase in mesh sizes in the Celtic Sea, we would prefer to have it firmly in the text of the Regulation, but we would not create difficulties over an alternative formula which simply committed the Council to decide by a certain date.

Access

5. My Minister said that the absence of Mr Gundelach in Australia and New Zealand had prevented him from discussing the handling of the next Fisheries Council with the new Luxembourg President. However, my Minister expected that the Commission would table a paper summarising earlier proposals on access. Mr Le Theule said that the French position on access was well known and had not changed. My Minister gave him a confidential outline of our current thinking about providing preferential access to our 12 mile zone (exclusive) and to the area beyond (by vessel size limitation). My Minister acknowledged that the question of historic rights would be an important point, but he emphasised that the issue of preferential access was of crucial political importance to us. It was agreed that officials should meet after the Council to discuss how a solution might be reached.

General

6. My Minister urged that some progress should be made at the July Council, perhaps on the issue of mesh sizes. He recalled that the German Minister had shown a great desire that the momentum of negotiations should be maintained. The July Council might not achieve much by way of agreement on the more difficult dossiers, but it would clear the air for the September meeting. The new Luxembourg President seemed able, tough, energetic and unprejudiced by national interest. The prospects for making progress were therefore reasonable. The meeting finished with drinks at Lancaster House before the French party made their planned early departure.

ITALIAN DISCUSSION

7.* On 18 July Mr Signorello, the Italian Minister of Fisheries, visited London to discuss fisheries before the next Council. He

was accompanied by Mr de Leon, Mr Felice and Mr Luciano from his Ministry, by Mr Risi from the Ministry of Foreign Affairs and by the Italian Ambassador to London. On our side, as well as the Minister, there were Mr Buchanan-Smith, Mr Kelsey, Mr Mason and I from MAFF, Mr Cormack from DAFFS and Mr Ibbotson from our Embassy in Rome.

Prospects for next Council

8. Mr Buchanan-Smith gave a brief account of the bilateral meetings that we had so far held with our partners, and outlined how the agenda for the next Council might go, and what work might be tackled on future Councils. Mr Signorello agreed that the Council should study the principles on which access provisions should be based. That issue would require careful study, having regard to the enlargement of the Community. His delegation would like to find a solution to it. The Italians were interested in the Commission's structure proposals and particularly in joint ventures in third countries.

Joint Ventures and Third Country Tariffs

9. Mr Buchanan-Smith said that the British Government was in principle interested in joint ventures, but explained that the British fishing industry did not have a successful track record in that regard. Mr Signorello outlined the problems that the Italians faced off West Africa in having to exploit fishing concessions under the flag of the African State, only to find on return to Community ports, that the fish so caught faced the third country tariff. Mr Buchanan-Smith offered further discussion on this point. He agreed with Mr Signorello's proposal that the third country reference prices should be set at a higher level to protect Community fishermen.

Access

10. My Minister said that we would want to discuss the methods used to calculate quotas at the next Council. That would clear the ground for the September Council. We would show our concern at the methods used for calculation but that would not cause difficulties for Italy. He explained that we had discussed access provisions bilaterally with our partners. He outlined the political background to the issue, the Silkin stance and the Scottish nationalist dimension, the simple point that 60% of the fish of the Community were in waters that would be within our 200 mile limit, and so on. My Minister thought, in the light of his bilateral discussions, that a tolerable agreement could be reached with our partners. But our industry was very distressed. Imports were 50% or more up. Prices were down and costs were up. One-third of our distant water fleet had stopped fishing this year. He therefore faced a very difficult political situation. But the bilateral discussions had paved the way for a solution. Once the future fishing policy was known, the structural problems to which the Italians had referred could be tackled.

11. Turning again to the prospects for the Council, my Minister said that he hoped for progress on conservation. It would be important to have a discussion on quotas and access so as to clear the air for the September Council. But it would be best to avoid taking up entrenched positions at this stage.

12. Mr Signorello said that he understood these points. Italy was very interested in finding a solution to the problem of access. He agreed that there should be a first exchange of views at the next Council. It would be difficult to solve questions in terms of principles alone. A practical solution must be sought. He promised to keep us in touch with the development of Italian thinking. Having heard an outline of our current thinking for preferential access in the 12 mile zone (exclusive) and beyond (vessel size limitation), Mr Signorello undertook to examine our ideas and to let us have Italian reactions.

Further Action

13. It was agreed that Italian and British officials should meet towards the end of August or the beginning of September in order to discuss the detail of all the outstanding issues, including the state of the market, in preparation for the September Council. If necessary, Ministers could then meet again before the Council. The British would send the Italians a suggested agenda to which the Italians could add their own points so as to have an agreed basis for the talks. Mr Mason in this Department is going to organise that. The meeting ended with lunch at Lancaster House.

14. I am sending copies of my letter to Michael Alexander at No 10, to the Private Secretaries to the territorial Secretaries of State and to Michael Franklin at the Cabinet Office as well as to the people shown below.

Yours sincerely

C.S. Dawton

PP. G R WATERS
Principal Private Secretary

cc Miss Rabagliati
Mr Steel
Mr Sadowski
Mrs Brock
Mr Kelsey
Mr Mason - for action as in paragraph 13.
Mr Packer
Mr Dawes
Mr W Nicoll - UKREP Brussels
HM Ambassador, Paris
HM Ambassador, Rome
Mr Ibbotson, Rome

21 JUL 1968

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

From the Minister's Private Office

Paul Lever Esq
Private Secretary to the Secretary
of State for Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1

17 July 1980

Dear Paul,

ANGLO-DUTCH MINISTERIAL DISCUSSION: FISHERIES

1. Mr Braks, the Dutch Minister of Agriculture and Fisheries, visited London for bilateral talks on fisheries with my Minister on 15 July. They later dined together at Lancaster House. Our Minister of State (Commons), Mr Kelsey, Mr Mason and I from MAFF, Her Majesty's Ambassador to the Hague, and Mr Cormack from DAFFS, as well as Mr de Zeeuw, Mr Otto and Mr Kuiper from the Netherlands, took part too.

Prospects for next Council of Fisheries Ministers

2. Reporting on his meeting earlier in the day with the Luxembourg Minister, Mr Helmingier, Mr Buchanan-Smith said that the Luxembourg Minister hoped to preside over a general discussion at the Fisheries Council of the principles on which access provisions should be built. A paper from the Commission summarising earlier proposals on access would provide the basis. Given Mr Gundelach's Antipodean preoccupations, little real progress could be expected until the following Council which itself might with advantage be deferred to the end of September. Another topic for the agenda of the July Council would be conservation where a fair measure of agreement had been reached, the outstanding, but solvable, point being the Pout Box. The important thing was that the July Council should be seen to make progress.

Access within 12 miles

3. In an animated discussion of access within 12 miles, Mr Buchanan-Smith made it clear that the United Kingdom would seek exclusive access for British fishermen in the 12 mile belt,

preferably without historic rights though these would have to be dealt with in negotiation. The Dutch made it equally clear that they regarded free access, without discrimination by nationality, a bulwark of the Community acquis. It was not just a matter of the 15% of their herring catch that they used to take in the British 12 mile zone. It was a matter of principle that they followed consistently. Both the Dutch and British Ministers argued that they would have others on their side.

Access beyond 12 miles

4. Stressing the confidentiality of the discussion which covered ideas not yet broached to the British fishing industry, my Minister allowed Mr Buchanan-Smith to explain our present thinking in regard to the area beyond 12 miles. The idea would be to give de facto preference to British boats forever by prohibiting vessels over a certain size from fishing in certain areas, probably designated as ICES squares. Mr Braks said that he was not personally against it, though the extent of the areas would be a crucial point.

5. Finally, my Minister repeated his wish that Europe should develop a longer perspective. Co-ordination of their presidencies between Luxembourg, the Netherlands and the United Kingdom over the coming 18 months could help to achieve that. Later, at dinner, my Minister proposed that he should spend a whole day, and night even, with Mr Braks, to this end, some time in October. Her Majesty's Ambassador to the Hague will be pursuing this notion.

6. I am sending copies of this letter to Michael Alexander at No 10, to the Private Secretaries to the territorial Secretaries of State, and to Michael Franklin at the Cabinet Office, as well as to those shown below.

Your sincerely,

Chris W./15

G R WATERS
Principal Private Secretary

cc Miss Rabagliati
Mr Steel
Mr Sadowski
Mrs Brock
Mr Kelsey
Mr Mason
Mr Andrews
Mr Packer
Mr Cormack (DAFS)
HM Ambassador - the Hague
Mr Nicoll - UKREP Brussels

118 JUN 1980





MINISTRY OF AGRICULTURE
FISHERIES AND FOOD

WITH THE COMPLIMENTS
OF THE PRIVATE SECRETARY
TO THE MINISTER OF STATE

Whitehall Place, London, S.W.1.

CONFIDENTIAL

FISHERIES DISCUSSIONS WITH LUXEMBOURG STATE SECRETARY FOR
FOREIGN AFFAIRS: 15 JULY 1980

Those present:

The Rt Hon Peter Walker MP (part only)
Mr Alick Buchanan-Smith MP
Mr J G Kelsey
Mr W E Mason
Miss C J Rabagliati
Mr J Cormack - DAFS

NRPA
RMS

Monsieur Paul Helminger (State Secretary for Foreign
Affairs, Luxembourg)
Monsieur Mischo (Deputy to Luxembourg Permanent Representative
in Brussels)

Mr Buchanan-Smith reported that he and Mr Walker had seen Ertl last week and were due this week to see le Theule, Braks and Signorello. They had stressed, and would continue to stress, the importance of a satisfactory settlement on access - on which they did not anticipate much more than a fairly general discussion in the forthcoming Fisheries Council. The most important thing would be a 12 mile exclusive zone - which would give difficulties to some countries who were concerned about their historic rights in this area. However, it was vital for the UK that in the Hague areas at least this zone should be truly exclusive. The French were the most likely to have difficulties with this; discussions were continuing at both official and Ministerial level and it was to be hoped that progress would continue. Mr Buchanan-Smith commented that although agreement was frequently hard to reach with Monsieur le Theule, once it had been reached it was his experience that le Theule always kept his word in the Council. Beyond 12 miles the Government was committed to securing an adequate zone of preference. He was aware, however, of the need for this to be couched in communautaire terms and Ministers had discussed tentatively with others and with Gundelach the idea of using type/vessels as a criterion for access to 'preference areas'. This suggestion was still at a very tentative stage and would need further discussion and development. However, he emphasised that the Government was committed to reaching a solution.

2 of

2. The other key area was conservation. Mr Buchanan-Smith thought that the main outstanding problem in this area was the difficulty between the UK and Denmark on the pout box. He acknowledged that the European Court Case had gone against the UK on procedural grounds but emphasised that the substance of the judgement was still under examination. He considered that it was important for the UK to settle this directly with Denmark before October. Provided any compromise was satisfactory to the other Member States and to the Commission it should be possible to incorporate it in the Community agreement on conservation. He was

optimistic on the prospects for agreement on the introduction of larger mesh sizes and noted that both Ireland and France seemed ready to agree on this. Mr Mason added that the Commission seemed to have taken on board the UK's proposals on mesh sizes.

3. Monsieur Helming said that his ambitions for the July Council were modest. He recognised that progress had been made so far this year and was anxious to keep up the momentum. While recognising the importance of settling the CFP as a package, he thought it would be particularly helpful if some measure of agreement on conservation could be reached. On quotas he felt it was too soon for Ministers to start discussing detailed figures; first they must discuss the criteria for quota allocation and then would be time enough to move on to figures. On access, he pointed out that this could not be dissociated from the problem of quotas, but felt that some discussion of the principles would be necessary. He agreed with Mr Buchanan-Smith that it was important to avoid closing the doors. He noted that historic rights off the south coast of the UK would cause difficulties with France and recognised the political importance of a solution. He also appreciated the importance of any proposal being non-discriminatory as between Member States.

4. Mr Buchanan-Smith reported the UK's concern about the German line on third country agreements, particularly that with Canada. He reminded Monsieur Helming that the imports, which were proposed as a quid pro quo for fishing rights in Canadian waters, would all come onto the UK market. He was, however, able to report that Ertl now seemed to recognise that the Canadian demands were too high. The Germans clearly had electoral considerations which did not apply to the UK. However, it was important to avoid a row on such a subject, where there should be no need for disagreement between the two countries.

5. Mr Walker said that he welcomed the opportunity that would be afforded by the Luxembourg Presidency to reach a settlement under the Chairmanship of a country with no axe to grind on fisheries. Mr Helming said that he too was conscious of this. It was his hope that the package would be sealed by the end of 1980. However, it could be dangerous to try and move too fast and he saw value in bilateral meetings to establish possible areas where progress could be made. Turning the agenda for the July Council he said that it was his intention to start the meeting at 11 am. Mr Mischo thought that the agenda should consist of quotas, conservation, access, structures (on which the Commission was expected to unveil new proposals) and the roll forward of existing internal arrangements. This was agreeable to all. Mr Walker promised that at the end of this week MAFF officials would report to Mr Mischo on the progress in bilateral discussions (Mr Mason - for action).

6. As for the date of the next Council, Mr Helming wondered whether 15/16 September was not too soon. He

suggested that a special Council on the pout box might be held then, with another one 2 or 3 weeks later to discuss other issues. Mr Walker agreed that 15/16 September was certainly too early for a substantial discussion - it was important for the Council meeting to be well prepared and this was too soon after the August break. As for pout, there might be scope for an agreement through the written procedure. Mr Walker said that he was convinced that a deal could be done on fisheries and an important role for the Chair would be to minimise the conflicts between individual Member States in the Council. It was essential to avoid entrenchment on untenable positions.

7. The discussion turned again to access. Mr Walker reminded Monsieur Helminger that the UK's official position was still the demand made by the previous Government for a 50 mile exclusive zone. This would provide the background for our opening bid, but he assured Monsieur Helminger that a settlement would be possible on the lines described earlier. Mr Mischo asked whether fishing plans were not an option. Mr Buchanan-Smith explained that both the UK and the Irish recognised the problems inherent in such an approach especially in mixed fisheries; fishing plans would tend to be too restrictive and inflexible. Moreover, the boat size criterion had not been rejected by anyone so far and it was to be hoped therefore that it stood a reasonable chance of success.

8. Mr Helminger asked whether the UK saw any possibility of increasing the 1980 TACs. Mr Buchanan-Smith said that this would be impossible unless it were consistent with scientific advice. Mr Mason warned that it would be dangerous to fall into the trap of applying economic or social arguments to the setting of TACs. Mr Mischo asked whether there was any scope for setting quotas for 1980. Mr Mason said that it would not be acceptable to the UK. Finally, Mr Walker warned of the risks involved in leaving crunch decisions until the last minute.

Jane Rabagliati
17 July 1980

Distribution

Mr Waters

Mr Steel

Mr Sadowski

Mr's Brock

Mr Kelsey

Mr Mason

Mr Packer

Mr Holmwood

Mr Cann

✓ Mr Alexander (10 Downing Street)

PS/Sir Robert Armstrong } Cabinet Office

Mr Franklin

PS/SoS } FCO

Mr Arthur }


(continued overleaf)

Distribution (continued)

PS/SoS Scotland
Mr Cormack - DAFS
PS/HM Ambassador, Luxembourg
Mr Harrison
Mr Nicoll - UKRep

Original - GPK

DSG
CCYHAF



10 DOWNING STREET

THE PRIME MINISTER

16 July, 1980

Dear Mr. Boyd

Thank you for your letter of 24 June.

The agreement which you have reached with your trawler officers and crews is indeed a very important one. Their willingness to reduce their remuneration in order to improve the potential viability of your vessels indicates the seriousness with which all concerned are facing up to the present situation in the fishing industry.

Your letter was timely, in relation to the fishing industry's meeting with Ministers on 3 July. Peter Walker has told me about the industry's presentation of its financial position, and Ministers are now considering urgently the implications of what they learnt at that meeting.

Yours sincerely
Raymond Barber

T. W. Boyd (Junior), Esq.

26

Original
L.G./R



WFS
CHART
Const.

10 DOWNING STREET

THE PRIME MINISTER

16 July, 1980

Dear Mr Mitchell,

You wrote to me on 27 June enclosing a letter from Mrs. Rosalie Laird, one of your constituents. Mrs. Laird was particularly concerned that I had not been able to find time to meet a delegation from the town to hear how the present problems of the fishing industry are affecting the people of Grimsby.

As you know from our earlier correspondence, I keep very closely in touch with developments in the fishing industry, but was not able to meet a deputation from Grimsby at this time. I had particularly in mind the fact that the Ministers responsible for the industry were engaged in a series of meetings with its representatives. The most recent of these was held on 3 July when there was a throughgoing discussion of its financial situation. The industry has made a strong plea for new forms of help and this is being considered urgently.

Yours sincerely
Margaret Thatcher

Austin Mitchell, Esq., M.P.

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

16 July 1980

cc: FCO
SO
WO
NIO
CSO, HMT
CO

Fishing Ind

PROBLEMS OF THE FISHING INDUSTRY

The Prime Minister has read your Minister's letter of 11 July, and has noted his proposal that further assistance of some £15 million should be provided to the fishing industry over the next 5-6 months. She has also read the Chief Secretary's minute of 14 July.

The Prime Minister agrees with the Chief Secretary that the proposal first needs to be discussed between Treasury and Fisheries Departments' officials. It can then be decided how the matter should be taken further.

I am sending copies of this letter to Malcolm Adams (FCO), Godfrey Robson (Scottish Office), John Craig (Welsh Office), Roy Harrington (Northern Ireland Office), Alastair Pirie (Chief Secretary's Office, HMT) and David Wright (Cabinet Office).

J. E. LANKESTER

Garth Waters, Esq.,
Ministry of Agriculture, Fisheries and Food.

CONFIDENTIAL



PRIME MINISTER

PROBLEMS OF THE FISHING INDUSTRY

I have seen the Minister of Agriculture's letter to you of 11 July about the problems of the fishing industry.

2. There is no doubt of the growing public concern about the impact of current economic developments on the fishing industry, nor of the political problems that will arise in the areas directly affected. I would not wish therefore to discount the significance of the points made in Peter Walker's letter. At the same time there is substantial additional public expenditure proposed here, and there are a number of issues which deserve sorting out before the case for further assistance can be properly assessed. It is not clear for example how the £3 million earlier allocated for the fishing industry has been used nor how a further and much larger sum would be employed. If the case in principle for assistance to the fishing industry were to be accepted we would want to be sure that the money would be used in the most cost-effective way.

3. I would like to suggest, therefore, that before the matter is considered further the proposal be remitted to officials of the Treasury and of the Fisheries Departments for examination by them. This would include consideration of the case for providing such sums and the way the money might be used. You may recall that when the case for providing assistance for fisheries and horticulture was examined some months ago, the matter was remitted to an inter-departmental working party under the chairmanship of

Prime Minister

I very much agree with the Chief Secretary but Treasury Ministers should discuss Mr Walker's proposal before we decide how it should be taken further. It is a bad principle for spending Ministers to come straight to you before going to the Treasury - and we ought to sort it. Agree? (My entire

Yes - very much so

advice was that we should take this in

E: I am sure we will have to in due course, but we don't need to say so yet.

DL
15/7

the CPRS. Peter's proposal, however, is very much more specific, relating to the extension and widening of an existing scheme, and involving a call on the contingency reserve. For this reason I think that exploratory discussions between Treasury officials and the Fisheries Departments would be a more appropriate way to proceed.

I am copying this letter to Peter Walker, Peter Carrington, George Younger, Nicholas Edwards, Humphrey Atkins, and Sir Robert Armstrong.

W. J. B.

JOHN BIFFEN
14 July 1980

14 JUL 1980





From the Minister

MS

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

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

Prime Minister

I am sure we need
a proper paper for E
Committee before decisions
can be taken on
11 July 1980 these proposals.

Shall I commission?

PROBLEMS OF THE FISHING INDUSTRY

George Younger and I are deeply concerned about the deterioration in the economic situation of the fishing industry and its implications for our future relations with this industry. The economic and political picture is very bleak.

Since 1 January 63 out of the 225 largest vessels fishing out of our major ports are known to have been laid up.

Gross earnings from fishing in the first four months of the year were about £62 million. This is 5% less than in the same period in 1979. In part this reflects our decision to control mackerel fishing for conservation purposes. But the main factor was prices which were and are still very depressed. For example, cod prices in May were 13% down on 1979 levels.

At the same time all costs have risen sharply. At today's prices the industry's fuel bill is running at just over £1 million a week. Last June the same amount of fuel cost about £600,000. Interest charges are running at the rate of some £14-15 million a year, about 40% more than in 1979. Fuel costs and interest charges constitute a particularly high proportion of this industry's costs. The effects of the current cost/price squeeze were brought out starkly in papers which the industry recently prepared at our request. The BFF, for example, estimate that their members, who operate the larger vessels in our fleet, are, on average, currently losing money at the rate of over £5000 a week for every vessel, without taking into account interest charges on capital employed.

Representative figures provided to us by the smaller enterprises in the industry show clearly that they too are very hard pressed. Although the recorded losses may be only of the order of a few hundred pounds a week, these are very large sums for what are essentially small family businesses to bear. Every new loss means a new burden of debt and interest.

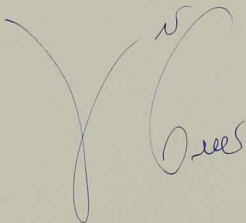
The £3 million aid programme we introduced in April has helped. But it has not been enough to hold a sharply deteriorating position.

The pressure from the industry for new assistance is both strong and well supported on both sides of the House. Our main concern is with the political effect of failing to act quickly to relieve these pressures.

The industry have stayed in sympathy with us in spite of all the difficulties, but we must recognise that they are now at the end of their tether. We are in danger of losing their backing and this could have wide repercussions. We cannot hope to carry through the very delicate negotiations on the Common Fisheries Policy which are due in the next few months against the background of a disaffected industry. In wider political terms, we cannot afford to lose sympathy on this issue, not only in the North-East of Scotland, where the Nationalists are ready and eager to capitalise on any weakness, but also more generally, since the fishing issue has received very wide and sympathetic attention in the House and in the national media.

The industry claim publicly that they have made a case for aid in the order of £35 million for the second half of this year. We do not recommend meeting this figure. But we do believe that it would be right to provide some £15 million of further aid over the next 5-6 months. It would be necessary to call on the contingency reserve for this sum and to increase Departments' cash limits by the same amount. In our judgement, expenditure of this order would be sufficient to sustain the industry until the CFP negotiations have been completed when some, at least, of the uncertainties which at present make it impossible for the industry sensibly to plan its future have been removed and finance for restructuring should be available.

I am copying this letter to Peter Carrington, George Younger, Nicholas Edwards, Humphrey Atkins, John Biffen and Sir Robert Armstrong.

A large, stylized handwritten signature in blue ink, appearing to be 'P. Walker', with a long vertical flourish extending downwards.

PETER WALKER

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

From the Minister's Private Office

Paul Lever Esq
Private Secretary
Foreign and Commonwealth Office
Downing Street
London SW1

11 July 1980

Handwritten: 18/07, Paul - 1/7

Dear Paul,

ANGLO-GERMAN DISCUSSIONS: FISHERIES AND AGRICULTURE - 10 JULY 1980

1. My Minister dined last night in Munich with the German Minister of Agriculture and Fisheries, Mr Ertl. He was accompanied by the Minister of State (Commons), Mr Mason, Mr Packer and me from MAFF and by Mr Cormack from DAFS. On the German side, there were the German Minister, Mr Rohr, Mr Rode, Mr Moecklinghoff, Mr Kleeschulte and one other whose name I did not catch. The main topic of discussion was how to make progress in the negotiation of the Common Fisheries Policy, but we found time at the end to discuss some agricultural matters.

2. Mr Ertl began by saying that fish was very important to Chancellor Schmidt though not to him. Access would be the main area where a compromise would be needed, and it would have to respect the Treaty of Accession. The second difficulty would arise over quotas where Germany and the United Kingdom would have to seek compensation for their losses in third country waters. That was vital for the German fishing industry. Mr Rohr added third country fisheries and the prospects for the next Council to the agenda for the evening.

Access

3. My Minister said that the United Kingdom would have to secure a twelve mile zone for our own fishermen. A solution would have to be negotiated on the maintenance of historic rights, but an exclusive zone was needed in our Hague areas. Mr Rohr confirmed that Germany had no interest at present in our twelve mile zone. Her main interest was in the Danish twelve mile zone, especially around the island of Bornholm in the Baltic, but in other parts too. Germany could accept the definition and limitation of fishing rights in the twelve mile zone but not an exclusive zone of twelve miles as such. He invited us to ventilate our ideas.

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4. Mr Mason pointed out that the Danish waters did not lie in Hague areas. Furthermore, the Germans had historic rights in the Danish zone. Therefore, there was no conflict of principle between German interests and British proposals. Our most sensitive areas would be the Hague areas, but we were prepared to talk about the continuation of historic rights in the non-Hague areas.

5. The Minister of State (Commons) reminded the Germans that Mr Silkin had come out strongly for a fifty mile preferential belt. That position would inevitably be the backdrop to the present negotiations. Some method had to be found of giving preference to the Hague areas. He asked whether the Germans could countenance restricting fishing to certain sizes of vessel. This would give a de facto preference to the Hague areas without being overtly discriminatory. My Minister emphasised that the idea would not be liked by our industry or Parliament and should therefore be treated with great confidentiality.

6. Mr Rohr's reaction was that Germany would want to be sure that such a device did not prevent her from taking her quota of fish in an economical way. That consideration had coloured her approach to fishing plans. It would be useful if British and German officials could discuss the idea in greater detail. The Minister of State (Commons) said that we wanted to see if the principle stood a chance of acceptance. The device could be presented as a conservation measure of special benefit to dependent communities. He noted Mr Ertl's willingness to find pragmatic solutions, provided that they respected the Treaty of Accession. My Minister added that our proposal seemed about the only way through the difficulties. It was agreed that officials should discuss the idea further.

Quotas

7. Mr Rohr thought that Germany and the United Kingdom would have few differences over quotas. The only real potential problem was whether preference could be given to dependent communities without their having to forgo some fishing opportunities in the interests of conservation just like everyone else. Mr Ertl said that the German fishing industry needed the assurance of continued fishing opportunities if it was not to collapse altogether. My Minister said that ours was in the same state. They agreed that Europe needed a settlement of the CFP and that the quota system should take account of losses of third country waters, and discount industrial fishing. My Minister warned that account would have to be taken of the special requirements of Denmark, though he believed that a solution could be found to the issue of the Pout Box which enabled the Danes to continue fishing for pout without harming the stocks of whitefish in which our fishermen were interested.

Third Country Waters

8. Mr Rohr said that quotas should be set after taking account of opportunities in third country waters. Germany wanted a key

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for every species for every country, covering the internal and external fishing opportunities. It was essential that the German industry should be able to count on continuity of fishing in third country waters. Taking up this point, my Minister said that we would be willing to recognise the dependence of the German fishing fleet on distant water fishing, provided that fishing opportunities in third countries' waters were not bought at the expense of tariff concessions which ruined the British market. We too faced difficulties with our distant water fleet, though even greater ones with our coastal fisheries. We realised, however, that we could not cater for both of them.

9. Mr Rohr said that the German interest lay in Canadian, Faeroese and, to some extent, Icelandic waters. Swedish waters were of some interest to smaller German boats. Mr Ertl said that he needed an assurance that German boats would be able to catch a certain amount of fish. He too, however, faced difficulties over imports. He agreed that German and British officials should analyse Community and Canadian requirements so as to identify the best deal that could be struck. Thereafter, Ministers could put that to the Commission.

Prospects for the next Fisheries Council

10. Mr Rohr urged that the next Fisheries Council should show progress in some spheres. Recognising that quotas and access were large issues, he suggested that measures relating to the mesh sizes for nephrops fishing as more tractable. My Minister agreed that the aim should be to make progress at the Council. Major progress should be made in the following Council after an intensive series of bilaterals. The climate in the UK fishing industry and the forthcoming German Election were propitious to progress. It was agreed that officials should identify the items on which progress could be made at the next Council and that the situation would be reviewed thereafter.

11. The discussion then moved on to agricultural topics and I am recording that separately. I am sending a copy of this letter to Michael Alexander at No 10, Godfrey Robson at the Scottish Office, John Craig at the Welsh Office, Roy Harrington at the Northern Ireland Office and Michael Franklin at the Cabinet Office. Copies go too to the people shown below.

G R Waters
G R Waters

G R WATERS
Principal Private Secretary

cc Miss Rabagliati
Mr Steel
Mr Sadowski
Mrs Brock
Mr Kelsey
Mr Mason
Mr Packer
Mr Dawes
Mr Cormack (DAFS)
Mr Nicol - UKREP Brussels
HM Ambassador, Bonn

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14 JUL 1980

14 JUL 1980



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From the Minister's Private Office

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

Paul Lever Esq
Private Secretary
Foreign and Commonwealth Office
Downing Street
London SW1

11 July 1980

Dear Paul,

FISHERIES

ANGLO-DANISH DISCUSSION

My Minister gave lunch at Lancaster House yesterday to the Danish Ambassador. The Minister of State (Commons), Mr Kelsey, Mr Mason, Mr Packer and I from MAFF, Mr Cormack from DAFS, and Mr Blønd and Miss Kaavekensen from the Danish Embassy were also present.

The main topic of discussion was the Norway Pout Box, upon which the European Court of Justice had by chance ruled in the morning. My Minister urged that discussion should start straightaway between officials of Denmark and the United Kingdom in a genuine attempt to find a solution, as he had always wished, that would enable Danes to fish for pout without harming the more valuable whitefish stocks that interested our fishermen. The Ambassador finally agreed to recommend to his Government that talks should start straightaway so that a solution could be speedily sought, but not before he had put the Danish viewpoint to us in the clearest terms.

He recalled that the last Danish Fisheries Minister had been promoted to the Finance Ministry for his ability to say no. He warned that Danish public opinion would expect some immediate move on the part of the British Government in response to the finding of the European Court that the Pout Box was illegal, and he said that the Danes would want the issue settled ahead of the rest of the CFP negotiations. Finally he, solemnly, asked that the United Kingdom should not put Denmark in the position where it had to adopt the same obstructive tactics as Mr Silkin.

For his part, my Minister stuck to the defence of our position and argued that it was in the interests of both countries that a solution to the Pout Box, as part of an overall settlement of the

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X CFP, should be found as soon as possible. He agreed with the Ambassador that it was important now to sustain the momentum of negotiations, and observed that a conflict between our two countries over the Pout Box would not be conducive to that. Together the two countries could find a settlement which they could recommend to the Commission.

1 On other issues, the Ambassador expressed the view that Commissioner Gundelach was being too optimistic in thinking that quotas could be settled without too much difficulty. He thought a protracted debate on the principles behind the new quota proposals would be necessary. He seemed less concerned about other British objectives, especially the negotiation of an adequate exclusive zone and special arrangements beyond that for dependent communities, though he registered strong interest in historic rights.

I should record too that the Ambassador wryly observed that the accession of Spain would be counterbalanced in French eyes by the expiry of the 10 year derogation protecting the inshore waters of Denmark, Ireland and the United Kingdom. In that connection, he hinted that there was now less interest in reaching a new agreement on the CFP than there had been in 1976-1978 when the position of Member States had been relatively closer.

I am sending copies of my letter to Godfrey Robson (Scottish Office), John Craig (Welsh Office), Roy Harrington (Northern Ireland Office) as well as to Michael Franklin and people at MAFF and DAFS shown below. A copy goes to Michael Alexander at No 10 too.

Yours sincerely
G R Waters

G R WATERS
Principal Private Secretary

cc Miss Rabagliati
Mr Steel
Mr Sadowski
Mrs Brock
Mr Kelsey
Mr Mason
Mr Packer
Mr Cormack (DAFS)

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11 JUL 1960

MINISTER'S MEETING WITH THE FISHING INDUSTRY 3 JULY 1980

Present:

a. Minister		Mr Gibson	}	
Minister of State (C)		Mr Baird	}	
Minister of State (Scottish Office)		Mr Hay	}	SFF
Mr Mason	}	Mr Middleton	}	
Mr Holmwood	}	Mr McCall	}	
Mr Dawes	}	Mr Buchan	}	
Mr Waters	}			
Mr Cormack	}	Mr Dobbie - FOS		
Mr Alexander	}	Mr Parkes	}	
Mr Morrison (DANI)	DAFS	Mr Laing	}	
		Mr Wood	}	BFF
		Mr Claridge	}	
		Mr Hellyer	}	
		Mr Mainprize	}	
		Mr Cox	}	
		Mr Grigg	}	NFFO
		Mr Atkins	}	
		Mr Crawford	}	

1. The Minister met representatives of the fishing industry today to assess the economic position of the industry. The Minister apologised for having to leave for Cabinet after half an hour but explained that his involvement in intensive bilateral discussions with other Community Fisheries Ministers prevented the meeting from being rearranged for another date. He proposed that officials should examine the detailed evidence with the organisations after having heard their views; and that thereafter the Secretary of State for Scotland and he would decide what action should be taken. He appealed to the fishing industry to understand that the Government was in no position to assist the industry to return to prosperity with the scale of subsidy demanded.

2. In discussion, representatives of the industry asserted that the figures already provided to the Minister spoke for themselves. There had been a severe downturn in profitability since March and the ending of the mackerel season. Imports and fuel costs had risen. Fishermen were deferring pay increases and accepting reductions in a short term expedient to keep ships at sea. The alarming indebtedness of the industry was increasing. Fish prices had fallen substantially. If they had stayed at 1979 levels, the industry could have got by; and would have done better if they had risen by 20% in line with inflation; but they had not. Restrictions should be imposed on imports. Costs were increasing while the market was contracting. There was now a dangerous dependence on mackerel.

3. Four reasons were given for regarding the fishing industry as a special case. Firstly, the negotiations on the Common Fisheries Policy had gone on for 4 years, in which time different countries had provided unequal aids and unequal fishing opportunities for their industries. Secondly, the fishing industry was an efficient and viable one, free of labour troubles, unlike the motorcar and other industries. Thirdly, the percentage of its

costs represented by oil was surpassed only in the horticultural industry. Fourthly, it had no control over its selling prices which were determined by international agreements.

4. The Minister expressed understanding for the problems of the fishing industry but pointed out that many other industries found themselves in similar circumstances. The Government had not the money to solve the troubles of all the industries that faced similar difficulties.

5. In response to Mr Buchanan-Smith, who deputised for the Minister for the remainder of the meeting, representatives of the industry made some further general points. They argued that other countries subsidised oil prices; that North Sea oil had disadvantaged the fishing industry by raising labour and accommodation prices; that the consequences would be serious if the banks foreclosed; that national resources would be handed to our competitors if the United Kingdom fleet was further diminished; that the way of life of the fishermen was peculiar and should be preserved; that the industry had shown that it needed money. The Ministers were asked to take action to stop imports and to maintain and increase the standard of living of fishermen in accordance with Article 39 of the Treaty of Rome. They were also asked to subject foreign landings to British port disciplines.

6. It was said that a Conservative Government had led the fishing industry into the dilemma and that a Conservative Government must now get it out. As two-thirds of the waters of the European Community lay around our coast, the United Kingdom must have the major share of the fish and a fleet to catch it. Fuel subsidies would not save the Scottish fishing fleet. The price of fish itself must be raised. Summing up this part of the meeting, Mr Buchanan-Smith said that the purpose was not to reach solutions but to assess the evidence of the industry. He and his officials would like to probe it before deciding, together with colleagues, what should be done. He next examined individual papers that had been presented by the fishing organisations.

7. In relation to the BFF paper, industry representatives explained that the projections of market prices took account of input costs as well as changes in patterns of fishing opportunities and consumer preferences. The figures were based on somewhat optimistic assessments. It was acknowledged that the first 3 months of the 6-month period April-September had largely influenced the total assessment. The figures include the cost of temporarily laying-up vessels though not to permanently doing so. The cash flow included revenue from the disposal of boats and the sale of frozen fish and inter-group borrowing. Mr Buchanan-Smith said that his officials would follow up the detail later and would appreciate having access to the projections of individual companies. As for the NFFO paper, industry representatives argued that the capital indebtedness was under-stated because the sample was based mainly on older vessels. The aim had been to get a representative picture of the

financial difficulties facing the fleet and the examples had been culled from a larger sample. The Hartlepool figures were said to be entirely representative of the fleet. Mr Buchanan-Smith asked for more information about those costs shown as "other costs".

8. Lord Mansfield said that he would ask Mr Cormack to discuss the detail of the SFF paper with its authors. The important point was to present the case in the very best light. He was assured that the SFF figures would stand scrutiny. He asked how far an improvement in the end prices of fish would avoid the need for subsidies on fuel and interest rates. It was explained that the question did not admit of a precise answer. He pointed out that interest relief would not help those who had not borrowed. He then left the meeting.

9. As for the FOS paper, industry representatives acknowledged that some boats in the very diverse inshore fleet were doing better than others but input costs had risen faster than end prices. Many vessel owners were going out of business while some were not carrying out essential maintenance. Market prices fluctuated wildly. Fishermen jostled with each other in their intense competition for remaining stocks. They could not cope with the unfair foreign competition that they faced, as they had said to the Government for years.

10. As for prospects, industry representatives thought that the outlook was bleak. While other countries increased their fishing activities, the British had lost out. Particular criticism was reserved for the cost of survey fees. Others argued that the official withdrawal prices and reference prices should be raised.

11. Finally, Mr Buchanan-Smith assured the meeting that officials would be pursuing points of detail on the evidence by telephone. Thereafter Ministers would consider what action should be taken. He could give no time limit by which a decision would be taken but the matter would be handled with due urgency.

Mr Mason +1

cc Miss Rabagliati
Mr Steel
Mr Sadowski
Mrs Brock
Mr Kelsey
Mr Packer
Mr Dawes
Mr Holmwood
PS/SS/Scotland
PS/SS/Wales
PS/SS/NI

Mr Alexander (No 10)
PS/SOSFA
Mr Cormack (DAFS)
Mr Alexander (DAFS)
Mr Morrison (DANI)
Mr Franklin (Cabinet Office)

G R Waters

G R WATERS
Principal Private Secretary
3 July 1980

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Fishing Ind
Weekend Box
3 July 1980 (2)
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Paul Lever Esq
Private Secretary
Foreign and Commonwealth Office
Downing Street
LONDON SW1

Prime Minister

No need to read all of this. But
you will see from para 21 that Mr
Gundelach is sympathetic to the idea
of limiting boat size.

mt
Am - 4/7

MINISTER'S MEETING WITH MR GUNDELACH 1 JULY 1980

I attach a note of the discussion between the Minister of Agriculture, Fisheries and Food and Mr Gundelach, Vice President of the European Commission, in London on 1 July.

Copies of the note go to Michael Alexander at No 10, Godfrey Robson at the Scottish Office and Michael Franklin at the Cabinet Office. I would ask the recipients to ensure that the note is treated with due confidentiality.

G R WATERS
Principal Private Secretary

cc Miss Rabagliati
Mrs Brock
Mr Kelsey
Mr Mason
Mr Packer
Mr Cormack (DAFS)
Mr Mordue - paragraph 2 only
Mr Rider - paragraphs 3 and 6 only
Mr Anderson - paragraphs 4 and 5 only
Mr Dawes
Mr Dickinson - paragraphs 4 and 5 only
Mr Andrews

NOTE OF A MEETING BETWEEN THE MINISTER OF AGRICULTURE, FISHERIES
AND FOOD AND VICE PRESIDENT GUNDELACH: LONDON 1 JULY 1980

Present:

The Minister	Mr Gundelach
The Minister of State (C)	Mr Baumann (Cabinet of
Mr Mason	Mr Gundelach)
Mr Packer (not for dinner)	} MAFF
Mr Waters	
Mr Cormack (DAFS)	

1. Introduction The purpose of the meeting was to outline the requirements of the United Kingdom in relation to the renegotiation of the Common Fisheries Policy. The meeting began in the Minister's room at the House of Commons at 1845, continued over dinner from 1930 and ended at 2145.

2. Miscellaneous issues Mr Gundelach took the opportunity of raising three agricultural points with the Minister. Firstly, he asked about the conditions under which the consumption of school milk would be subsidised. Mr Buchanan-Smith assured him that subsidy would be claimed only on the actual consumption of school milk. On that basis, Mr Gundelach said that he would be able to override the objections of his lawyers.

3. Mr Gundelach said that the Commission had now received the representations of the United Kingdom Government about low priced imports of strawberry pulp from Eastern Europe. He said that the Commission was inclined to take action and that he would be taking a decision shortly. Mr Buchanan-Smith welcomed this and asked that the Commission should consider taking similar action over cheap imports of raspberries.

4. Mr Gundelach explained that he faced difficulties in calculating and financing in 1981 the backlog of payments due to the whisky industry as production refunds since 1973. He could find the 40 maa needed for the payment of current production refunds but not the amount to pay for the backlog. In any case, his experts advised him that it would be inappropriate to calculate the amount due by reference to the export restitutions on malt alone. He asked whether the backlog once calculated, could be paid over a period. This might have presentational advantages, in that public opinion would find it odd that a large amount should be paid on whisky grants at a time when money was running out.

5. The Minister, who joined the discussion at this point, recalled that he had been promised a regulation on whisky refunds by December 1980. Mr Gundelach said that there would be a regulation, but he was proposing that the backlog of payments should be made over two years. The Minister said that an accommodation could no doubt be made. He would discuss the issue further with Mr Gundelach once the Commission had got further in working out the details, and after he had cleared the proposal with the Scotch Whisky industry.

6. The Minister told Mr Gundelach that the British tomato market had collapsed. Dutch imports had increased markedly and prices were 20% down. He drew to the attention of Mr Gundelach an article in the Sunday Telegraph of 29 June which reported that some growers were giving away their tomatoes. The Minister said that the crop was worth some £50m in the United Kingdom and that growers were facing intense competition from the Netherlands. The advantage of the exchange rate and of cheaper fuel for Dutch growers was said to amount to 7p per pound. Mr Gundelach replied that the Commission was proposing that gas prices and light fuel for hothouses should be equalised. He had succeeded in

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doing that in 1974. But the Dutch Minister of the day Mr Van der Stee, was more reasonable than the present one. Mr Gundelach would write Mr Braks on the following day asking him to be reasonable, or to understand that the Commission would have to go to law.

7. Fish Quotas Turning to fisheries, Mr Gundelach began by explaining the Commission's approach to the calculation of quotas. The losses in third country waters had been considerable. The Commission's method of calculation showed that the biggest loser had been the United Kingdom. However, it was very difficult to see how these losses could be reflected in the quota allocations for the Member States. There was simply not enough cod available in the waters of the European Community. Both Germany and France would have to give up cod if the United Kingdom was to be compensated; and Denmark would be forced out of the North Sea into the Baltic. Even on saithe, France would have to take quite a bashing.

8. As for mackerel, Mr Gundelach pointed out that the United Kingdom had increased its catches considerably in the last year or so. If shares of the stock were based on the figures for 1975-1976, or even 1975-1978, the United Kingdom would not get as large a quota as it had caught in 1979/80. Therefore, even if the basic method of quota allocation was right compromises would have to be found.

9. The Minister suggested that compensation would have to be offered in the form of other white fish because the cod stock had fallen so much. Mr Gundelach pointed out that both cod and saithe would be difficult to allocate though not haddock. Mr Buchanan-Smith suggested that a compromise ought to be possible between France and the United Kingdom because France was specially interested in saithe whereas the United Kingdom regarded cod, haddock and whiting as the important white fish. Mr Gundelach pointed out that the saithe stock was unfortunately not high. France would want to have actual fish now rather than the prospect of an increase in catches as stocks recovered. Mr Mason asked whether France should not take a longer term view as the United Kingdom could be more accommodating on saithe. Mr Gundelach answered that they would not; and nor would Denmark.

10. Mr Gundelach asked what percentages the United Kingdom expected to get of the main fish species, in either EC or United Kingdom waters. It would help him considerably to know what the United Kingdom wanted. Mr Buchanan-Smith said that the three white fish stocks, and herring and mackerel were the crucial ones. Without mackerel the United Kingdom would now have no fishing industry left. Mackerel was therefore of key political importance. Mr Gundelach said that he understood the importance of mackerel. He had seen that his method of calculating quotas would give the United Kingdom too much cod as far as other Member States were concerned and too little mackerel as far as the United Kingdom was concerned.

11. Mr Gundelach asked whether quotas should be set for herring ahead of the resumption of fishing for the stock. Clearly fishing for herring could not be allowed in the North Sea yet but the Dutch would reopen the question after he made proposals about herring quotas in July.

12. The Minister replied that the United Kingdom could not have a fishing agreement that left herring out. Mr Buchanan-Smith thought that herring ought to be included at an early stage. He believed that the British fishing industry would want to see it covered. The Minister argued that agreement would not actually be reached in July

in any case. Every Member State would attach reserves until they knew the final outcome.

Conservation

Turning to conservation, Mr Gundelach said that there would be little left for Ministers to consider at the July Council except the Norway pout box. The European Court of Justice would pronounce on that probably on 10 July. Judgement was likely to be wishy-washy and concerned with procedures rather than substance. The Court was likely to find that the United Kingdom had made some mistakes in the formal procedures which ought to be rectified. Mr Gundelach thought it unlikely that the Court would pronounce on the appropriate limit of the box. The effect on the United Kingdom would be that there would be considerable difficulty in re-introducing the box on 1 October.

14. Mr Buchanan-Smith said that our main concern was to resume discussions with the Danes in respect of the pout box. Ministers would be seeing the Danish Ambassador in the following week. Mr Gundelach did not dissent.

15. As for other bilateral discussions, Mr Gundelach said that he knew of our discussions with the French. He agreed with Mr Buchanan-Smith that it was important to keep the Irish in touch with developments. Mr Mason said that discussions had taken place at official and Ministerial level. There remained only one or two points of difference between the Irish and ourselves.

16. Access Mr Gundelach said that the Germans would agree to an exclusive 12-mile zone; but nothing more. The French might be prepared to give a little bit more. Mr Buchanan-Smith replied that the position would be difficult for the United Kingdom unless historic rights were ended. He regretted that the French had never been willing to indicate their priorities in respect of historic rights.

17. The Minister thought that it would be possible to reach an accommodation with France. The French benefits from fishing in our 12-mile zone were measurable and should be susceptible to compensation elsewhere. He asked whether the Germans did not have an interest in the 12-mile zone off the island of Bornholm in the Baltic. Mr Gundelach replied that the Germans were much more interested in the area outside 12 miles. Equal access was a matter of high principle to Chancellor Schmidt.

18. The Minister said that he had had a long discussion with Ambassador Ruhfus, the former head of Chancellor Schmidt's office. He had explained to the Ambassador that the United Kingdom generally wanted a common fisheries policy, but that we needed special arrangements beyond the 12-mile limit. He had explained to the Ambassador that the last Administration had publicly committed itself to preference out to 50 miles. The Ambassador had assured him that he had passed on this message to Chancellor Schmidt and that Chancellor Schmidt wanted an agreement on the Common Fisheries Policy but understood the point that the Minister had made.

19. Mr Gundelach said that he had an emissary (Dohnanyi) from Chancellor Schmidt that morning who had assured him that the Chancellor was as determined as the British Prime Minister. And that the Chancellor thought that fisheries was an area where he could recover some lost ground. Mr Gundelach noted that British Ministers would be meeting Mr Ertl on 10 July.

20. The Minister said that this was totally different from the information that he had had from Ambassador Ruhfus. His impression is that Mr Ertl had no influence at the moment, his State Secretary (Rohr) seemed to be acting independently. He noted that the Free Democratic Party had just rejected Mr Ertl's advice on agriculture.
21. Returning to the substance, and stressing the confidentiality of the exchange, the Minister said that the United Kingdom had come to the conclusion that the only way of providing satisfactory access was through limiting the size of vessel that could fish in our waters. That solution would be very hard to sell in the United Kingdom and the timing would be very important. He would have to start by demanding something quite different but the ultimate safeguard for the dependent communities must lie in some limitation of vessel size. Mr Gundelach replied that he had always believed this to be so. The notion had previously been accepted by the Germans and the French had not objected to it. They might be more hesitant now, but the solution would have the merit that it would be easier to defend in terms of EC dogma.
22. The Minister again emphasised that it would be very difficult to defend this shift away from the position that his predecessor had taken having regard to the pledges that had been given at the last Election. Mr Gundelach commented that vessel size limitation was a negotiable form of discrimination whereas the other demands were not. Mr Mason added that the solution would be saleable only if the United Kingdom got acceptable quotas as well.
23. The Minister warned that the British industry would not take great delight in that solution. However it would be bad for Europe if it failed to agree on a common policy for fisheries, which lent itself to common regulation perhaps more easily than agriculture did.
24. Mr Buchanan-Smith noted that Denmark would face difficulties over the settlement of the Common Fisheries Policy because the Danes would have to give up industrial fisheries. Mr Gundelach said that they would not do so until after the European Court of Justice had pronounced. The Minister added that Denmark knew that we were prepared to help over the pout box and that we understood the position that they were taking in relation to the European Court.
25. Mr Gundelach said that he would advise the Danes when he saw the Danish Government on 7 July, that they must seek a sensible arrangement. He would encourage the Danes to resume discussion with the British and would call the parties together himself if necessary. This was no time for fooling around. He would see the Prime Minister of Denmark himself if necessary. Mr Buchanan-Smith said that Ministers would take the same line with the Danish Ambassador who they would see on July 10. The regulation of the industrial fishery for Norway pout was of critical importance.
26. Mr Gundelach asked how the British Government would tackle the negotiations on access. Mr Buchanan-Smith replied that we could not close the deal until we know what quotas we would get. Our industry would be very suspicious of piecemeal settlement of the Common Fisheries Policy. He had not pressed the question of access at the last Council, except in so far as was needed to reassure the industry.
27. Mr Gundelach said that he found himself in considerable difficulty on access. He had already made proposals in relation to the 12-mile zone, the phasing out of historic rights and the

introduction of fishing plans. These were still part of the Commission's proposals. It was wrong of France to say that there was no problem beyond the 12-mile zone. Mr Buchanan-Smith replied that the vessel size limitation plan could be seen as a simpler variant of the concept of fishing plans which had caused the Irish such difficulties. He suggested that Mr Gundelach should take soundings of other EC Ministers. Mr Gundelach replied that he had to be practical about his tactics. There were only three weeks left before the next Council, during which period he also had to negotiate on mutton with the New Zealanders. He asked whether the fact that proposals had already been made could provide a basis for a resumed discussion in the Council.

28. The Minister said that he was willing to proceed on that basis. At the next Council, the United Kingdom would suggest that the concept of fishing plans should provide a basis for limitation of effort by size of vessel. Mr Mason said that this approach would enable access to be got on the agenda. Mr Gundelach agreed. He thought that progress would best be made through a series of bilateral discussions such as the present one, with the formal meetings of the Council serving as points at which to touch base.

UK Quota Aims

29. As for quotas, Mr Gundelach thought that it would be better to have fishing so regulated that there was no need of quotas. They were, in themselves, meaningless figures which nevertheless provided a basis for stark and invidious comparisons. However, quotas had to be set and he wanted to know the requirements of the British Government. He could not trust his own officials in the Fisheries Department of the Commission and suggested that his aide, Mr Baumann, should discuss the detail with British officials the following day. It was agreed that Mr Baumann and Mr Mason should meet for that purpose on the following day.

Registrations

30. Mr Mason asked if the Commission was contemplating action to prevent fishermen from other countries registering under the flag of a Member State of the Community. Mr Buchanan-Smith said that the Norwegians registered under the British flag to catch mackerel. Mr Gundelach said that the Commission was giving attention to this point. He understood that Member States had no way of dealing with it. Paradoxically, the problem in the past had been that fishermen from the Community registered under the flags of third countries.

Relations with France

31. The Minister remarked to Mr Gundelach ^{on} the good relationship that he had achieved with the French Minister, Mr Le Theule. So far, he and Mr Le Theule had delivered all that they had promised each other. He had therefore been surprised at the press conference ^{Le Theule} he had given after the last Council. However, there had been no signs of back tracking on his part.

32. Mr Gundelach commented that Mr Le Theule had to take his orders from the French Prime Minister who was prepared for trench warfare. So far he had not ^{been} subject to the detailed interference to which Mr Mhaiguerie had yielded. However, he would now face increasing pressure from the French Prime Minister who still believed that the United Kingdom would leave the European Community. The French Prime Minister had never believed and was always against the proposition that the United Kingdom should join the Community. He had been ready to implement national measures to support French agriculture if the negotiations at Luxembourg had failed. That was why the Commission had decided that it was politically right to go for an agreement on the price fixing. Mr Le Theule was of a different political persuasion from the French President but was nevertheless closer to him than to the French Prime Minister.

33. Mr Gundelach went on to say that fish was important to France but nowhere near as much so as agriculture. Accordingly, the French were worried but prepared to be generous. They believed that the current British Government was a better European partner than its predecessor. The Minister said that it was incomprehensible that the French should not have reached an agreement on mutton at a much earlier point. Mr Gundelach said that even the French Prime Minister, not known for his Anglophile tendencies, had thought that Mr Mehaignerie had handled the negotiations badly. It surprised the Minister that the French Government did not give the agriculture portfolio to an abler man who would have been able to negotiate better deals for his country both on mutton and the wine package if he had gone about it in the right way.

34. Mr Gundelach recalled that the last good French Agriculture Minister was Mr Bonnet. But he had been subordinated to the Prime Minister, and after him all French Ministers of Agriculture had been so subordinated. The French Prime Minister had now appointed the French equivalent of Sir Henry Plumb as the Under Secretary of State in charge of food so that Mr Mehaignerie should clearly see that his successor was already installed. In continued discussion, the Minister and Mr Gundelach compared notes about the shortcomings of Mr Mehaignerie as a Minister. The Minister added that the present French Ambassador to London was not reliable, and had not assisted him in starting discussions with France to identify common interests before the last CAP price fixing. All this was to be contrasted with the excellence of the relationship between Mr Le Theule and the Minister. Mr Gundelach said that he would let the French Prime Minister know of the high regard in which his Fisheries Minister was held.

Spain

35. In a brief discussion of the difficulties that the accession of Spain would pose in the Community, the excellence of Spanish Ministers and their civil servants and the noticeable contribution of the Spanish monarch to the development of modern Spain, were recognised.

Further Bilaterals on Fish

36. Finally, Mr Gundelach outlined his own plans for bilateral discussions. He would be returning for the meeting of the Commission in Brussels, going on to Bonn, to Paris and Copenhagen later in the week. He promised to telephone to the Minister any important discoveries that he made in his visits to the capitals of Germany, France and Denmark. He agreed with the Minister that a deal could be struck which suited everybody. However, he was worried about the unknown political factors in France and Denmark. In Denmark he was concerned that his countrymen would obsess themselves with lost causes, as they had done historically over the loss of Schleswig Holstein. He would have to speak to the Prime Minister who was a solid if unremarkable citizen because the Foreign Secretary did not count for much.

The Minister said that the United Kingdom was ready to resume discussions with Denmark at any time.

G. R. Waters

G R WATERS
Principal Private Secretary
27 July 1980



10:10

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

1 July 1980

Dear Gail,

Revision of the Common Fisheries Policy

As you know, your Minister, together with the Secretary of State for Scotland and Mr. Buchanan-Smith, had a meeting with the Prime Minister this afternoon to discuss your Minister's minute to her of 25 June on the revision of the Common Fisheries Policy. Mr. Franklin was also present.

Mr. Walker told the Prime Minister that he and his colleagues were agreed that it would be right in the forthcoming negotiations to concentrate on securing satisfactory arrangements for the inshore fishermen. There was no real possibility of securing a fishing arrangement which would meet the requirements of the distant water fishermen. Some owners of distant water vessels had anticipated the changed circumstances but others had failed to do so and there were now no significant opportunities in third country waters open to them. We would have to pay a disproportionate negotiating price to secure access to such openings as there were. Nor could distant water ships operate economically in inshore waters. However, there was a reasonable chance of getting money from the European Community to compensate them for restructuring. The industry itself probably expected HMG to focus on the problems of the inshore fishermen and to seek financial compensation for the owners of the distant water fleet.

Mr. Walker said that the Government's first negotiating objective should be to secure exclusive access for British fishermen within the 12 mile zone. The historical rights of the fishermen of other Member countries would have to be recognised to some extent but we should resist recognition of any historical rights in Scottish waters and north of Bridlington. South of Bridlington the argument would be more difficult but we should play the hand very toughly indeed and try, so far as possible, to secure the phasing out of historical rights.

Our other main negotiating objective should be to obtain preferential access in the 12-50 mile zone. Exclusivity would be unobtainable and quotas would be difficult both to obtain and to police. But we should seek to achieve a substantial measure of preference for our own fishermen by limiting the size of boats entitled to fish in the zone. If the boats were, for instance, limited to a maximum of 80ft, the capacity of the vessels, taken together with the length of the voyage they would have to make, would limit very substantially the catch that boats from continental harbours could make. This approach would have the advantage that the Commission could present the limitation as being "communautaire". The areas in which it would be of

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particular importance to ensure that the size limitation applied would include the Irish Sea and the waters immediately to the north of Scotland and the west of the Shetlands.

The Prime Minister asked about the scale of compensation for the distant water fleet. Mr. Walker said that it might be of the order of £25/30 million. He believed that a substantial percentage of this would probably be provided by the Community as a contribution to restructuring. Mr. Franklin said that there was no chance that the Community would finance the entire cost but they might be prepared to meet 70/75 per cent of the total.

In a discussion of the chances of achieving the objectives set out above, Mr. Walker recalled the weakness of the negotiating position that had been inherited from previous governments. The transitional period ended on 31 December 1982. In the absence of agreement by then, fishermen from other Member countries would be entitled to operate "up to our beaches". Given this basic weakness, it would be wrong to be unduly optimistic about the likelihood of a successful outcome. But the negotiating atmosphere had improved in recent months. The other Members did not at present seem to be trying to exploit the proximity of the 1982 deadline. Nor was the UK isolated; the Italians, the Dutch and the Danes were all interested in reaching an agreement. The real difficulty would lie with the Germans and, above all, the French. (There was a brief discussion as to whether the Prime Minister should send a message to Chancellor Schmidt. However, it was agreed that it was too early for this and that it would be more profitable at present to continue to remain in close touch with the German Ambassador in London.) A great deal would depend on the proposals put forward by the Commission.

As regards the attitude of the industry, it was pointed out that they were well aware of the implications of a failure to reach agreement. They knew that they could reject any arrangement negotiated if they did not regard it as satisfactory. But they would be prepared to look at virtually anything. They recognised the barrenness of the policy which Mr. Silkin had pursued. They had throughout been kept in the closest possible touch with the progress of the discussions in Brussels. The inshore fishermen would certainly be pleased if an agreement on the lines envisaged in Mr. Walker's minute was secured.

The Prime Minister agreed at the end of the meeting that Mr. Walker should proceed to negotiate the best deal he could with the other Members of the Community on the basis of the strategy outlined in his minute and discussed at the meeting. The negotiation should be conducted on the basis that the outcome would have to be acceptable to the industry as a whole and that the Community would have to be responsible for meeting the costs of restructuring, ie, of compensating the owners of the distant water fleet. Mr. Walker commented that some grumbling from the owners of the distant water fleet was more or less inevitable whatever was achieved.

I am sending copies of this letter to Paul Lever (Foreign and Commonwealth Office), Godfrey Robson (Scottish Office) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Garth Waters, Esq.,

Ministry of Agriculture, Fisheries and Food

CONFIDENTIAL

Mr. M. Alexander.

No 10.

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La. Vint - 7/7

With the compliments of

EUROPEAN COMMUNITY DEPARTMENT

(INTERNAL)

Mr. M. Arthur

2.7.80

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FOREIGN AND COMMONWEALTH OFFICE

LONDON, SW1A 2AH

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TO IMMEDIATE FCC

TELEGRAM NUMBER 513 OF 30 JUNE

AND TO PRIORITY PARIS (PERSONAL FOR AMBASSADOR), UKREP BRUSSELS
(PERSONAL FOR SIR M BUTLER)

FOLLOWING FOR PRIVATE SECRETARY
FISH

1. DOHNANYI TOLD ME OVER THE WEEKEND THAT HE WAS HOPING TO HAVE A PRIVATE WORD WITH THE SECRETARY OF STATE AND/OR THE LORD PRIVY SEAL AT THE FOREIGN AFFAIRS COUNCIL ABOUT FISH. I UNDERSTAND HOWEVER THAT MR HURD WILL ATTEND; YOU MAY WISH TO FOREWARN HIM.
2. THE BURDEN OF DOHNANYI'S SONG WAS: SCHMIDT (AND GISCARD) WERE STILL NURSING THEIR WOUNDS AND FEELING SORE ABOUT WHAT THEY REGARD AS THE SCALE OF THEIR DEFEAT OVER THE BRITISH BUDGET PROBLEM. THEY BOTH CONSIDERED THAT, HOWEVER JUSTIFIED THE BRITISH GRIEVANCE AND HOWEVER NECESSARY IT HAD BEEN TO REMEDY IT, IT WAS NOW UP TO HMG TO BIND UP THE WOUNDS BY SOME POSITIVE ACT OF COMMUNITY COMMITMENT. BOTH, HOWEVER IRRATIONALLY, HAD FIXED ON FISH AS THE TOUCHSTONE OF OUR GOOD FAITH. SCHMIDT HAD AT LAST WEDNESDAY'S CABINET ASKED ERTL TO REPORT PROGRESS ON FISH TO THE CABINET ON 22 JULY FOLLOWING THE FISHERIES COUNCIL ON 21 JULY. DOHNANYI HOPED THEREFORE THAT WE WOULD SEE THE POLITICAL IMPORTANCE OF OUR DEMONSTRATING BY OUR ACTIONS AND ATTITUDE SUFFICIENT FLEXIBILITY TO ENABLE ERTL TO REPORT THAT PROGRESS WAS BEING MADE.
3. IN RESPONSE I MADE THE OBVIOUS POINTS: THAT FISH HAD ALWAYS BEEN FOR US ONE OF THE NEURALGIC POINTS IN DOMESTIC POLITICS; THAT THE CFP HAD BEEN ONE OF THE MOST IMPORTANT FACTORS WHICH HAD DECIDED NORWAY AGAINST JOINING THE COMMUNITY TO EVERYBODY'S GREAT LOSS AND THAT IT HAD NEARLY KEPT US OUT; THAT IF FISH HAD BEEN INCLUDED IN THE LABOUR GOVERNMENT'S QUOTE RENEGOTIATION UNQUOTE WE MIGHT NOT BE IN THE COMMUNITY TODAY; THAT THE MOVE TO 200 MILES HAD IMPOSED A DOUBLE PENALTY ON BRITAIN BY EXCLUDING US FROM TRADITIONAL WATERS AND OPENING BRITISH WATERS TO THE COMMUNITY; THAT WE HAD ALL AGREED THAT END-1980 (AND NOT JULY 1980) WAS THE DATE TO AIM FOR; AND THAT WE HOPED THAT THE CONTINENTAL AND ESPECIALLY ERTL'S PASSION FOR PRINCIPLES COULD WITH TIME AND EFFORT AND GOODWILL ON ALL SIDES BE RECONCILED WITH THE ISLAND RACE'S PREFERENCE FOR PRACTICAL FISHING QUOTAS AND PRESERVATION OF RENEWABLE ASSETS FOR FISHERMEN.
4. DOHNANYI ACCEPTED ALL THIS, BUT REITERATED THAT THE PRACTICAL PROBLEMS OF SCHMIDT'S POST-LUXEMBOURG SORENESS AND OF HIS PERSONAL RELATIONS WITH THE PRIME MINISTER REMAINED AND THAT IT WAS HIGHLY DESIRABLE FOR FUTURE WORK TOGETHER IN THE COMMUNITY THAT BALM SHOULD BE POURED ON HURT MINDS ETC. HE HAD BEEN GIVING A GOOD DEAL OF THOUGHT ABOUT HOW TO PREVENT AN ADVERSE REPORT BY ERTL ON 22 JULY COMPLICATING OUR RELATIONS AND THOUGHT THAT A PERSONAL MESSAGE FROM THE PRIME MINISTER TO CHANCELLOR SCHMIDT MIGHT BE

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/THE ANSWER

THE ANSWER. SCHMIDT DID NOT KNOW, NOR WANT TO KNOW THE DETAILS OF THE FISH NEGOTIATIONS: BUT HE WAS SENSITIVE BOTH TO THE FLATTERY OR PERSONAL ATTENTION AND TO THE POLITICAL PRE-OCCUPATIONS OF HIS FELLOW HEADS OF GOVERNMENT. A PERSONAL MESSAGE POINTING OUT THE DOMESTIC POLITICAL SIGNIFICANCE OF FISH ETC WHILST REAFFIRMING OUR READINESS TO WORK FOR A COMPROMISE SOLUTION SATISFACTORY TO ALL PARTNERS WOULD, HE THOUGHT, BE HELPFUL.

5. COMMENT. AS YOU KNOW, I HAVE NEVER FOUND A SATISFACTORY EXPLANATION WHY SCHMIDT FEELS SO STRONGLY ABOUT FISH: NEVERTHELESS, THE FACT IS THAT HE DOES. HIS OWN FISHERMAN'S LOBBY IS NOT OF A STRENGTH TO GIVE HIM CONCERN. IT IS TRUE THAT HE AND 3 MEMBERS OF HIS CABINET COME FROM NORTH SEA PORTS AND THAT HE WEARS A SEAMAN'S CAP AS HIS BADGE OF IDENTITY. NONE OF THESE IS A WHOLLY SATISFACTORY EXPLANATION. TO SOME EXTENT, I SUPPOSE, DOHNANYI HAS A PERSONAL INTEREST IN MENDING HIS FENCES WITH SCHMIDT OR AT LEAST IN REESTABLISHING HIS CREDENTIALS AT HOME AS A CREDIBLE GERMAN NEGOTIATOR IN THE COMMUNITY: HE DID NOT, AFTER ALL, GET MUCH ON FISH IN THE FINAL NEGOTIATING ROUND ON THE BUDGET. MORE-OVER HE SEES ERTL, CORRECTLY, AS INFLEXIBLE ON FISH. SO IT SEEMS TO ME THAT DOHNANYI IS LOOKING FOR A WAY TO MITIGATE THE EFFECT OF ERTL'S LIKELY REPORT TO THE CABINET ON 22 JULY ON BOTH HIMSELF AND ON ANGLO/GERMAN RELATIONS. I HOPE YOU WOULD AGREE WITH ME THAT DOHNANYI'S TRACK RECORD IS SUCH THAT WE HAVE AN INTEREST IN SUSTAINING HIS CREDIBILITY, AND IN ADDITION AN INTEREST IN CUTEFLANKING ERTL AND IN RESTORING SOME MEASURE OF COMPOSURE TO ANGLO/GERMAN RELATIONS IN THE CONTEXT OF THE CFP. RUFUS' CALL ON MR WALKER ON 13 JUNE REINFORCES MY VIEW THAT SCHMIDT IS TAKING A PERSONAL INTEREST IN THIS.

5. I RECOMMEND THEREFORE THAT WE TAKE UP HIS SUGGESTION OF A PERSONAL MESSAGE FROM THE PRIME MINISTER TO THE FEDERAL CHANCELLOR. OBVIOUSLY IT MUST BE RELATED TO THE MEETING WHICH MR PETER WALKER HAS ARRANGED WITH ERTL ON 10 JULY. IDEALLY IT SHOULD REACH ME FOR DELIVERY TO THE CHANCELLOR'S OFFICE DURING THE WEEK BEGINNING 14 JULY. THE END PRODUCT NEEDS TO BE CLOSELY ARGUED, HIGHLY POLITICAL IN CONTENT AND WARM IN TONE. IF IT WOULD BE HELPFUL, I WILL TRY MY HAND AT A DRAFT.

WRIGHT

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From
Press Branch
W P W

THE BRITISH TRAWLING INDUSTRY

TRAWLERS TO OPEN THE BOOKS TO THE MINISTER

Prime Minister's 'own' trawler 'For Sale'

2
PRIME MINISTER
To see MS 117

When Agriculture and Fisheries Minister Mr. Peter Walker and Britain's fishermen review the financial state of the industry next week (Thursday, July 3) the Minister will be told there is a 'For Sale' notice on virtually every trawler in the British fleet - including Prime Minister Mrs. Margaret Thatcher's 'own' trawler, the Lowestoft based Boston Sea Stallion.

As Leader of the Opposition the Prime Minister launched Boston Sea Stallion at Great Yarmouth just two years ago. The modern stern trawler was one of a new class of vessel specially designed to fish in Britain's own 200-mile limits but, due to the present imbalance in the international market, has been losing money heavily like the rest of the trawler fleet.

In common with other British Fishing Federation members Boston Deep Sea Fisheries have been compiling a record of their operating costs for the Ministry and a spokesman for the company, which has already sold three similar vessels abroad, said: "Boston Sea Stallion finished her financial year in March well in the red and has since been losing at the rate of at least £2,000 a trip. We cannot stand that sort of loss for much longer and, like the rest of our trawlers, she's for sale if the right offer comes along."

At the meeting with Mr. Walker the fishermen will be citing the continuing flood of low priced imports from subsidised fleets, aided by the continuing strength of the pound, as the main cause of their problems.

Most of the damage has been caused by a flood of fresh or chilled fish imports from other EEC countries, much of it brought in by ferry in refrigerated road transport, benefitting from the combination of unrestrained fishing and Government subsidies. In the first four months of this year these totalled 51,624 tonnes, a 31 per cent increase over the 39,405 tonnes in the same period last year, while the price was seven per cent lower.

As in previous years frozen fish imports showed a decline in April but over the first four months frozen cod imports were up by 19 per cent from 16,985 to 20,274 tonnes which means cold store stocks will continue to have a depressing effect on British quayside markets through the summer months irrespective of the continued level of imports.

A spokesman for the British Fishing Federation said: "The message to the Minister will be clear. The target might be a satisfactory Common Fisheries Policy by the end of the year but, without further aid, there will be little British fishing industry left to take advantage of it."

Issued on the 2nd of the British Fishing Federation by
end June 27, 1990. Telephone 22 Whitehall Gate Kingston upon Hull HU1 2EX Tel (0482) 26006



MINISTRY OF AGRICULTURE
FISHERIES AND FOOD

WITH THE COMPLIMENTS
OF THE PRIVATE SECRETARY
TO THE MINISTER OF STATE

Whitehall Place, London, S.W.1.

fn. *Amis*

MINISTER OF STATE (COMMONS)'S MEETING WITH IRISH FISHERIES MINISTER:
DUBLIN, 26 JUNE 1980

Those present:

Mr P J Power - Irish Minister of Fisheries and Forestry	Mr A L Buchanan-Smith MP
Mr Kerin - Ministry of Fisheries and Forestry	Mr W E Mason
Mr Barrington - Irish Permanent Representation, Brussels	Mr J Cormack
3 others (including one from Ministry of Foreign Affairs)	Mr R J Packer
	Miss C J Rabagliati

1. It was rapidly established that Mr Power was as concerned as Mr Buchanan-Smith that fisheries should not become a bargaining counter for other greater things in the EC. It was imperative that fisheries be settled on its own merits and that German and French attempts to force a linkage with the budget must be strenuously resisted. There was a good chance now that this could be achieved. Mr Buchanan-Smith emphasised that it was important that the whole thing be resolved as a single package, and said that the crunch points were quotas and access. Mr Mason added that there was a distinction to be made between decision and implementation: there was no question but that decisions must be taken simultaneously on all aspects, but there might be scope for delaying the implementation of the access agreement to a later stage. Mr Kerin wondered whether the UK would be prepared to concede quotas for 1980; Mr Buchanan-Smith said that this would not be possible outside the overall package.

2. Mr Buchanan-Smith said that the main access objective was to secure a 12 mile exclusive zone; Mr Power agreed. There was a problem over historic rights, and it was in the interests of both countries to see them phased out eventually. The French held the key in both cases. The 2 Ministers agreed to keep in close touch on developments in their thinking and in bilateral contacts they may have with other EC countries on this point. Mr Buchanan-Smith then said that outside 12 miles it was important for the UK to secure a substantial measure of preferential access. He thought that there was scope for presenting this demand in communautaire terms. Mr Kerin suggested boat size as a possible criterion, and Mr Buchanan-Smith acknowledged that this was certainly a possibility. He said that the 2 countries had a considerable community of interest in the Irish Sea area and would like to see officials exploring this further. Agreement here could reduce the potential for conflict between Ireland and the UK, for example on quotas in the Irish Sea. Mr Power said that it was clearly of particular importance to Ireland to reach agreement with the UK, which was her closest neighbour. He agreed that the idea of preference for coastal communities was an important one, and remarked that preference achieved through boat size would be a useful solution since it would create a disincentive to distant countries. With

Spanish accession to the EC on the horizon, an early decision was important. Mr Kerin suggested that the UK and Ireland make a formal joint proposal on access to the Commission. Mr Buchanan-Smith said that officials should certainly explore this possibility. The most important thing would be to keep control in areas where the coasts of the 2 countries faced each other.

3. On quotas, it was acknowledged that there was inevitably a risk of conflict between UK and Irish interests. Nonetheless, both Ministers wished to keep in close touch; Mr Power said that the recent fisheries Council had impressed upon him the value of bilateral meetings between Ministers. It was important for the Irish to reach agreement on quotas - in the mackerel fishery, for example, there was a real danger of EC closures before the national catch had been taken. Mr Buchanan-Smith noted that the Commission had shown a willingness to roll forward the existing internal arrangements to the end of 1980 and thought that they would be reluctant to jeopardise future progress by trying to force quota decisions earlier than that. Politically it would be impossible for quotas to be decided separately. Mr Power concurred that if access could be resolved, the other issues would fall into place.

4. On conservation, it was acknowledged that it was in the interests of both countries to agree on a 70mm mesh size for nephrops, though it was recognised that it may be necessary to make certain concessions in the form of phasing to the French. Such concessions would, however, create certain difficulties for the Irish, who had introduced a national measure requiring a 70mm mesh - even though this was not being effectively policed at present. Mr Buchanan-Smith noted that the important thing was that the 2 Ministers agreed on objectives. He stressed that it was important to maintain contact and ensure that tactics were concerted to the maximum extent possible.

5. Mr Buchanan-Smith noted that it was very important that the Community's tariff on imported fish should be increased. The UK had particular difficulties at the present time with the strong pound. Mr Kerin said that it had long been an Irish objective to re-instate the full tariffs and was glad to note that the UK was now prepared to support this. Mr Power asked whether we should press for increased withdrawal prices; Mr Buchanan-Smith suggested that officials should look into this and into the co-efficients.

6. Mr Power said that he would be wishing in the near future to explore certain issues related to the management of fresh water fisheries in those waterways which were common to Northern Ireland and the Irish Republic, and asked whether Mr Buchanan-Smith was happy for this to proceed. Mr Buchanan-Smith said that he certainly was, and that he would mention this to Mr Shaw in the Northern Ireland Office, whom he was due to meet on another matter the following week. Finally, both Ministers agreed that there would be value in a further brief meeting before or on 21 July. Mr Power, for his part, said that he hopes to visit London some time later in the year.

JR

Jane Rabagliati
11 July 1980

Distribution

Mr Waters
Mr Howie
Mr Sadowski
Mrs Brock
Mr Kelsey
Mr Mason
Mr Packer
Mr Neilson
Mr Holmwood
Mr Cann
Mr Alexander (10 Downing Street)✓
PS/Sir Robert Armstrong } Cabinet Office
Mr Franklin }
PS/SofS } FCO
Mr Arthur }
PS/SofS for Scotland
Mr Cormack - DAFS
PS/PUSS NI
PS/HM Ambassador, Dublin
Mr Martin

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For meeting on Tuesday at 17:30.

① Fishing Ind

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MR ALEXANDER

Prime Minister

If you agree, it should be possible to
 arrange a meeting with Mr Walker & Mr Younger
 next Tuesday evening. It might be helpful if
 Mr Franklin was also there.

COMMON FISHERIES POLICY

Mink 26/6

Scottish Minute
 attached.

The Minister of Agriculture, Fisheries and Food and the Secretary of State
 for Scotland have asked to see the Prime Minister to discuss the way ahead
 on the fisheries negotiations.

2. There is no doubt that these present us with the most difficult
Community issue over the next few months, and it is the one on which we
 stand the greatest risk of reverting to an 8:1 situation against us. The
 very fact that the Germans and the French extracted no damaging concessions
 from us in exchange for the budget settlement will make them all the more
 determined to drive a hard bargain. For the reasons stated in the Minister
 of Agriculture's minute, time is not on our side. We are better off
 negotiating now before our legal position on national conservation measures
 is eroded, and before we get pushed up against the 31 December 1982 deadline
 when the present derogations expire. At the same time, our fishing industry
 faces real economic problems and will expect the Government not to exacerbate
 the situation by resiling on its pre-election undertakings (copy attached).
3. When the Defence and Overseas Policy Committee last discussed this
 question (OD(19) 11th Meeting of 24 October 1979) the Prime Minister made it
 clear that in the negotiations on a revised CFP it was essential to proceed
with the positive support of the UK fishing industry. Since then, apart from
 a decision on total allowable catches for 1980 and some progress on
 conservation, there has been very little movement, partly because Gundelach
 has been pre-occupied with agricultural matters and partly because we
 ourselves were anxious not to get fisheries caught up in the budget negotiations.



However, there have been some bilateral contacts, notably with the French and Danes, and the Fisheries Ministers have been careful to keep in close touch with the leaders of the industry, even inviting them to be present for consultation in Brussels during meetings of the Fisheries Council.

4. The task now is -

i. to get the post-1982 access arrangements settled as part of the package (the French will argue that they can be discussed, if at all, in 1982);

ii. to ensure that the access arrangements are an improvement on the present ones and compatible with the undertakings; and

iii. to see that, with the other elements in the package - especially our share of quotas, it is saleable to the industry.

5. The Prime Minister will want to hear what Mr Walker and Mr Younger have in mind, both for the zone inside 12 miles and for areas beyond it. It appears that they have resolved the inherent conflict of interest between the inshore fishermen and the distant water fleets of Humberside (and Aberdeen), in favour of the more numerous inshore interests. This must be right politically. It will certainly give us a more negotiable position in Brussels since the Community will find it much easier to give special protection to small groups of local fishermen than to accept explicit preference in favour of one member state over the others. It probably also makes economic sense. With the loss of Iceland (and with our deep sea fleet less willing or able than the Germans to exploit new opportunities further afield), a much bigger proportion of our total catches is now being taken in nearer waters. But Mr Walker clearly has in mind that the remainder of the deep sea fleet should, in effect, be bought out - no doubt using as much Community money as possible for the purpose (a figure of £20 million has been mentioned).

6. The questions to ask Mr Walker and Mr Younger might be -

i. how exclusive will the 12-mile zone be, and will any derogations for historic rights be temporary or permanent?



ii. how extensive will be the preferential area beyond 12 miles? (they probably have in mind an area going out to 50 miles off the North of Scotland and in the Irish Sea);

iii. who will enjoy the preference? (they probably have in mind that only boats below a certain size will be able to fish certain species in the preferential area);

iv. can other elements in the package - quotas, conservation, national policing etc - be satisfactorily resolved?

The Prime Minister might prefer not to give her final reaction but ask Mr Walker and Mr Younger to report back after consulting -

- a. reliable representatives of the industry and,
- b. the Chancellor on the financial implications of running down the deep sea fleet (the temporary financial aid we are giving the industry comes to an end on 30 September and more may be needed before a permanent Community scheme is agreed).

The Prime Minister might ask to be consulted again before the Ministers speak to Gundelach (no date fixed but next Fisheries Council on 21 July). In general, given the sensitivities and the importance of the issue for our EC policies generally, there should be close consultation - at Ministerial level with her and with the Foreign and Commonwealth Secretary; and, at official level, through the Cabinet Office machine.

D. Wright

26 June 1980



From the Minister

cc ho

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

25 June 1980

CONFIDENTIAL

PRIME MINISTER

REVISION OF THE COMMON FISHERIES POLICY

1. The Council of Fisheries Ministers on 16 June was relatively low-key. Decisions were taken on some minor matters and a more substantive meeting is expected on 21 July for which the Commission have undertaken to put forward proposals for the allocation of catch quotas between member states. The next few weeks will be a vital period for us on fisheries and you might like to have an assessment of how I see the position.
2. The Fisheries Text agreed by the Foreign Affairs Council on 30 May states that the revised CFP must be agreed before the end of the year and there was a general recognition in the Fisheries Council that negotiations will have to start in earnest in July. The others have already started to stake out their claims. The French and German Councils of Ministers have issued statements claiming that the 30 May text recognises equal access as a Community principle which, of course, it does not. The French Minister has claimed publicly that his Government will block the follow-up action on the budget if the CFP is not agreed. No doubt there is a large element of negotiating tactics in all this, but the French and also the Germans and Danes are likely to continue to take a tough line.
3. In this climate it will not be easy for the Commission to put forward new proposals that will be favourable to us; this is especially true of access on which we have no real support from the others. Gundelach will be making a tour of capitals sometime in the next few weeks: afterwards he

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will put forward new proposals which all will expect to form the firm basis for a solution and to which it will be very difficult to secure any major changes at a later stage. He has not yet accepted that these must cover access and I must therefore give him very soon a comprehensive outline of what would meet our overall needs. I set out below in broad terms a possible line but there are important constraints which we should bear in mind, both in terms of quotas, upon which we will be very demanding, and on the vital question of access.

4. In particular, as you know, the fishing industry is under very severe pressure as a result of the loss of distant water fishing opportunities over the last ten years, and more recently of the effect of the strength of sterling on import and hence UK market prices: at the same time very substantial increases have occurred in fishermen's costs. These are factors that we can do little to change, although you are aware (for example from the recent correspondence with Jim Prior) of the political pressures to which they give rise. We can, however, try to deal with the uncertainties affecting the industry which are compounded by the over-fishing of vital stocks, something which will continue until the common fisheries policy is settled. The fishing industry badly needs a CFP settlement and the more thoughtful leaders are beginning to appreciate the fact. Even so we might be justified in continuing to take a very tough line in the expectation that eventually the other member states will see reason.

5. However, there is the problem that I set out on 17 August last when my office sent yours our assessment of the legal position if the CFP remained unsettled. You may recall that this explained that essentially we face two major difficulties. The first is that the access derogations in the Treaty of Accession expire on 31 December 1982 and after that date 'equal access' or, to put it another way, 'access up to the beaches' will apply unless a contrary decision is taken. The others will know, therefore, that if no decision is taken on

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the CFP this year our negotiating position will progressively weaken as the 1982 deadline approaches.

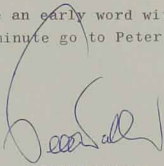
6. The second difficulty is that we face judgements in European Court cases in which the national conservation measures we have adopted over the last couple of years may be held to be illegal by the Court. Judgement in the first case is expected before the summer break. The views of the Advocate-General are already available and, unfortunately, are significantly more unfavourable than we had expected. If his views were to be supported by the Court we would probably have to abandon the national measure to which our fishermen attach most importance - the Norway pout box. Even the option of defying the Court would probably not avail us in this case. The Danes are likely to challenge the measure both by forcing us into mass arrests, bringing about a physical confrontation, and by instituting legal proceedings in our civil courts to claim damages. Moreover, it is probable that our own Courts would not enforce a national law held to be incompatible with Community law; we would therefore not be able to enforce penalties even if we did not repeal the measure. Our position in practical terms is therefore very much weaker than that of the French in the sheepmeat case. The industry will demand that a box be reintroduced which will only be possible by reaching agreement in the Community. Similar adverse consequences are likely to follow the other Court judgements. The overall effect of the Court's judgements will therefore also be to weaken our negotiating position.

7. The prospects are, therefore, decidedly bleak if we do not reach a conclusion fairly soon. I do, however, see one possible way forward. The number of large vessels in the United Kingdom fleet has already declined to such an extent that they no longer represent a major interest. Economic forces have meant that the number of deep sea vessels has halved between 1975 and 1979 and there have been substantial further reductions since. It is clear that the future lies progressively with the smaller vessels which are better able to cope with present day conditions. We cannot ride two horses at once and there is a strong case in political and economic

terms for recognising that our main objective should be to secure a good long term future for the inshore fleet. There are more than 7,000 vessels, albeit some of them very small and only used part-time, that compose our inshore fleet, whereas we are now down to only around 300 vessels of over 80ft and only 24 over 140ft. Naturally we should secure as many long distance fishing opportunities as is possible but it must be right for us to concentrate as our prime purpose ^{on} a secure future for inshore fishing.

8. We could, I believe, devise a plan on access, especially round Scotland and the other areas covered by the description 'north Britain' mentioned in Annex VII of the Hague Agreement for which the Fisheries Text envisaged special arrangements, which offered substantial advantages to the smaller vessels but was overtly less discriminatory than a simple flag preference. A plan on these lines would also commend itself more to the Commission than an overtly discriminatory one and I would hope that George Younger and I could persuade Gundelach to put it forward at the same time as quota proposals. In an eventual solution which favours the inshore industry we will have to consider ~~substantial~~ grants to help the deep sea fleet to adapt to the new circumstances. This would offer much the best chance of a satisfactory overall deal this year. I believe that most of the industry, especially that large part located in Scotland, could be brought to appreciate its advantages.

9. I suggest George Younger and I have an early word with you about these ideas. Copies of this minute go to Peter Carrington and Ian Gilmour.



PETER WALKER

Original
- LK



cc MAF

Fishing

10 DOWNING STREET

THE PRIME MINISTER

21 June 1980

Dear Walter,

You wrote to me recently about the problems of the fishing industry and the particular impact these are having in Fleetwood.

Your letter sets out the situation very graphically. I have also received a letter recently from the Chairman of the Fisheries Development Committee following the meeting with Alick Buchanan-Smith to which you refer in your own letter.

I keep very closely in touch with the situation in the fishing industry and am well aware of its current problems. Peter Walker has arranged with George Younger that they should meet representatives of the industry on 3 July to make a detailed study of its financial situation in the light of developments in our markets, modifications in certain tariffs which we are pressing for in Brussels and the position with the CFP negotiations. This will provide a firm basis on which to reassess the support we are currently giving to the industry.

I believe that our record in Government shows that we have been ready to act to help the industry when the case for action has been made.

Yours sincerely

Raymond

Sir Walter Clegg, M.P.

JS.



With the compliments of

EUROPEAN COMMUNITY DEPARTMENT

(INTERNAL)

Michael Arthur

FOREIGN AND COMMONWEALTH OFFICE

LONDON, SW1A 2AH

cc Alexander N. 10
Parker MAFF.

Mr
Fishing Ind

Encl of 4

Paul

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TELEGRAM NUMBER 565 OF 19 JUNE 1980
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AND THE HAGUE

FRENCH COUNCIL OF MINISTERS: FISHERIES

1. THE COMMUNIQUE ISSUED AFTER TODAY'S MEETING OF THE FRENCH COUNCIL OF MINISTERS CONTAINED THE FOLLOWING PASSAGE ON FISHERIES:
"THE MINISTER OF TRANSPORT GAVE AN ACCOUNT OF THE WORK DONE AT THE FISHERIES COUNCIL HELD IN LUXEMBOURG ON 16 JUNE. A COMMON POLICY ON FISH MUST BE PUT INTO EFFECT BETWEEN NOW AND 1 JANUARY 1981, IN PARALLEL WITH THE IMPLEMENTATION OF THE DECISIONS TAKEN ON 30 MAY ON THE BRITISH BUDGET CONTRIBUTION AND AGRICULTURAL PRICES. THIS POLICY MUST BE BASED ON RESPECT FOR THE FUNDAMENTAL PRINCIPLES ENshrined IN THE TREATIES, NOTABLY THE PRINCIPLE OF EQUAL ACCESS FOR FISHERMEN IN COMMUNITY FISHING ZONES. IN ORDER TO ACHIEVE THIS OBJECTIVE, A TIMETABLE OF URGENT WORK WAS ADOPTED INCLUDING PARTICULARLY A FURTHER MEETING OF THE COUNCIL ON 21 JULY AND A MEETING IN SEPTEMBER. THE COMMISSION FOR ITS PART HAS COMMITTED ITSELF TO PUTTING FORWARD PROPOSALS ON THE FIXING OF QUOTAS AT THE BEGINNING OF JULY".

FCO PLEASE PASS TO SAVING ADDRESSEES

HIBBERT

[REPEATED AS REQUESTED]

FRAME FISHERIES

ECD (1)

[NOT ADVANCED]



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

From the Minister's
Private Office

~~MODBA~~

N Sanders Esq
Prime Minister's Office
10 Downing Street
London SW1

I told GARTH we had
no obs - I hope you

18 June 1980

have none.

MS
18/6

Dear Nick

COUNCIL OF MINISTERS (AGRICULTURE AND FISHERIES):
16-17 JUNE 1980

I attach a copy of the statement which Mr Walker hopes to make to the House today. I would be grateful for immediate clearance.

I am copying this letter to Ingham; Stevens (Leader of the House's Office); Maclean (Whip's Office, Commons) Pownall (Whip's Office, Lords); Wright (Cabinet Office) and to private secretaries of the other Agricultural Ministers and members of the OD(E).

Yours sincerely

G R Waters

G R Waters
Principal Private Secretary

Revise 1
Cleared by Dept.

PARLIAMENTARY STATEMENT ON THE FISHERIES AND AGRICULTURE
COUNCILS, LUXEMBOURG, 16/17 JUNE

Mr Speaker, I beg leave to make a statement on the meetings of the Fisheries Council and the Agriculture Council that took place in Luxembourg on Monday and Tuesday of this week.

My right hon friend the Secretary of State for Scotland, my hon friend the Minister of State and I represented the United Kingdom at the meeting of the Fisheries Council on 16 June.

The Council had a friendly and constructive meeting and the main item on the agenda was to have a general discussion on the principles that should govern the allocation of catch quotas between Member States on the basis of a background document prepared by the Commission.

The United Kingdom made clear its view as to the importance of taking into account the figures of catches prior to the considerable losses ^{in fishing opportunities for the UK fleet} that had taken place in the seas of third countries. We stressed the importance of the special needs of local communities and the importance of recognising the proportion of the fish in the waters of Member States that is found within United Kingdom fishery limits.

all the

We resisted a proposal that herring fishing be allowed in certain areas in 1980 contrary to the clear scientific advice.

We agreed to an extension until the 31 July of the interim decision on internal fishing arrangements, which requires Member States to control fishing activities by their national fleets having regard to the total allowable catches set by the Council.

The Council agreed to the ratification of the framework agreements establishing fishery arrangements with a number of third countries, but ~~the only agreements to be ratified~~ ^{This} ~~were those that will have no effect on current or future~~ fishing arrangements.

We refused to agree to the signature of an agreement with Finland which ^{considered the possibility that} ~~would have allowed Finland to~~ ^{could} obtain a catch of herring in the North Sea.

There was an important discussion on the possibility of a long term fisheries agreement with Canada and I pointed out that there could be serious implications for the United Kingdom market if unsuitable tariff concessions on fish products were to be granted to Canada at a time when our own market was already suffering from ^{a surplus} ~~an influx~~ of imports. The United Kingdom views were shared by three other delegations and the Commission undertook to have regard to these concerns in the talks that they are going to have with the Canadian Government.

The next meeting was fixed for the 21 July when, following a series of bilateral meetings by the Commission with a number of Member States, including ourselves, more detailed proposals will be put forward to the Council.

At its meeting yesterday, the Agriculture Council concluded its discussion of the text of the Sheepmeat Regulation, and at the United Kingdom's suggestion agreed that the structure of prices should be included in the one Regulation, thus avoiding the necessity of the Regulation being again considered by the European Parliament and enabling the new régime to be implemented as soon as possible. *This will enable*

During discussion on structures, we argued for the early adoption of three Integrated Development Programmes, which include one covering the Western Isles of Scotland. The Council also had before it the new proposals for Northern Ireland, one dealing with agriculture in the less favoured areas of the Province and the other with the processing and marketing of eggs and poultrymeat. At my request, the Commission agreed to amend the second proposal to include pigs. The Council agreed that a high priority should be given to reaching agreement upon these various programmes with the object of the Council approving of them at its meeting in July.

The Council discussed the Commission's report on the effect on competition in the glasshouse sector of differences in

energy costs. I emphasised the problems faced by our own glasshouse sector and urged the need for speedy action to secure fair terms of competition between producers in different Member States. We were supported by a number of Member States in our view that urgent action was necessary to eliminate the adverse effects of the gas price advantage Dutch growers were enjoying. At the end of the discussion the Commission agreed that urgent action was necessary and I hope that they will be making proposals prior to the July meeting of the Council.

The Commission indicated that they intended to make their proposals for the future access of New Zealand butter after 1980 and stressed the judgement of the Commission as to the political, economic and social importance of providing New Zealand with realistic quotas for dairy products from 1980 onwards.

It was agreed that a special committee should be set up to discuss these quotas with the Commission, consisting of top officials, so that firm proposals could be made at the July Council.

The next meeting of the Council was fixed for the 22 July.

11h -





10 DOWNING STREET

THE PRIME MINISTER

16 June 1980

You wrote to me on 20 May about the problems of the fishing industry.

Peter Walker has been keeping me closely in touch with developments. I know that he and George Younger held a meeting with representatives of the main fishing organisations on 13 May who set out very strongly the case for action to protect the industry from the impact of weak prices and high costs.

We have, of course, taken some action to help the industry. We introduced an aid package in March which will continue to benefit the industry through the summer. The full benefits of this will not yet have been felt by the industry. I understand too that action is being taken within the Community to influence import prices by raising reference prices and some tariffs although not too much should, I understand, be expected to flow from this.

The question is clearly whether what we have done so far is enough. I understand that Peter Walker and George Younger have asked the industry to co-operate in drawing up a full picture of its economic situation and will be meeting its

/leaders

leaders again early next month to reassess the position. This should provide a basis on which, if necessary, we can look again at the need for fresh measures to help the industry meet its problems.

(SGD) MARGARET THATCHER

The Right Honourable James Prior, M.P.

vb

Fishing

PRIME MINISTER'S TELEPHONE CONVERSATION WITH THE MINISTER OF
AGRICULTURE, FISHERIES AND FOOD ON SATURDAY 14 JUNE 1980

Mr. Walker: ... so he said "What do you mean parallelism". To which he said the CAP has been settled, the Budget has been settled and the fish must be settled almost^{at} the same time. So Gunderlach said "That's absolute rubbish. The Foreign Ministers agreed to December 31 as the date by which an attempt should be made to settle ^{on} and I can assure that this is a matter which cannot be settled in a few weeks." I thought I would have a word with you because I didn't know whether you had picked up anything in Venice about this.

PM: Nothing at all. I understood that they are a bit wounded about the way the French papers played it because they reckon the French papers picked up from the British papers. Certainly they are a little wounded. And I said What are you feeling wounded about? France did extremely well. She got her agricultural prices and her sheepmeat which provides for intervention for her. But undoubtedly they were sort of wounded. But even so, they can have a settlement if they give us anything we want.

PW: But Gunderlach told the French there was no way it could be done, it was impossible and so forth. But I mean I think if the French try a very high profile on all this on Monday I have to knock them down rather sharply. But I mean I thought I would check with you. I mean there is no way we should accept the French bludgeoning on. And of course to some extent the Germans had taken this very high line on fish. But I had a good meeting on Friday with the German Ambassador who, as you know, was Schmidt's head of Private Office ...

PM: Rufhus?

PW: And he came in to see me specifically on fish with a message from the Chancellor. The Germans wanted a speedy settlement and the basic principles of free access and all that sort of thing. And so I said to him: Look, you know full well that I have had meetings with your side, and there is nothing conflicting between what Germany wants and what Britain wants. But if you want to go

/on this

PW: on this basic principle of fishing up to the beaches for any country in Europe anywhere I can ^{tell you} / there is no possibility of any description of a settlement. And I said that you have got to realise that as far as this country is concerned the Prime Minister is totally committed to the retention of a good strong fishing industry but the political problems of Scottish nationalism are highly connected with it, that emotionally this country has always supported its fishing industry and the position of this Government and Parliament as a whole could not be clearer. But you must realise that there is a position where both Germany and Britain can have a perfectly good fishing policy which none of us conflict on. So he said: Well our concern of course is, as you know, is not fishing up to your coast but it is fishing within the 12 mile limit of Denmark. So I said: Well there is nothing stopping negotiation on historic rights between you and Denmark but if you push this line of free access everywhere in Europe, not only Denmark and Britain but several other countries too ^{would be} / passionately opposed to it, and you just won't get a settlement. So he said that he agreed with that but we have to make these noises at home at the present time and so I said: Well look, as far as I am concerned, I am happy to meet with the Germans before every Fishing Council meeting. I know for a fact that there is nothing conflicting between us and we really should be able to get a sensible agreement. He said he thought that was absolutely right and he would be reporting that to Schmidt. And he would very much welcome very close British/German co-operation to get an agreement. So that might be a useful meeting viz a viz the Germans. But I just think the French seemingly are going to play a much more high domestic political profile than has been indicated today. I am in fact lunching with the French Minister on Monday before the Fishing Council so obviously I will get a greater impression from him directly on that. But Gunderlach said that he was taking on the 'phone very much the line that the British have got their Budget settlement and now we demand our fishing settlement.

/PM:

PM: Well they have had their sheepmeat settlement.

PW: But I mean the fact is we are still contributing more to the Budget than France.

PM: That's right. And more fish.

PW: More fish. More money to the Budget. But I just wanted to check with you on that.

PM: Well, you can't be hassled. You know how much fish means to us.

PW: Well, of course I won't be. But I just wanted to check in case you picked up anything at Venice.

PM: No, nothing. I did have breakfast with Giscard. I must say that the atmosphere was reasonable. He did indicate that the farmers felt deeply wounded, etc., etc., and they were the sort of people who wouldn't forget. And I said well they had a very good agricultural prices settlement. And I thought France did very well because, as you say, France pays less than we do. We are having trouble with them in the New Hebrides, as you know. It might just be a little bit of back-lash resentment.

PW: I think it is. I am sure at the moment Giscard has had a bad press at the moment in France and I think here he is out to look for issues in which he shows French independence here and so on.

PM: Yes. Well if they want a settlement quickly than all they have got to do is give us what we want.

PW: Yes sure, Fine. I thought I would just report to you because Gunderlach came on the 'phone last night to say that he decided that at Tuesday's Agricultural Ministers meeting he was going to have a private session with Ministers only on the question of New Zealand to get a mandate that when he goes out to New Zealand

/to negotiate

PW: to negotiate with Muldoon he can negotiate the diary products as well as the sheepmeat. He said to me that it would be quite impossible to go to New Zealand and settle the sheepmeat and we will look at the diary products later. So I said that was absolutely right and he is therefore going to raise it on Tuesday. I 'phoned the New Zealand High Commissioner and asked him to report it to Muldoon and to tell Muldoon to give me any briefing he wants before Tuesday and tell them that I will report back to them as soon as the private session is over and that if, between now and Tuesday, they can put any more pressure on Giscard or France to act reasonably within the negotiations when that discussion comes up all well and good. So that is the current state on that.

PM: I am dining with him tonight, and with Holyoak, and the New Zealand High Commissioner.

PW: Oh fine. I had a conversation with him earlier this afternoon and I have always felt that they are going to get a much better dairy settlement by doing the two together.

PM: Yes, I know. When is Gunderlach thinking of going out?

PW: I think as soon as possible.

PM: As soon after that meeting.

PW: I think for once Gunderlach is very genuine in wanting to bring back a good New Zealand agreement. That has all gone through to the New Zealand Government and they know about it.

PM: All right Peter, thank you for 'phoning. It is an unexpected aberration isn't it. Very childish. All right. Thank you. Goodbye.

Handwritten initials: L. Walker

1. MR. ALEXANDER

2. PRIME MINISTER

Mr. Gundelach telephoned Mr. Walker's Private Secretary this afternoon and reported on a conversation he had had with the French Fisheries Minister, M. Le Thule.

M. Le Thule had said that the French Government expected the Common Fisheries Policy to be entirely settled at the next Fisheries Council on Monday "in view of the parallelism of the Foreign Council". (Mr. Gundelach did not know precisely what was meant by this phrase.)

Mr. Gundelach had replied that he would have to move delicately at Monday's Council meeting. M. Le Thule said that, if a settlement was not possible on Monday, then it would have to be reached at the following Fisheries Council meeting on 22 July. Mr. Gundelach had responded to this that the Foreign Affairs Council had said that a settlement must be reached by the end of the year. To this, Le Thule replied that it must be settled much sooner than this. If it was not, then the French Government would re-open the decision on the Budget.

Mr. Gundelach commented that this intervention by Le Thule seemed to be on the instructions of M. Barre, and that it was a reflection of the general dissatisfaction in France with the Budget outcome.

Have phoned

M. Walker.

TL

13 June 1980

Settlement can't be

agreed unless they

*accept our needs for
represented areas
not*

TELEPHONE CONVERSATION BETWEEN MR GUNDELACH AND MR WATERS -
13 JUNE 1980

Mr Gundelach telephoned on 13 June to speak to the Minister.
In his absence, he spoke to me.

He said that he was concerned at the hard line being taken by the French Government. The French Fisheries Minister was interpreting "parallelism" of the Foreign Affairs Council to mean that all the outstanding issues of the Common Fisheries Policy should be resolved at the Council meeting this week. Mr Gundelach said that he had explained to Mr Le Theule that he would be taking a cautious and careful approach to the current Council so as to get the best outcome and that Mr Le Theule had understood these explanations. However, Mr Le Theule had reduced his expectations only to the extent of deferring the entire settlement to the July 22 Council. Despite Mr Gundelach's argument that the Foreign Affairs Council had committed the Community to seek decisions by the end of the year, Mr Le Theule remained adamant that the French Government, and the French Prime Minister, expected decisions to be reached straight away.

Mr Gundelach said that he was getting similar noises, though not so sharp, from Germany. The Germans, however, were more likely to be sensible in the end and their interest was in seeing signs of progress. The French attitude had its roots in the French Prime Minister's discontent with the budget solution.

I promised to pass the message to the Minister and arranged for the Minister to speak to Mr Gundelach on Friday night from his home. I said to Mr Gundelach that a satisfactory settlement on an appropriate basis within the time scale envisaged by the French Government would, of course, be welcome to the British Government. However, I agreed with him that it was very difficult to discern such a prospect.

G R Waters

G R WATERS
16 June 1980

Mr Mason + 1

cc Miss Rabagliati
Mr Steel
Mr Sadowski
Mrs Brock
Mr Kelsey
Mr Packer
Mr Dawes
PS Lord Privy Seal
Mr Alexander - No 10
Mr Wright - Cabinet Office

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*VLB
Adm
MAFF*

10 DOWNING STREET

THE PRIME MINISTER

12 June 1980

Dear Mr. Plessner,

Thank you for your letter of 10 May, about the fishing industry, with which you enclosed a cheque for £75.26.

I know of the deep concern which is felt at present about the fishing industry, and have followed closely the discussions which Fisheries Ministers have had with representatives of all its sectors recently.

Our quota regulations have been introduced after full consultation with representatives of the fishing industry, and we have tried both to strike as fair a balance as possible between the interests involved and to ensure that fishing opportunities are available equitably throughout the year. Failure to introduce some form of controls on these stocks would only exacerbate the dangers of over-fishing to the detriment of all our fishermen. Certain other member states have also introduced controls on their fishermen but clearly the most satisfactory solution to this problem would be a settlement of the Common Fisheries Policy with quotas agreed for each Member State.

Your letter also alleges that vessels from other member states have been fishing with undersized nets and catching herring illegally. In the absence of an agreed common fisheries policy national governments are responsible for the conservation of fish stocks and it is for them to ensure that national conservation measures are properly enforced. For our part, we are ready to take action against any vessel found fishing contrary to our regulations in United Kingdom waters.

/ In the long run

In the long run, the best way in which the Government can help the industry towards security and prosperity is by continuing to press for a fair and enforceable settlement of the revised Common Fisheries Policy. It is this most of all which will enable the industry to plan with confidence for the future and to make the most of the resources available to them. In the meantime, the Minister of Agriculture, Fisheries and Food has asked Mr. Gundelach to take action to control the flow of imports into the European Community and as a result reference prices for frozen fish have been increased. A decision will shortly be taken on a proposal to restore the full rate of duty on imports into the Community of fresh, chilled and frozen cod, haddock and hake. Taken together, these proposals should go some way to prevent the U.K. market being undermined by excessively cheap imports from outside the Community.

This year, we have provided additional special assistance to the industry over and above the programmes of continuing support which in the current year will cost some £20 million. This package of temporary aids is designed to put an extra £3 million into the industry during the year. I understand your frustration in the face of present difficulties, but I hope you will accept that our assistance is intended to provide a little extra support in this interim period. I return your cheque, and I am sure that you can put the money to good use.

Yours sincerely
Ray and Helen

W. Messruther, Esq.



10 DOWNING STREET

THE PRIME MINISTER

11 June 1980

Dear Mr. Walker

You wrote to me on 27 May to thank me for arranging a meeting between your Committee and the Minister of State at the Ministry of Agriculture, Fisheries and Food. You also sent me telegrams reporting the tying up of the trawlers 'Irvana', 'Boston-Halifax' and 'Boston-Stirling'.

I am well aware of the efforts which your Committee has made to maintain efficient and viable fish-handling facilities at Fleetwood and I am sure that the meeting on 21 May was useful for all concerned. I understand that it lasted for two hours and provided a full opportunity to spell out the difficulties now facing the fishing industry as your Committee see them.

As you will know, the Minister of Agriculture, Fisheries and Food and the Secretary of State for Scotland will be meeting representatives of the industry within the next few weeks to re-assess the present position in the light of developments in our market and in the CFP negotiations.

I assure you that I am keeping closely in touch with developments in the fishing industry and I believe that this Government's record shows that we have been ready to act to help the industry when the case for action had been made. I

/also take

also take this opportunity to repeat that our commitment to securing a fair outcome to the negotiations on the Common Fisheries Policy remains as firm as ever.

signed

MT

Edwin Walker, Esq.



From the Minister

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

Prime Minister ②

Ans

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

10 June 1980

John G. ...

Ans

NEXT STEPS ON NEGOTIATION OF THE REVISED COMMON FISHERIES POLICY

The text on fisheries which forms part of the proposed agreement on the EC budget issue offers the prospect of a serious attempt by the Community to reach a settlement of a revised Common Fisheries Policy by the end of this year. George Younger and I have therefore considered the approach which we should adopt in the coming months.

In view of the economic state of our fishing industry, it would clearly be to our advantage to reach a settlement as early as possible this year if acceptable terms can be obtained. But on past experience, agreement on the full package is unlikely to be reached until the last Council meeting before the deadline, ie in December, and we cannot assume that it will be possible even then.

With this in mind, we need to make progress on discussion of the main issues fairly soon and we have this work in hand. In the context of our overall post-budget approach and in view of the present lack of preparedness of the fisheries dossier in Brussels, it would be desirable to have a relatively low-key Council on 16 June, opening the way for a more substantive Council in mid-July. Some decisions might then be possible. And there would be an opportunity for any necessary bilateral negotiations in the second half of the summer recess, so that the main negotiations can take place from the September meeting onwards. If early agreement can be reached before December, so much the better.

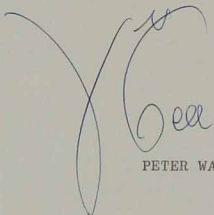
We expect conservation and control to be the principal subjects discussed at the June Council. Progress on both should be possible, although the Commission are unlikely to be ready with definitive proposals at that stage. On conservation, following the successful bilaterals with the French, all the problems should be capable of resolution except for the Norway pout box, on which the Danes are likely to be reluctant to move in advance of the European Court

case judgement on our national measure. On control, agreement could be reached on the catch reporting and other enforcement provisions if the Commission move fast enough, but again this is likely to spill over into the July meeting.

Although the Commission have mentioned the possibility of papers on quotas, structure and national aids, neither the Commission nor the Presidency have undertaken the preparation necessary before serious discussion of these issues could take place and any papers or proposals could not receive more than preliminary consideration at the June meeting. We will, however, wish to register our expectation that access will be one of the issues in the general CFP package and that there will be no question of deferring its discussion until next year. It is clear from Community discussions in the last few days that this could present difficulties.

Lastly, there is likely to be discussion of the mandate for the long term agreement with Canada, although we would prefer to avoid this. If it is on the agenda, there will be difficulties because German desires to buy fishing opportunities for their distant water fleet at the cost of tariff concessions would be strongly opposed by the UK catching interests. Our flexibility on this issue at this Council is therefore very limited.

I am sending copies of this letter to members of OD(E), the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

A large, stylized handwritten signature in blue ink, consisting of a large 'P' and 'W' intertwined, with a smaller 'ell' at the end.

PETER WALKER



17 JUN 1960

MINISTER OF STATE (COMMONS)'S VISIT TO THE NETHERLANDS: 10 JUNE 1980

Those present:

Mr A L Buchanan-Smith

Sir Jock Taylor

Mr W E Mason

Mr T N Byrne

Miss C J Rabagliati

Mr G Braks - Minister of Agriculture
and Fisheries

Mr A de Zeeuw - Director General
for Agriculture and Food

Mr J P van Zutphen - Deputy Director
for Fisheries

Mr Th J Tienstra - Director of
Fisheries

Mr M J Kuiper - Assistant Director,
Juridical Affairs,
Ministry of Agriculture and
Fisheries

1. Mr Braks opened the discussion by welcoming Mr Buchanan-Smith and his delegation; he said that he had welcomed Mr Walker's initiative in Parma and agreed that the Dutch and the UK should discuss their common problems together. Mr Buchanan-Smith, for his part, apologised on behalf of Mr Walker that he had been unable to come himself. He had hoped to do so since it was important for this meeting to take place this week before the Fisheries Council, but in the event had been unable to do so. He hoped, however, that it would be possible for him and Mr Braks to meet again in the not too distant future. Mr Buchanan-Smith said that the Dutch and British interests in the CFP were not so very different. Progress had been made and it was to be hoped that more would be made over the coming months. The Dutch had a crucial role to play over the next year, and it was important that the 2 countries should understand each other.

2. Mr Braks said that he thought bi-lateral talks of this nature were very important since they helped to avoid misunderstandings. However, he did not think that solutions could be reached in this way. This meeting should be useful in preparing for next week's Council which, he thought, stood a good chance of success since, following the Budget settlement, there was a new feeling on European collaboration. A strong Europe would be in a better position to reach decisions on fisheries. Mr Buchanan-Smith agreed. It would be tragic to lose the opportunity of settling the fish question, and he welcomed the commitment at the recent Foreign Ministers Council to settle the CFP by the end of the year. UK Ministers felt that June and July were critical if that deadline was to be met.

3. Mr Braks said that it would no doubt be necessary for all parties to accept some compromises. However, he emphasised that the solution would be in a global package and not in the piecemeal solution of individual problems, which would not lead to a coherent policy. Mr Buchanan-Smith agreed. The individual elements had, of course, to be discussed one at a time but could not be agreed finally until the total package became clear. He thought that next week the Council should

discuss conservation, control, and broad principles of quotas and possibly access. He acknowledged that none of these issues could be settled at that meeting, but said that it was important to get the discussion going. Mr de Zeeuw said that the evident good intentions of the new British Government to settle on fisheries were most welcome. For years the UK had been the 'nigger in the woodpile' and it was important for British Ministers to show willing at next week's meeting. Mr Buchanan-Smith emphasised that when he and Mr Walker had visited Mr Braks's predecessor last year, that meeting had been most helpful. Mr van der Stee had persuaded them of the importance of seeking solutions by communautaire means. UK Ministers were in no doubt of the importance to the whole Community of an early settlement on fish. Mr Braks agreed that the Council on 16 June would not solve the CFP. However, he was optimistic on the prospects for the future since the political climate now was better than it had been for years. It was particularly important that next week's meeting should indicate to the fishing industry that the Council was genuinely concerned to settle its problems. The industry had not been too happy when the proposed May Council was postponed and seemed to be doubting the Commission's intentions.

4. Mr Buchanan-Smith said that he had some sympathy with the Commission in its decision to postpone that Council. If it had taken place then fisheries would inevitably have been tangled up in the Budget debate, which would have been to nobody's advantage. It was important at next week's meeting to look for the basis of a solution and to prepare the ground for new firm proposals from the Commission for a meeting in July. It was particularly important to have such a meeting while Italy was still holding the Presidency, flushed with the success of the Budget settlement. Luxembourg's interests in fish were negligible, and during their Presidency bi-lateral meetings would probably be more important. It was, therefore, particularly important to get things moving next week. Mr de Zeeuw said that during the Luxembourg Presidency, the Chair at the Fisheries Council would be taken by Luxembourg's Ministry of Foreign Affairs. However, the working groups et cetera would be chaired by the Dutch and they would be doing much of the preparatory work for the Council also. Mr Buchanan-Smith said that British officials would be only too glad to co-operate with Dutch officials in these tasks.

Conservation

5. Mr Buchanan-Smith said that there was a considerable area of agreement on conservation. However, the UK had 2 main difficulties: one was the pout box, where we had difficulties with Denmark, and the other was the question of mesh sizes for nephrops and whitefish where we had difficulties with France. In framing conservation policies, it was important to give priority to fishing for human consumption. Mr Braks heartily agreed with him. Mr Buchanan-Smith said that nevertheless it was important to find some solution which would satisfy the Danes, whose principal interest was in industrial fishing.

Although Denmark would be unwilling to negotiate properly until after the European Court had ruled

on the pout box, it was acknowledged on both sides that there was scope for a solution based on 'windows' in the pout box. Mr Gundelach was aware that this could not be brought to a conclusion next week, and had indicated that he would avoid forcing a discussion on it. Mr Braks said that this basic approach was acceptable. However, he emphasised that a Community solution must be sought and hoped that not too much would be done bi-laterally.

6. As far as the French were concerned, their main problem was that they disagreed with the current Commission proposal on mesh sizes. Mr Buchanan-Smith said that bi-lateral talks had indicated that a compromise might be possible: Mr le Theule was a more pragmatic man than Mr Mehaignerie. Progress was being made and it would be inadvisable to force the pace. Mr Mason said that he would gladly discuss the details with Mr Tienstra, who expressed some interest in a meeting.

Control

7. Mr Buchanan-Smith said that this was largely a technical matter and there were not any real problems. Mr Mason explained that there were 2 issues under discussion at present: one was the implementation of the agreement on catch reporting (including log books) which should not present any difficulties once agreement had been reached on log books. The other was the so called enforcement regulation - which he thought could be agreed by all if fishing plans were taken out of this regulation and placed where they properly belonged, in the discussion on access. Mr van Zutphen wondered whether that would not make access more difficult - Mr Buchanan-Smith said that he did not think so. Mr Mason said that there was one other problem in the enforcement regulation, and that was the 'one mesh one voyage' rule. Everyone had difficulties with this proposal, but it was acknowledged that it was probably best to settle it in the context of the enforcement regulation. He thought that control could be agreed in the next 2 meetings of the Council.

Quotas

8. Mr Buchanan-Smith asked what the Dutch position was on this. Mr Braks said that quotas within agreed TACs was the best method of stock management. Political decisions would be needed on quota shares - herring was a case in point for the Dutch. Fish biology was an inexact science and it must be recognised that where sensitive issues were concerned, scientific advice should not always be followed to the exclusion of political expediency. Mr Buchanan-Smith said that in the long term, the UK also wanted a solution on herring and acknowledged that quotas would be needed even though, in the short term, there may be a zero TAC. British Ministers were also under pressure from the industry to make limited concessions on herring fishing, but were convinced that it was inadvisable to approach the problem in this piecemeal fashion. It was much better to open the whole fishery when evidence indicated that this would be possible. Mr de Zeeuw

suggested that the fishery might be opened for extremely short periods - say 2 weeks - which might meet the politics of the situation. Mr Buchanan-Smith would not commit himself, but offered to go away and consider the proposal. Mr Mason added that it was in the interests of both countries to make long term sense of the herring fishery. Mr Buchanan-Smith asked what other species the Dutch were interested in in the North Sea. Mr Tienstra said that, in order of priority, the key species were sole, plaice, cod, and haddock - in addition, of course, to herring, and, at the moment, to mackerel. Mr Mason said that British and Dutch interests were not necessarily in conflict. The top species on the UK's list for the North Sea were haddock, whiting, and cod.

Access

9. Mr Buchanan-Smith said that an acceptable solution on access was critical to the UK for political reasons. The Prime Minister was committed to this course. Of particular importance to the UK were those communities which were totally dependent on fishing. The matter must be looked at on 2 levels. The first was an area of exclusive access; he thought agreement was not impossible and that an exclusive area of 12 miles seemed to be negotiable. The second was an adequate area of preference beyond that. He and Mr Walker had discussed this with Mr van der Stee last year and found the talks very helpful. Mr van der Stee had advised them to use communautaire terms when framing their demands, and to think in terms of some form of non-discriminatory scheme - for example by size of boat - which would give preference to areas specially dependent on fishing. Without being specific at this stage, he thought that the UK would be in a position to make concrete proposals broadly along these lines, and he hoped that Mr Braks would be able to support them. Mr Braks said that he too had regional problems. However, any talk of specific areas of preferential access would be likely to lead to confrontation. He was in no position to answer Mr Buchanan-Smith at this stage, but was glad to listen. He emphasised again that the final solution of the CFP problems must be in global terms. Mr de Zeeuw added that if the UK could accept the principle of equal access, all the other problems would fall into place. Mr Mason said that the UK recognised the need to be communautaire, but that the Government was committed at the highest level to a satisfactory solution for the British fishing industry, and these 2 constraints were in conflict. By application of the principle of equal treatment the UK hoped to find a compromise which would be consistent with the Community principle (laid down in Annex VII to the Hague agreement) of consideration of the needs of local communities. Mr Buchanan-Smith emphasised that the UK proposals were still being elaborated and that it was not possible, at this stage, to go into any more detail.

Canada

10. Mr Braks asked about the long term EC/Canada agreement. Mr Buchanan-Smith explained that the real problem for the UK was the effect of the current proposals on the market, which, at the present time, was under heavy pressure from imports. The Commission was aware of the need to look at the market situation in this respect, but in despite of that they were currently proposing increases in the offer to be incorporated in the mandate. Mr Braks asked whether British Ministers would raise this at the Council next week. Mr Buchanan-Smith said that they most certainly would in relation to the Canada agreement. He would be seeing Herr Rohr before the meeting to explain the reasons behind the British position. It was important that Germany should understand the UK position since their main interest was in third country fishing. Mr Braks took this point.

Date of Next Council

11. It was agreed that it was important that there should be another meeting of the Fisheries Council in July for 2 reasons - on the one hand it was politically important to show the industry that there was genuinely a concern to settle the CFP; on the other, it was important to apply pressure on the new Presidency before the summer break. It was agreed also that, while the prospects of a combined Agriculture and Fisheries Council next week presented no great problems, a meeting in July should be confined to fisheries since there would be more weighty matters to discuss.

PR.

Jane Rabagliati
12 June 1980

Distribution.

Mr Waters
Mr Steel
Mr Sadowski
Mrs Brock
Mr Kelsey
Mr Mason
Mr Packer
Mr Alexander (10 Downing Street) ✓
PS/Sir Robert Armstrong } Cabinet Office
Mr Franklin }
PS/Lord Carrington) FCO
Mr Arthur)
PS/Sir Jock Taylor
Mr Byrne
PS/Secretary of State for Scotland

13 JUN 1960





From the Minister

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

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

3 June 1980

I told you on Saturday that the current year's provision for assistance for the fishing industry is just over £23 million.

This total is made up as follows:

	<u>£m</u>
Grants and loans for construction and improvement of vessels	13.7
Grants and loans for harbour works	4.6
Grants and loans for processing operations	2.2
Fish Producers Organisations Subsidy Scheme	2.0
Exploratory Voyages	1.0
	<u>23.5</u>

In addition rebates on fuel duty for fishing vessels may be worth £0.8m. There is also provision for expenditure on research and development and for fishery protection services.

PETER WALKER





CC MAF F

DS

Fishing Industry

10 DOWNING STREET

THE PRIME MINISTER

28 May 1980

Dear Mr. Boyd,

Thank you for your letter of 9 May about the fishing industry at Hull.

I understand that this month the Docks Board are making the same level of charges for use of the Hull fish docks as applied in April and that the volume of landings is up this month on last. I have asked the Minister of Agriculture, Fisheries and Food to continue to report developments to me and I shall follow progress in the port closely.

Yours sincerely

Margaret Thatcher

T.W. Boyd, Esq.

RESTRICTEDMINISTER OF STATE (C)'S MEETING WITH ITALIAN MINISTER FOR THE
MERCHANT NAVY

ROME, 22 MAY 1980

Present:

Mr A L Buchanan-Smith
 Sir Ronald Arculus
 Mr W E Mason
 Mr R Tomkys
 Mr M J Ibbotson
 Miss C J Rabagliati

Senator Nicola Signorello
 (Minister for the Merchant Navy)
 Dott de Leon (Director General,
 Fisheries)
 Signor Formichella) Ministry of
 Signor Risi) Foreign Affairs
 2 others from MFA

1. Senator Signorello said that he welcomed the opportunity of an exchange of views on a subject of such vital importance to the European Community as fisheries. He himself was only newly arrived on the scene but - not least because of his responsibilities as Chairman of the Fisheries Council - he considered it important in discussions with colleagues to identify the necessary conditions for positive work to be undertaken by the Council with a view to resolving the many delicate problems it currently faced. It was his intention to visit his colleagues in the European capitals to ensure that the next meeting of the Council was properly prepared, and he wished to keep that possibility open even though the meeting proposed for the end of May had now been postponed. After seeing other Ministers he hoped to see Mr Walker and Mr Buchanan-Smith in London. The most important thing was to ensure that the next Council meeting stood the best possible chance of producing results.
2. Mr Buchanan-Smith, after congratulating Senator Signorello on his appointment, said that he appreciated his reasons for not visiting London that week when a May Council had still been a possibility. However he was grateful for the opportunity to exchange views and start preparing the next meeting. Reviewing the current position, he said that the useful progress that had been made in the period up to and including the January Council - to which Senator Signorello's predecessor had contributed - had suffered a set-back when the Community's attention had been diverted to the major problem of the Budget. He hoped that this would be resolved during the next few weeks; this would then leave the way clear for detailed consideration of the outstanding fisheries issues. Early progress on fish - for which he felt there was scope - would improve the climate for the fishing industry and would be good for Europe as a whole.
3. Mr Buchanan-Smith felt that the decision to postpone the May Council had been a good one - essential preparatory work by the Commission and others had not been completed. Now that TACs and catch reporting arrangements had been agreed the Council must turn its attention to the outstanding areas which, with Senator Signorello's agreement, he proposed to discuss broadly at this meeting.

4. Mr Buchanan-Smith identified four further areas where decisions were needed. Two - conservation measures and control mechanisms - should, on the basis of his own discussions with other fisheries Ministers, be capable of solution, perhaps at the June Council, without too much difficulty, though it was important to note that they could not be implemented in advance of the total CFP package being agreed. The other two, however, presented problems. These were quotas - where the UK believed that the Commission must present new proposals; and access - where the UK was seeking a coastal belt and a further area of preference beyond that. He doubted whether it would be possible at the June Council to have much more than a broad discussion of principles, but this in itself would need careful preparation. He noted that UK interests in the North Sea and Italian interests in the Mediterranean had much in common.

5. Senator Signorello concurred with the assessment that conservation and control could be resolved soon, and asked whether structures and markets could be added to that list. Mr Buchanan-Smith pointed out that agreement was within reach on short-term structural measures for the inshore fleet, in which Italy and the UK had an interest. Longer-term decisions on structures would depend on the fleet requirements flowing from the decisions on access and quotas, but he felt that once those decisions had been taken structures should present no great problems. On markets, he said that this was of great interest to the UK industry and needed closer examination at official level.

6. Senator Signorello noted these views. He moved on then to quotas and access, which he acknowledged were crucial. Quotas, he thought, could be agreed. On access, he asked whether the UK was still seeking a coastal zone of 50 miles or whether this was negotiable. Mr Buchanan-Smith said that the UK needed an exclusive zone - which could be less than 50 miles - within which the main problem would be the question of historic rights. Beyond that it was also important to establish some form of preference to protect the interests of local communities dependent on fishing. The Government had been at pains not to put specific figures on the table which would make negotiation of a package more difficult.

7. Senator Signorello asked if this meant that the UK intended to move towards a positive solution on historic rights having regard to existing historic rights. Mr Buchanan-Smith replied that he wished to keep the door open on this particularly tricky problem. For political reasons the optimum would be to minimise historic rights! One possibility might be to phase them out over a period. The way forward would have to be worked out in discussion of the overall package.

8. Senator Signorello asked whether, in the interests of making early progress, there were any areas on which the UK could contemplate agreement in advance of the decisions on quotas and access. Mr Buchanan-Smith said that with the one exception of short term structural measures, implementation must await the final package. However that need not preclude earlier agreement on the detailed principles.

9. Mr Buchanan-Smith made the following points in conclusion:

- a) The British Government - at the highest level - wanted to avoid fisheries being caught up in the Budget. However

they had already demonstrated their willingness to work on the preparation of a guideline text on fisheries for inclusion in the package.

b) The whole problem of fisheries would not be resolved in a single meeting in June. But that meeting would set the pattern for future progress and it was crucial therefore that it show positive results.

c) Preparation was essential and pressure must be applied to the Commission and other member states to that end. He appreciated Senator Signorello's recognition of this and welcomed his proposal to visit London for further detailed talks before the June Council.

10. Senator Signorello confirmed his wish to work towards a positive June Council, properly prepared. He recognised the political framework within which he was working and hoped that the common interests of Italy and the UK would lead to a constructive working relationship. He thanked Mr Buchanan-Smith for his visit and confirmed that it was his intention to visit London in the near future.



Jane Rabagliati
23 May 1980

Circulation

Mr Waters
Mrs Brock
Mr Kelsey
Mr Mason
Mr Packer
Mr Holmwood
Mr Cann
Mr Alexander (10 Downing Street) ✓
PS/Cabinet Secretary
Mr Franklin (Cabinet Office)
PS/Foreign Secretary
Mr Arthur (FCO)
PS/Sir Ronald Arculus } HM Embassy, Rome
Mr Ibbotson }
PS/SS Scotland



29 MAY 1960



Type for PM fishing Ind
MAP

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

From the Minister's Private Office

Mike Pattison Esq
10 Downing Street
London SW1

22 May 1980

Dear Mike

Thank you for your letter of 12 May enclosing one from Mr T W Boyd who was following up the Prime Minister's meeting on 24 April with a delegation from Hull. I attach a draft reply for the Prime Minister to send to Mr Boyd.

Since the meeting on 24 April the Docks Board has agreed to extend for May the arrangements for reduced dock charges at Hull which applied in April. Landings so far in May have already exceeded those for the whole of April. The only UK based trawler regularly landing wet-fish in Hull has now been laid up (this vessel belongs to Boyd Line) but its contribution to the total volume of landings was relatively small.

Yours sincerely

David Jones

D E Jones
Assistant Private Secretary

DRAFT FOR THE PRIME MINISTER'S SIGNATURE

T W Boyd Esq
Boyd Line Ltd
St Andrews Dock
HULL HU3 4PS

Thank you for your letter of 9 May about the fishing industry at Hull.

I understand that this month the Docks Board are making the same level of charges for use of the Hull fish docks as applied in April and that the volume of landings is up this month on last. I have asked the Minister of Agriculture, Fisheries and Food to continue to report developments to me and I shall follow progress in the port closely.

27 MAY 1960



FISHERIES COUNCIL

(Mr Jones' minute of 21 May and my reply refer)

Shortly before lunch, Mr Gundelach contacted me. He said that he had managed to convince Chancellor Schmidt that a Fisheries Council before the European Council would be a bad idea. Chancellor Schmidt now wanted to have a text on fisheries considered in the appropriate channels for submission to the Council of Foreign Ministers. The Italian Foreign Minister and Signor Ruggiero had also said that they were against having a Fisheries Council. Only the Dutch still wanted a Fisheries Council because of their pre-occupation with the Matjes Festival. They would have to come in line with the consensus and to understand that they could not have a special concession for Matjes herring.

I thanked Mr Gundelach for his efforts. I later heard that the Fisheries Council has definitely been cancelled by decision of COREPER this morning.

Capt Wtney

G R WATERS
21 May 1980

Mr Mason + 1

cc Miss Rabagliati
Mr Steel
Mr Sadowski
Mrs Brock
Mr Kelsey
Mr Packer
PS/SS Scotland
PS/SS Wales
PS/SS Northern Ireland
PS/SOSFA
PS/Lord Privy Seal
Mr Alexander - 10 Downing Street
Mr Franklin - Cabinet Office



22 MAR 1960

POSSIBLE FISHERIES COUNCIL - 28 MAY

Mr Gundelach rang this office shortly after 11 am this morning to make clear his views about the possibility of a Fisheries Council on 28 May. He said that he had been informed yesterday that the Germans and the Dutch would insist in COREPER today that a meeting should take place, the former under instructions from the Chancellor himself and the latter because of their desire for a special arrangement for the "Matjes" Festival which takes place in June. Mr Gundelach said that he still believed it would be wrong to have a Council at this point - indeed he felt more strongly now than he had done last week. The Foreign Affairs Council would not now be meeting on the 28th, so the argument that the Councils should take place in parallel could no longer be sustained. Mr Gundelach said that he had explained his view to the Italian Council President, Mr Colombo, who had expressed his agreement, and that he would be doing all he could to stop the Fisheries Council from being arranged. Nevertheless, he did not seem confident of being able to resist pressure from the Germans in particular, and he urged that the Minister should also do his utmost to help overcome the pressure for a meeting.

I undertook to pass this message to the Minister and assured Mr Gundelach that he still had the full support of Mr Walker for his efforts to avoid a meeting this month.

*D E Jones*D E JONES
21 May 1980Mr Waters + 1

cc Miss Rabagliati
Mr Steel
Mr Sadowski
Mrs Brock
Mr Kelsey
Mr Mason
PS Lord Privy Seal
PS SS Scotland
PS SS Wales
PS SS Northern Ireland

Mr. M. H. C.

Thank you. The Minister has asked that the Foreign Secretary should intervene with the Italian Presidency to argue against having a Fisheries Council before the European Council. I have asked Mr Lever (FCO) to put that to the Secretary of State.

*G R Waters*G R WATERS
21 May 1980Mr Jones

cc as above +
PS Foreign Secretary
Mr Alexander - 10 Downing Street
Mr Franklin - Cabinet Office



Chancellor of the Duchy of Lancaster

2
PRIME MINISTER
PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

To see

My

19 May 1980

[Handwritten signature]

Dear Nick

The Chancellor of the Duchy would be grateful if you would bring the exchanges in the attached Hansard extract to the Prime Minister's attention.

Yours sincerely
[Handwritten signature]

MISS PETRA LAIDLAW
Private Secretary

Nick Sanders Esq
Private Secretary to the Prime Minister
10 Downing Street

My hon. Friend the Member for Aberdeen, South (Mr. Sproat) expressed concern about fisheries policy. The Government are determined to achieve a satisfactory settlement of the revised common fisheries policy which fully reflects the needs of the industry. The same concern for the fishing industry was expressed by the hon. Member for Kingston upon Hull, West (Mr. Johnson). I was deeply impressed by the force and sincerity of his remarks about the threat to our fishing fleet. I shall certainly bring to the attention of my right hon. Friend the Minister of Agriculture, Fisheries and Food the concern expressed by the hon. Gentleman. I can assure him that the Government are in close touch with the fishing industry and are well aware of the considerable difficulty that certain sectors of the industry have been facing. As the hon. Gentleman knows, we have announced a package of financial aid for the fishing fleet worth £3 million.

The hon. Gentleman mentioned the fact that the Prime Minister is knowledgeable about the industry and sympathetic to its needs. I shall take the opportunity to bring the remarks of the hon. Gentleman to her attention on the eve of the continued negotiations about our Common Market policy. I am sure that his views will have the greatest effect in those negotiations.

Mr. James Johnson: Does the Leader of the House fully appreciate that Hull is unique? It is the only distant water port. We are the only port in this predicament. That was the point I wished to get across. Aberdeen is Aberdeen and Lowestoft is Lowestoft. Hull will be finished completely, whereas the others have something else to fall back on.

Mr. St. John-Stevas: That point has been made cogently by the hon. Gentleman and I will convey it to the knowledgeable and sympathetic Prime Minister. I hope that she will be even more knowledgeable and sympathetic as a result.

My hon. Friend the Member for Chipping Barnet (Mr. Chapman) raised the problems of the construction industry. I shall convey his remarks to my right hon. Friend the Secretary of State for the Environment.

I turn back to the most important contributions made by the various hon. Members from Northern Ireland and in

particular the speech of the hon. Member for Armagh (Mr. McCusker) and that of the hon. Member for Down, North (Mr. Kilfedder). In this House we tend, all too easily, to forget the strains and sufferings to which the people of Ulster are continually subjected. It is good to be reminded of that in these debates when hon. Members raise the matters that they consider most important. I can only say that the Government are determined to continue their struggle against the IRA and, although the IRA, unfortunately, maintain the capability to murder and destroy property, the campaign of the security forces to suppress terrorism through the law continues unabated. There have been a number of important arrests, finds of arms, ammunition and explosives in recent weeks. The most significant of these was the capture of an M60 machine gun in Belfast on 2 May. My right hon. Friend the Secretary of State was present for part of the discussion. We shall continue our efforts to bring peace and security to the people of Northern Ireland.

The hon. Member for Newport (Mr. Hughes) raised the issue of unemployment benefit and it was also mentioned by the right hon. Member for Ebbw Vale. Under a long-standing rule a claim for unemployment benefit by a person declared redundant whose employment has not been terminated when a trade dispute begins is treated in the same way as a claim from other workers who lose their employment because of a trade dispute. Where it is imposed, disqualification for unemployment benefit continues until the end of the stoppage unless the claimant obtains other employment in the meantime.

We have no plans to change that rule but I shall bring to the attention of my right hon. Friend the Secretary of State for Employment the particular case mentioned by the hon. Gentleman in order to see whether my right hon. Friend can be of assistance in this matter.

I listened with interest to the remarks about the Royal Society for the Protection of Birds and the problem of marine pollution. Those points were raised by the hon. Member for Liverpool, Edge Hill (Mr. Alton). This is a matter of concern to many and the Government will continue to pay close attention to practical measures aimed at reducing the

92.
ANGLO-GERMAN BILATERAL

NRON yet *Ans*

1. Mr Mason will be recording this meeting in detail but has given me the following brief summary (which he has discussed by telephone with the Minister of State, and with Mr Franklin which I have relayed to Calamia and Baumann in Brussels, both of whom telephoned this evening.

2. It proved impossible to agree a full text with the Germans. A text was formulated which could suit the UK, but did not go far enough to meet the Germans on access - where they are still determined to include some detail on the regime inside and outside the 12 mile zone. This is quite unacceptable to the UK; Baumann (and, I think, Calamia) understands this. I did not reveal to either Baumann or Calamia that towards the end of the meeting some cracks in the German armour began to appear in that they hinted that further concessions on Canada (an increase in the total package, and increased German rights in Canadian waters!) might buy their agreement on access. The UK delegation rejected this and the Minister of State has subsequently endorsed this position.

3. The new Commission text (attached) arrived too late for a substantive discussion between the two delegations. However Mr Mason has discussed it with Mr Franklin and the Minister of State and all are agreed that from the UK point of view it is a satisfactory base for negotiations. (It may be less so for the Germans, however). There might be slight problems with the drafting of the opening paragraph, which I explained to Baumann; he told me that this had been put in to meet the German demand on the linkage, but conceded that the drafting might cause problems.

/of the /

~~Dea~~ Rabagliati
16 May 1980

Mr Waters + 1

cc Mr Steel
Mr Sadowski
Mrs Brock
Mr Kelsey
Mr Mason
Mr Packer
Mr Alexander (10 Downing Street) ✓
PS/Sir Robert Armstrong
Mr Franklin (Cabinet Office)
PS/Lord Carrington
Mr Arthur (FCO)
PS/SS Scotland
Mr Cormack

16 MAY 1980

CONFIDENTIAL

GPS 500

CONFIDENTIAL

FRAME FISHERIES

FM UKREP BRUSSELS 161144Z MAY 80

TO FLASH FCO

TELNO 2439 OF 16 MAY.

INFO IMMEDIATE BONN.

TELECON DUN/ARTHUR

FISHERIES

1. FOLLOWING IS TEXT OF COMMISSION DRAFT DISCUSSED THIS MORNING BY GUNDELACH WITH LONDON (MR BUCHANAN-SMITH) AND BONN. GUNDELACH'S CABINET ASK THAT TEXT BE PASSED IMMEDIATELY TO BOTH DELEGATIONS AT UK/GERMAN FISHERIES MEETING.

BEGINS

FISHERIES

THE COUNCIL AGREES THAT THE ESTABLISHMENT OF THE COMMON FISHERIES POLICY IS A CONCOMITANT PART IN THE SOLUTION OF THE PROBLEMS WITH WHICH THE COMMUNITY IS CONFRONTED AT PRESENT, AND THAT IT IS NECESSARY IN ORDER TO SUSTAIN THE AGREEMENTS IN OTHER AREAS TO ADOPT AS SWIFTLY AS POSSIBLE THE DECISIONS NECESSARY TO ENSURE THAT A COMMON OVERALL FISHERIES POLICY IS PUT INTO EFFECT ON 1 JANUARY 1981.

IN COMPLIANCE WITH THE TREATIES AND WITH THE AGREEMENTS REACHED IN THE HAGUE ON 3 NOVEMBER 1976, THIS POLICY SHOULD BE BASED ON THE FOLLOWING PRINCIPLES:

- (A) RATIONAL AND NON-DISCRIMINATORY COMMUNITY MEASURES FOR THE MANAGEMENT OF RESOURCES AND CONSERVATION AND RECONSTITUTION OF STOCKS SO AS TO ENSURE THEIR EXPLOITATION ON A LASTING BASIS IN APPROPRIATE SOCIAL AND ECONOMIC CONDITIONS;
- (B) FAIR DISTRIBUTION OF CATCHES HAVING REGARD, INTER ALIA, TO TRADITIONAL FISHING ACTIVITIES, TO THE SPECIAL NEEDS OF CERTAIN REGIONS IN WHICH ECONOMIC ACTIVITY IS LARGELY DEPENDENT ON FISHING AND TO THE LOSS OF CATCH POTENTIAL IN THIRD COUNTRY WATERS;
- (C) THE APPLICATION OF THE PROVISIONS OF THE ACT OF ACCESSION CONCERNING FISHERIES (ARTICLE 100-103) IN CONFIRMITY WITH THE TREATIES, IN PARTICULAR ARTICLE 39 OF THE TREATY

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/ ESTABLISHING

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ESTABLISHING THE EUROPEAN ECONOMIC COMMUNITY, AND IN THE LIGHT OF THE MOST RECENT DEVELOPMENTS IN INTERNATIONAL FISHERIES RELATIONS AND IN ORDER TO GIVE EFFECT TO THE AGREEMENTS REACHED IN THE HAGUE ON 3 NOVEMBER 1976.

- (D) EFFECTIVE CONTROLS ON THE CONDITIONS APPLYING TO FISHERIES:
- (E) ADOPTION OF STRUCTURAL MEASURES WHICH INCLUDE A FINANCIAL CONTRIBUTION BY THE COMMUNITY:
- (F) ESTABLISHMENT OF SECURELY-BASED FISHERIES RELATIONS WITH THIRD COUNTRIES AND IMPLEMENTATION OF AGREEMENTS ALREADY NEGOTIATED. IN ADDITION, ENDEAVOURS SHOULD BE MADE TO CONCLUDE FURTHER AGREEMENTS ON FISHING POSSIBILITIES, IN WHICH THE COMMUNITY - SUBJECT TO THE MAINTENANCE OF STABILITY ON THE COMMUNITY MARKET - COULD ALSO OFFER TRADE CONCESSIONS.

ENDS

FCO ADVANCE TO :
FCO - ARTHUR

BUTLER

[ADVANCED AS REQUESTED]

FRAME FISHERIES

EOD

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FISH BI-LATERAL WITH GERMANS

(My minute to ^{Mr. Waters} you of 15 May refers.)

I mentioned to you this morning that Mr Gundelach had telephoned the Minister of State (Commons) this morning to discuss the handling of fisheries in the meeting this weekend of Community Ministers of Foreign Affairs. He had had an opportunity to consider the text suggested to the Germans on 14 May by the Minister of State (the Minister of State mentioned to you yesterday that he had spoken to Baumann from Gundelach's office and had reported briefly to him the outcome of Wednesday evening's meeting). Gundelach suggested the following amendments to the text - Annex A to my note of the Bonn meeting dated 15 May: the reference to "adjustments to the provisions of the treaties" should be changed to "in conformity with the treaties" (you had already discussed this possibility with the Minister of State, who was agreeable to it). Mr Gundelach also suggested that a reference to Article 39 of the Treaty of Rome might be favourable to our case. His final point was that the reference to international fisheries policy might give rise to distrust in some quarters and could usefully be modified.

Mr Gundelach said that he had been asked to prepare a text on fisheries for the Foreign Ministers' meeting. He said that he would hold this in reserve until he knew whether your discussions with the Germans this morning had resulted in a text agreeable to both parties, which as agreed, could be presented via the Italian Presidency to the Foreign Ministers this weekend.

Finally, Gundelach stressed that he was very much opposed to the idea of a Fisheries Council at the end of May. Like the Minister of State, he was certain that such a Council would degenerate into war within ten minutes. If it had to meet at all, it should concentrate exclusively on the question of a text - though he shared the Minister of State's assessment that such a restriction would be most unlikely to be adhered to. However, the Minister of State formed the impression - which he was of course unable to probe in detail - that if the Council were called for the end of May Mr Gundelach would not be adverse to presenting detailed proposals for the revised CFP.

I have reported this verbally to Mr Franklin's office. I have since heard that Gundelach's office have been in touch with the Minister's office asking for an early indication of the outcome of today's meeting with the Germans. I understand that they will be telephoning the Minister's office again towards the end of this afternoon.

JR.
Jane Rabagliati
16 May 1980

Mr Mason + 1

cc see over

cc Mr Waters
Mr Steel
Mr Sadowski
Mrs Brock
Mr Kelsey
PS/SS Scotland
PS/Lord Carrington
Mr Alexander (70 Downing Street)
Mr Franklin (Cabinet Office)
PS/Cabinet Secretary
Mr Arthur (FCO)
Mr Packer
Mr Abbott

Tr Abbott

116 MAY 1950



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MINISTER OF STATE (COMMONS)'S MEETING WITH STATE SECRETARY ROHR:
BONN - 14 MAY 1980

Those present:

Herr Rohr (State Secretary, Ministry
of Agriculture and Fisheries, Bonn)
Herr Möcklinghoff (Fisheries Secretary)
Herr Schlapper (Fisheries Directorate)
Herr Witt (EC Co-ordination and Policy
Directorate)
Herr Dietrich (Rohr's office)

Mr Buchanan-Smith
Sir Oliver Wright
Mr Michael Franklin
Mr W E Mason
Miss C J Rabagliati

Herr Rohr, after welcoming Mr Buchanan-Smith, attempted to direct the discussion straight into a detailed analysis of the various problems in the fisheries sector. Mr Buchanan-Smith said that his main concern was to ensure that discussions in various fora over the next 3 weeks were managed in such a way as to ensure effective solutions to the problems currently facing the Community. He did not want to undo all the useful progress that had already been made on fisheries by rushing into hasty decisions for the sake of other interests; neither did he want discussions in the fisheries forum to prejudice the outcome of discussions on the Budget.

2. Herr Rohr said that the German Government had made it clear both at Dublin and at Luxembourg that progress on fish was important; it was indispensable for them that such progress should be made before the Budget issue could be settled. After some 4 years of abortive discussions a package was now coming together which could solve the fisheries issue and, in view of the serious problems facing the deep sea fleets of the Community and the need to give reassurances on the future, it was important that this package should be sewn up. The German Government had to defend its own interests in this just as did all others. All parties needed to know where they stood and whether results were in prospect. In particular it was necessary to settle access; TACs and quotas; conservation; control; and third country agreements, not to mention structural measures on which there was no serious difficulty. Attempts had been made at Luxembourg to formulate principles on which these issues could be settled for inclusion in the Budget package; it was now important to develop those principles further, and to this end a meeting of the Fisheries Council had been proposed for 27 May. The important thing was to ensure that by agreement on these principles the discussion could be pushed forward.

3. Mr Buchanan-Smith said that he was in broad agreement; momentum on fisheries had been lost and it was important that it should be regained. The present British Government had inherited a situation of stalemate on fisheries; it had entered reluctantly into an ill-prepared meeting of the Fisheries Council at which no progress had

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been made at all and positions had become more firmly entrenched than ever. Since then they had been working constructively to try and improve that situation and had even made considerable progress. TACs and catch reporting had both been agreed, which were essential prerequisites to agreement on quotas. Unfortunately since January, when those agreements were reached, momentum had been lost for other reasons: the Commission, which needed to make new proposals before further progress could be made, had been bound up in the question of agricultural prices, and the Budget issue had dominated Community affairs. His assessment, based on discussion with colleagues in other Member States and the Commission, was that access was the next key area to be agreed; however, any discussion would need careful preparation which the Commission had not yet undertaken. An ill-prepared Council with no new Commission proposal would be disastrous for 2 reasons - it would put at risk the discussions on the Budget package, and it would undo all the progress made so far on fisheries. However, he agreed on the need to settle the Budget package and, in view of his concern at the loss of momentum on fish, was anxious to get things moving again.

4. Herr Rohr said that he was open minded on the question of whether or not a Council in May was desirable, and there was no point in discussing that for the present. The important thing, which needed to be considered separately, was to establish what could be done on fisheries in the overall package. The German Government needed more than simple undertakings for discussions in a new Fisheries Council. What progress could be made on the basis of the Luxembourg text? On access in particular, it was important that any formula should not be so open as to lead to further dispute later. Mr Buchanan-Smith emphasised that he had the gravest possible reservations about an early Fisheries Council, but was prepared to move on to discuss other issues for now. The important thing was to ensure that the matter was handled in such a way as to give the best prospect of progress on the broader front while taking account of the industry's keen interest in the development of the discussions. He reminded Herr Rohr of the problems that the British Government was currently facing with its fishermen; they had been successful so far in obtaining the industry's co-operation in the line they had adopted in Europe and did not want to lose that co-operation. He was ready to discuss, on the basis of the Luxembourg text, a text of guidelines for further work on fish. As far as the Luxembourg text was concerned, the British Government had difficulties with a number of points, most especially (f) and (c). In particular the Government was committed at the highest level to a satisfactory solution on access. He wondered whether there was any possibility of re-drafting (c).

5. Herr Rohr agreed that (c) was crucial, but stressed that it must be settled in the context of a satisfactory agreement on the other items in the list. It was also important to get some deadlines into the preamble to the Luxembourg text. Mr Buchanan-Smith said that on access it would be better, rather than opening up a detailed discussion again, to go back to previously agreed decisions, particularly

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by referring to Articles 100 - 103 of the Treaty of Accession and to Annex 7 of the Hague agreement of November 1976. This should be acceptable to all and he hoped that Herr Rohr would agree. The detail was already covered in those texts (particularly the Hague agreement) and it would be better not to fight the same battle again. He proposed an amendment to (c) along the lines of the draft at Annex A. He said that his contacts with other Member States indicated some scope for agreement, though the most difficult problem was likely to be with France. Once access and quotas had been resolved the rest would be much easier.

6. Herr Rohr was concerned that this draft implied amending the text of the Treaty of Accession, to which Mr Buchanan-Smith replied that Article 103 made provision for developments to be taken into account, so that the Treaty would not need to be amended. He also pointed out that this draft was largely based on a text which had been circulating in the Commission (the TICKELL text). Herr Rohr said that this took the discussion back to square one; he had already said that he could not accept an agreement on the basis of a declaration of principles.

7. Herr Rohr turned to the detail of access within and without the 12 mile zone. He said that historic rights within the 12 mile zone had already been conceded, but that these were only of limited interest to Germany whose only historic rights were in the waters off the Danish Island of Bornholm. He wondered whether Mr Buchanan-Smith could agree to a text which specified that access would have to be based exclusively on historic rights. Mr Buchanan-Smith said that it was too early to discuss the detail and he was certainly not ready to reach a conclusion on this point. This was a major area which still needed to be resolved. Herr Rohr said that discussions on access had already been going on for far too long; he said it was not a question of agreeing to disagree, but that the genuine solution had simply not been found. Mr Buchanan-Smith said that this was precisely why further well prepared negotiation was necessary. He felt that some Member States would be prepared to give up their historic rights so long as they obtained a satisfactory quota share. However, the real negotiation on this had not yet started. Mr Gundelach had been asked after the January Council to prepare for this negotiation, and had not done so.

8. Herr Rohr then asked whether it would be possible to agree to equal access in the zone beyond 12 miles, and leaving detailed discussion of the regime within the 12 mile zone on one side for the time being. Mr Buchanan-Smith said that any agreement for the zone beyond 12 miles must depend on the result of negotiations on the 12 mile zone itself. The Government had avoided making specific demands in these areas in order to maintain the maximum flexibility for the final agreement. They genuinely wanted a solution and had worked very hard to that end; it was important at this stage to take care not to spoil all that for short term gains on other things.

9. Herr Rohr felt that things were not so hopeless after all. He explained that he was under instructions from the highest level to

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make progress on fisheries. He wondered whether Mr Buchanan-Smith's objection would be met by an agreement on equal access outside 12 miles subject to certain conditions, to be formulated, again leaving the 12 mile zone open for discussion. He thought that such a compromise should suit everybody. Mr Buchanan-Smith said that this was not acceptable. The two could not be divided. Herr Rohr then asked who would supply the additional quota shares which Member States would allegedly accept in exchange for their historic rights. Mr Buchanan-Smith said that it was not that simple and that this was not the time for a detailed discussion of that sort. Until the Council had agreed on principles governing access and quotas, such discussions would be fruitless. He too was committed to carry the debate forward. The present uncertainty was unsatisfactory both for Government and the industry, who were critical of the Government for not putting money into restructuring as an interim measure.

10. Herr Rohr said that this surely pointed clearly to the need for a Fisheries Council. Discussions had been proceeding fruitlessly for 4 years; the German Government had made considerable concessions on the agriculture front with the aim of preserving the EC; his Finance Minister was not at all happy with the situation, and he was inclined to sympathise with him. Chancellor Schmidt needed desperately to obtain something from the overall package. Agreement on fish was critical to his acceptance of the package. Mr Buchanan-Smith said that he was less pessimistic. Real progress had been made in the last year and the Government had been criticised by the industry, particularly for its stand on third country agreements, which the industry had thought were trump cards, only to be played in the last hand. He was very concerned that all this should not be wasted by bad handling over the next 3 weeks. He truly believed that an unprepared Council at the end of May would be disastrous.

11. Herr Rohr said that progress could not be made unless there were a substantial advance on the Luxembourg text. He wondered whether it would be possible for officials to meet to discuss (c) on the basis of the evening's discussions, and prepare a text for the Fisheries Council. Mr Buchanan-Smith replied that the Luxembourg text had never been agreed and therefore there could be no commitment to go beyond it. However, if a text could be agreed this would provide a new impetus from the Summit to a speedy conclusion of the CFP. He was genuinely doubtful of the value of a detailed discussion at this stage. This would prejudice the result of a Fish Council in June. He asked Herr Rohr to state his reservations on the text.

12. Herr Rohr said that the only way to make progress was to disentangle the various strands of the CFP and take each on its own merit. Mr Buchanan-Smith said that the British Government was not seeking to delay progress by linking the various elements; they had already agreed to certain things, which was an indication of the sincerity of their search for progress. If progress on the basis he had described that evening could not be made, he would

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be obliged to tell the Prime Minister that he was fearful for the final outcome. Herr Rohr said that if paragraphs (a) and (d) of the Luxembourg text (on conservation and control) could be amended to incorporate a commitment to early adoption of measures there might be some prospect of progress. Mr Buchanan-Smith said that in principle he could see no difficulty - after all the UK was the demandeur on conservation. His one reservation was that other countries might not find it so easy to accept these disciplines as Britain and Germany. In particular the French might have problems with agreement to the early introduction of conservation measures. Mr Mason said that agreement on a text should present no difficulties so long as there was no commitment to introduce the measures before the whole package had been agreed. Herr Rohr did not dissent from this. He said that commitment in the preamble to a specific date was also important, and if all could agree to respect this date this should enable some elements of the package to be agreed earlier. Mr Buchanan-Smith said that he could consider this on the basis that the UK's final agreement would depend on acceptability at the end of the day of the package as a whole. The main thing was to see it all settled as soon as possible.

13. Herr Rohr said that he understood Mr Buchanan-Smith's difficulties on a discussion of quotas on 27/28 May. A Council at that stage could only take note and could make no decisions. He also saw the danger of bringing things to a head too soon. It would not be possible to agree finally to postponing this Council until after the meeting in Naples on 17/18 May of the Ministers of Foreign Affairs. Mr Buchanan-Smith, welcoming Herr Rohr's words, said that the next thing was to see if a text could not be agreed for the Ministers of Foreign Affairs to use as a basis for the final decision. Herr Rohr said that he was under the impression that the Commission was committed to presenting a new paper on fisheries at the Council of Foreign Ministers. Mr Buchanan-Smith did not think that this was the case. Herr Rohr suggested that officials should meet on Friday to continue this discussion and to prepare a text which, if it was acceptable to Ministers, could then be remitted to the Italian Presidency of the Foreign Council. Mr Buchanan-Smith welcomed this and said that the objective would be to work out a fuller text which covered both the British and German requirements - though it must not be forgotten that some other countries may have difficulties with such a text. Such difficulties should be avoided if possible since June and July would, in his opinion, be critical if progress was to be made. Herr Rohr emphasised that he was in no position to decide on whether or not the Fisheries Council should meet at the end of May. However, his personal view was consistent with Mr Buchanan-Smith's.

14. Finally, Mr Franklin reported that Lord Carrington had seen Colombo that morning and had told him in confidence that this meeting was to take place. It was to be hoped that officials could agree on Friday morning on a text which could be introduced at Naples. Mr Buchanan-Smith and Herr Rohr both said that they

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
had found the discussion useful and constructive, and that they hoped for progress.

Sheepmeat

15. Mr Buchanan-Smith said that he and Mr Walker had told Mr Gundelach that the main concerns for the UK on the current sheepmeat proposals were their high cost, the prospect of intervention in the UK, which was a deficit area for lamb, and the prospects for agreement with New Zealand on voluntary restraint if export restitutions were to form part of the package. There were also difficulties over the price level. Gundelach had been told that the UK might be able to consider a compromise whereby premium support would operate in the UK, possibly with intervention for France only. He had undertaken to consider this. Herr Rohr said that he agreed in principle with the UK's concern on sheepmeat, but that the whole thing had now become so political that technical considerations would be unlikely to feature in the final agreement.

Follow Up

16. Herr Mücklinghoff and Herr Schlapper will be meeting Mr Mason at 10 o'clock on Friday morning. Mr Buchanan-Smith reported the outcome of the discussions to Baumann in Gundelach's Cabinet this morning, and Baumann indicated support for the line that he had taken.


Jane Rabagliati
15 May 1980

Distribution

Mr Waters
Mr Steel
Mr Sadowski
Mrs Brock
Mr Kelsey
Mr Mason
Mr Packer
Mr Alexander (10 Downing Street)
PS/Sir Robert Armstrong
Mr Franklin (Cabinet Office)
PS/Lord Carrington
Mr Arthur (FCO)
PS/Sir Oliver Wright
Mr Suich
Mr Wilson (para 15)

ANNEX A

- the adjustments to be made to the provisions of the Act of Accession concerning fisheries (Articles 100 to 103) in the light of recent developments in international fisheries policy and in order to give effect to the decisions of the Council of Ministers of 3rd November, 1976.

Fishing Industry

MINISTER'S MEETING WITH REPRESENTATIVES OF THE FISHING INDUSTRY
ON TUESDAY, 13 MAY

Following the meeting last evening with the representatives of the fishing industry, the Minister authorised the use of the attached background briefing note for the Press. The Minister did not wish this to be issued as a Press Notice but for Information Division to draw on it as necessary.

T J B Dawes
T J B Dawes

14 May 1980

Mr G Waters + 1

cc Miss Bratley

Miss Rabagliati

Mr Steel

Mr Sadowski

Mrs Brock

Mr Kelsey

Mr Mason

Mr Packer

Mr Holmwood

Mr Cann

Mr Hadley

Mr Colmer ✓

Miss Christopherson

Scottish Press Office

cc *1 Sadowski*

1 Mrs Page to detective

1 11 file
2 from Mrs

NOTE:

There is a press rumour (not confirmed) that on Thursday, 15 May, Mr Austin Mitchell, MP, is leading a protest demonstration by fishermen - and a delegation to the Minister - on the industries demand to ban imports of fish. If I can find out anything further I will let you know.

MINISTER'S MEETING WITH REPRESENTATIVES OF THE FISHING INDUSTRY
ON TUESDAY, 13 MAY

PRESS NOTE TO BE DRAWN ON BY PRESS OFFICE AS REQUIRED

Mr Peter Walker, Minister of Agriculture, Fisheries and Food and Mr George Younger, Secretary of State for Scotland and their Ministerial colleagues, Mr Alick Buchanan-Smith and Lord Mensfield today (May 13) held one of their regular meetings with representatives of the fishing industry to keep them in touch with the current position on the Common Fisheries Policy discussions, prior to the next meeting of the Fisheries Council.

The Minister said that the date of the next meeting of the Fisheries Council was uncertain but the fishing industry could be assured there would be no trade-off of fishing in any discussion on the UK Budget issue currently under discussion in the European Community.

The Minister pointed out that in agreement with the fishing industry £3 million in various extra aids were given by the Government for the period of April to September this year. This meant that in all the fishing industry would be receiving aid from the Government worth some £23million in the financial year 1980/81.

The Minister confirmed that he had today (May 13) made representations to the European Commission to improve the

reference prices for fish and to examine the tariff arrangements with Third Countries - and the European Commission^{EC}, Mr Gundelach, had agreed to do this.

The Minister asked the industry to meet him again in July so that they could assess together progress in the Common Fisheries Policy talks, changes in the reference prices and tariff arrangements and to review the state of the industry so that they could assess what would be required in the future.

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(File with MODA)

The Secretary's minute of 13 May to Mr Waters refers.

Mr Waters has written to the Private Secretary at the FCO as attached.

Mrs Brock

cc Miss Rabagliati Mr Sadowski
 Mr Steel Mr Kelsey
 Mr Mason

Paul Lever Esq
Office of the Secretary of State
for Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1

14 May 1980

PROPOSED FISHERIES COUNCIL

In the light of the conversation between my Minister and Commissioner Gundelach yesterday, and the later conversation between my Minister and the Prime Minister yesterday, which have led to bilateral Anglo-German discussions in Bonn tonight aimed at avoiding the next Fisheries Council, I would be grateful if you would arrange for the attached letters to be sent to Vice President Gundelach and the Italian President of the Fisheries Council, if Lord Carrington agrees. In that case, they should be sent as expeditiously as possible.

I am sending a copy of my letter and its enclosures to Michael Alexander at No 10 and to David Wright at the Cabinet Office.

G R WATERS
Principal Private Secretary

PS Commissioner Gundelach himself has now asked that these letters be sent so as to reinforce the action that he took today at the Commission meeting and with State Secretary Rohr to head off the May Fisheries Council.

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Senator Nicola Signorello
Minister of Fisheries
Rome
Italy

13 May 1980

PROPOSED FISHERIES COUNCIL

I understand that the suggestion has been made that the Council of Fisheries Ministers should meet on 28 May. I am writing to express my profound concern about this proposal, which in my view threatens to undo all the good work that has so far been done to prepare the way for the negotiation of a common fisheries policy.

Good progress has been made so far. But the next stage of negotiation is crucial. If it is to be fruitful it must deal with all the outstanding and inter-related issues - the most important are access, quotas, conservation and restructuring. In order to do this successfully it must be thoroughly prepared by the Commission. In my view the Commissioner will need to have bilateral contacts with all member countries and then to prepare new and comprehensive proposals. If this can be done, I am optimistic about the prospects for a successful negotiation later this year.

If, however, a Council were to be held without careful preparation of this kind, and on the basis of hasty proposals dealing with only part of the problem, there will be no fruitful negotiation but an impasse. This will have the most unfortunate consequences, not merely for future fisheries negotiations but for the other issues currently under negotiation in the Community.

It is therefore my very strong view that no meeting of the Fisheries Council should be held on 28 May, and that none should be held until it has been properly prepared and can take place on the basis of new, comprehensive and thoroughly considered proposals from the Commission.

I am writing in similar terms to Vice President Gundelach.

PETER WALKER



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

From the Minister

CONFIDENTIAL

Mr F O Gundelach
Vice President of the Commission
of the European Communities
Batiment Berlaymont
Rue de la Loi 200
Brussels 1049

13 May 1980

PROPOSED FISHERIES COUNCIL

I understand that the suggestion has been made that the Council of Fisheries Ministers should meet on 28 May. I am writing to express my profound concern about this proposal, which in my view threatens to undo all the good work that has so far been done, with your help, to prepare the way for the negotiation of a common fisheries policy.

Good progress has been made so far. But the next stage of negotiation is crucial. If it is to be fruitful it must deal with all the outstanding and inter-related issues - the most important are access, quotas, conservation and restructuring. In order to do this successfully it must be thoroughly prepared by the Commission. In my view you will need to have bilateral contacts with all member countries and then to prepare new and comprehensive proposals. If this can be done, I am optimistic about the prospects for a successful negotiation later this year.

If however a Council were to be held without careful preparation of this kind, and on the basis of hasty proposals dealing with only part of the problem, there will be no fruitful negotiation but an impasse. This will have the most unfortunate consequences, not merely for future fisheries negotiations but for the other issues currently under negotiation in the Community.

It is therefore my very strong view that no meeting of the Fisheries Council should be held on 28 May, and that none should be held until it has been properly prepared and can take place on the basis of new, comprehensive and thoroughly considered proposals from the Commission.

I am writing in similar terms to the President of the Council of Ministers (Fisheries).

PETER WALKER



MAY 4 1980

Fishing 2nd.

Reference
NBRN r hnd 4/5

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NOTE OF A MEETING BETWEEN THE MINISTER OF AGRICULTURE, FISHERIES
AND FOOD AND COMMISSIONER GUNDELACH: LONDON - 13 MAY 1980

Present:- The Minister
The Minister of State (Commons)
Sir Brian Hayes
G R Waters
Commissioner Gundelach

Fish

1. Reporting on the first part of the meeting which had taken place between the Commissioner and himself, Mr Walker said that Mr Gundelach was also against having a Fisheries Council before the European Council; and against an early discussion of quotas. He had suggested that Mrs Thatcher should telephone Chancellor Schmidt to suggest talks between the British and the Germans so as to draft a piece of paper on fish which would cover the British position as well as the German. This paper could then go to the Foreign Council for agreement. In parallel, Lord Carrington should suggest to Signor Colombo that it would be folly to have a Fisheries Council on 28 May. Mr Gundelach had reported that there was a strong feeling amongst other Member States, including Denmark, that the Fisheries Council should be properly prepared.

2. Mr Gundelach, taking up the reporting, said that there was no pressure from France or from Denmark for a meeting of the Fisheries Council. The State Secretary at the German Ministry of Agriculture, Herr Rohr, had been unable to explain why Chancellor Schmidt wanted fish included in the settlement of outstanding European problems. Mr Gundelach suggested that it dated back to an unsuccessful attempt by the former British Prime Minister to solve the question of fish at Head of Government level with Chancellor Schmidt. Mr Walker ventured the opinion that pressure might be coming from the Free Democratic Party in Germany. Herr Genscher represented the north German fishing port of Bremen. Mr Buchanan-Smith noted that the German interest in fisheries was totally different from ours. They wanted third country agreements on a stable long term basis. The interests of Unilever were powerful in German Ministries.

Milk

3. Over lunch, Mr Walker tackled Mr Gundelach on his proposal to ban aid under the Farm and Horticulture Development Scheme for investments in the purchase of more than forty cows as part of development plans. Mr Gundelach retorted that it was not politically possible to pursue the right price policy in Europe. The ideal would be a total ban on aids but that was not possible either. He was prepared to examine alternative formulae but not to abandon the limit altogether. He thought that the ban would be effective in other countries as well as the United Kingdom. Mr Walker said that he was prepared to defend a total ban but that measures which prevented any aid being given in the United Kingdom, whilst exempting 50% of EC herds, were not presentable. He promised to consider an alternative formula.

4. On school milk, Mr Walker explained that local authorities were now free to decide whether to provide school milk or not. Under the rate support grant £10 million was granted towards the provision of school milk but this was not directly linked to such provision. Accordingly, it did not count as a national contribution under the present Community system. If, however, local authorities stopped providing school milk, a considerable gallonage of milk sales would be lost. Sir Brian Hayes emphasised that these amounted to 80 million litres and that not only the sales but the educative effect of encouraging youngsters to drink milk would be lost. Mr Gundelach replied that it should be possible to regard the RSG contribution as sufficient. He asked Mr Walker to send him a note on the point.

5. On Northern Ireland milk, Sir Brian explained that the subsidy was still needed even though the gap between the market rate and the representative rate of sterling had disappeared. A bonus scheme could be introduced to reward Northern Ireland producers for reaching a prescribed standard of hygiene and quality. He hoped that the Commission would not see difficulties on grounds of competition policy in the way of such a scheme. Mr Gundelach asked that a note should be submitted urgently so that the loose ends could be tied up well before the end of this month.

Cereals Levy Abatement - Northern Ireland

6. On the payment of a feed grain subsidy in Northern Ireland, Sir Brian recalled that the United Kingdom Government had paid an aid towards the cost of the use of cereals in the production of eggs and poultry, with the blessing of the Commission. However, the Commission had now asked for comments on this scheme, having said that it was incompatible with Community rules. It would be indefensible to end this aid at the same time as the abatement of the levy on grain was extended for the benefit of Italy. Mr Gundelach replied that it was economic nonsense to extend the Italian abatement. He therefore did not want to extend the benefits of the abatement to Northern Ireland. He asked whether an alternative means of aiding Northern Ireland could be found, for example by withdrawing the Commission's opinion on the UK state aid. Sir Brian pointed out that the value of the levy abatement procedure was that it aided pig producers as well as poultry producers and was paid out of Community funds rather than British. Mr Walker acknowledged the difficulties which the Commission faced in respect of the Italian abatement and promised to consider whether a specific measure of benefit to Northern Ireland could be proposed and invited Sir Brian to contact his Northern Ireland colleagues about it.

Mutton

7. Turning to mutton, Mr Gundelach said that he would not argue about the economics of what was now proposed. There was no disagreement between him and Mr Walker on that point. He was, however, confronted with an incurable case of French folly. He thanked Mr Walker for his forbearance at the last Agriculture Council. The task now was to meet the French demand for intervention with the minimum of damage. The more the social problem of sheep farmers could be solved by aids, the less need there was for intervention.

8. Mr Gundelach said that he had seen the New Zealand Deputy Prime Minister, Mr Talboys, the previous day. His officials were to meet New Zealand officials and Mr Talboys was to see him again at the end of his tour of capitals. Mr Gundelach was clear that export refunds could not be allowed. He acknowledged that this was a change of position from that which he had adopted at the Luxembourg Council. However, at that Council, he had got requests from the European Council for briefing on the introduction of refunds for exports of mutton. Now that he knew that restitutions had not been proposed in the European Council, he would not propose them himself and they were not included in his written proposals. So far, the French Government had swallowed this approach but they might return to the charge.

9. Mr Walker said that the United Kingdom could not agree to a régime which did not yield benefits for the United Kingdom and yet did yield benefits for France. Britain produced almost half of the EC production of mutton and lamb. Public opinion saw mutton and fish as the two areas where we should win in the EC game and yet saw the rest of Europe wanting to take both. There must be some advantage for the United Kingdom in any common mutton régime. Mr Gundelach said that he accepted that point. He assumed, therefore, that the United Kingdom wanted premiums besides free trade with France. Mr Walker pointed out that MAFF officials reckoned that 65,000 tonnes of mutton would end up in British intervention stores on the present Commission proposals. Sir Brian Hayes pointed out that such developments would severely damage New Zealand. Mr Gundelach agreed that such quantities could not be disposed of. Mr Buchanan-Smith pointed out that such intervention would replace normal consumption of lamb. The United Kingdom would be happy to dispose of such quantities under a scheme of premium payments, though not ones funded only 25% by FEOPA.

Beef

10. Turning to beef, Mr Gundelach said that he was very worried about the trend of consumption which continued downwards. Mr Walker said that he had expected to make progress with the French in their discussion of the beef market in view of the similarity of interests between France and Britain. However, he had got no response whatsoever from Mr Mehaignerie. Mr Gundelach observed that consumers were looking for cheaper, leaner cuts of meat. The rest of the product was suitable only for the luxury market which was very limited. It therefore tended to end up in intervention stores and to be re-sold for sausage production.

11. Mr Walker recalled that our Ministers complained that they could not get enough beef at the right prices and of the right qualities to use for processing. He had written to Mr Gundelach on this point but received no reply. Mr Gundelach observed that the Community was releasing enormous amounts of beef for manufacturing and was surprised that it did not find its way into the hands of British manufacturers. He undertook to reply to Mr Walker.

American Turkeys

12. On American turkeys, Sir Brian Hayes said that he hoped that the consultations between the Commission and the United States would not reflect the sentiments behind M. Villain's request to him to show flexibility in administering the British import requirements. Mr Gundelach replied that the request had ante-dated the formal complaint from the United States and that the Commission would now be taking a strict line with the Americans, as they would take with the Commission if they were in the right.

Miscellaneous Issues

13. A number of miscellaneous issues was then raised. Mr Gundelach observed that the United States was heading for an enormous surplus of milk which was already two-thirds of the size of the European Community's. On sugar prices, he noted that none was actually traded at the exaggerated prices reported in the Press. He remarked, A propos of the absence of Mr Ertl from many of the last Agriculture Councils, that he suffered from diabetes and high blood pressure and that he had been stumping the country in the run up to the German Election.

14. It was noted that there was talk that the Belgian Minister, Mr Lavens, would soon go. However, his successor would have to be a Christian Democrat Fleming and the field was therefore limited. It was agreed that it was a pity that Mr Van der Stee, the former Dutch Minister, had been replaced by the self-important and voluble Braks.

15. On the prospects for the Community, Mr Walker said that he hoped that it would be possible to finish the agriculture and budget negotiations by the end of May and to finish the fish negotiations by September/October. Otherwise, the risk was that the European Community would be on the rocks. In that context, Mr Gundelach noted that many of his Commissioner colleagues were now more optimistic than they had been immediately after the end of the Luxembourg negotiations. Only the President, Mr Jenkins, remained gloomy. He was distrusted, though not actually disliked, in Brussels as one who did not really understand the rules of the game.

16. Commenting on Mr Dalsager, Mr Gundelach said that he had a bad relationship with the Danish fishing industry. In his previous spell as Minister of Agriculture and Fisheries, he had had easier times. Now, however, he faced problems. The Danish and British fishing industries understood each other but the same relationship would not be seen at official and Ministerial level, warned Mr Gundelach.

17. Commenting on the difficulties that he faced with his Director General for Fisheries, Mr Gallagher, Mr Gundelach said that he had been mistaken in agreeing to the appointment. Mr Gallagher had been brought in as Deputy Director General by Sir Christopher Soames, and had been active in external negotiations. Then the Irish had asked for a Director General post and about the same time as it was proposed that fisheries should be made a separate Directorate General. Mr Gundelach

had agreed to the appointment of Mr Gallagher as Director General of the new Fisheries Directorate without knowing him personally. He had been trying to sack him for some time, but it took ages. Mr Gallagher had recently suggested that the proposal for a twelve mile exclusive zone around the British coast with allowance for historic rights, should be withdrawn and replaced by a proposal for a straight twelve mile zone. Mr Gundelach had had to point out to him that that would not meet the British Government's insistence on a substantial area of preferential access beyond twelve miles. In fact the dossier that Mr Gallagher had given Mr Gundelach over the weekend for the resolution of the CFP would have fouled relations not only with Britain but with many other Member States.

18. On the question of fishing, Mr Walker said that he would try to fix a meeting with Mr le Theule as soon as possible. The one provisionally arranged for this week had fallen through.

19. Commenting on Mr Mehaignerie, Mr Walker said that the French Minister and his officials did not seem to have thought out the implications of their own demands on sheepmeat. For example, their original proposal to have a higher level of intervention prices in France alone would have attracted British mutton to France on a substantial scale, but French officials had not realised that until he had pointed it out.

20. Mr Gundelach said that Mr Barre was a harder man to deal with than President Giscard. He recalled the occasion in the final successful negotiations for British membership of the European Community, when Mr Barre - then a European Commissioner - had invited the Scandinavian Heads of Mission to dinner and told them that France had no antagonism towards the Scandinavian countries even though they had joined Britain in application for membership of the Community, an application which France was refusing. Mr Barre had said this after news had come through to the Scandinavian Ambassadors that British membership of the Community had been agreed in principle. It showed his feelings about UK accession.

21. On wine, Mr Walker invited Mr Gundelach to send him a note of the points that should be covered in arranging a sensible régime for wine. He assured Mr Gundelach that the United Kingdom was not opposing a rapid settlement on wine out of a desire to antagonise France. We were genuinely interested in getting a sensible régime. Mr Gundelach promised to do so.

22. Finally, reverting to fish, Mr Gundelach stressed the importance of immediate action on the lines that had been discussed. He would like to see a telex on his desk in the morning reporting to him and to the Italian Presidency that Anglo-German discussions had been arranged so that the Fisheries Council now tentatively scheduled for 28 May could be postponed.

ACTION

I would be grateful if recipients of this minute would take appropriate action to implement the Minister's wishes. In relation to the conduct of discussions on fisheries, the Minister saw the Prime Minister yesterday and action is already in hand. Mr Mason will accompany the Minister of State to Bonn this evening. I would be grateful if Mr Andrews would co-ordinate action on the agricultural front.

Carl W. Tug

G R WATERS
Principal Private Secretary
14 May 1980

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Mr Alexander - 10 Downing Street

114 MAY 1960





Fishing Industry.

10 DOWNING STREET

From the Private Secretary

13 May 1980

subject was filed on: Euro PD: Community Budget Pt 8.

Dear Ganth,

SHEEPMEAT, FISHERIES AND THE COMMUNITY BUDGET

As you know, the Minister of Agriculture came to see the Prime Minister briefly this afternoon to report on the outcome of his meeting with Mr. Gundelach earlier in the day.

Mr. Walker said that, according to Mr. Gundelach, the Commission as a whole were optimistic that a solution could be reached to the problem of our budgetary contribution. The only member of the Commission who was gloomy was Mr. Jenkins. Mr. Walker said that he had made it plain to Mr. Gundelach that HMG would not be prepared to settle the question of our budgetary contribution unless the solution covered a three-year period. He had added that it was his personal judgement that for the third year it would not be necessary to settle a precise figure provided there was an agreed principle from which the figure for our contribution could be deduced. Mr. Gundelach had said that he thought that a third year was obtainable.

Sheepmeat

On sheepmeat, Mr. Gundelach had said that it would be essential for France to have some form of intervention. The Commission was preparing a sheepmeat regulation based on very limited intervention and no export rebates. Mr. Gundelach had admitted that the line he had taken in Luxembourg on the necessary connection between intervention and export rebates was wrong. He would be willing to confirm in writing that the proposed regulation would not involve export rebates. Mr. Walker told the Prime Minister that it would be possible to set up a sheepmeat regime in which there was some intervention in France but none in this country. Here there would be a premium system wholly financed by the Community. In effect, this would mean that in this country we had a deficiency payment system.

As regards the attitude of New Zealand, Mr. Gundelach had said that he would not finalise a sheepmeat regulation until

/he was

he was assured of the agreement of the New Zealand authorities. When seeing Mr. Talboys yesterday, Mr. Gundelach had promised that he would negotiate a detailed agreement with New Zealand. Mr. Walker said that he intended to write to Mr. Gundelach after his own meeting with Mr. Talboys, with a view to securing from Mr. Gundelach, in writing, assurances both about New Zealand and export rebates. The Prime Minister made it clear that she would wish to be certain that the interests of New Zealand were not damaged by any sheepmeat agreement. She said that she would like to see Mr. Talboys during his visit to London at the end of this week.

Fish

Mr. Walker said that Mr. Gundelach had made it clear that he was opposed to a meeting of the Fisheries Council before the end of the month. He disagreed with his deputy, Mr. Gallagher, who had been seeking a meeting both to discuss the guidelines text, which had been under negotiation in Luxembourg, and quotas. The German officials dealing with fisheries problems were also doubtful about the utility of a meeting of the Fisheries Council but Chancellor Schmidt was insisting on a meeting in order that a text on fish could be agreed. Mr. Walker said that he agreed with the Commission in thinking that an unsuccessful meeting of the Fisheries Council would have a very damaging effect on the prospects for the European Council a fortnight later.

Mr. Walker said that he therefore saw advantage in trying to arrange a bilateral meeting between the UK and the Federal Republic in order to agree a guidelines text. He suggested that the Prime Minister should propose to Chancellor Schmidt that Mr. Buchanan-Smith should visit Bonn tomorrow or the day after to try to work out a text with his opposite number, Mr. Rohr. Once a text was agreed, much of the reason for holding a Fisheries Council would disappear. Mr. Gundelach had made it plain that he would be delighted to see it cancelled. The Danes did not want one. As regards the prospects for agreeing a text with the Germans, Mr. Walker said that German fishing interests were not in conflict with ours. They were mainly interested in distant water fishing and were not seeking access to our coastal waters.

The Prime Minister agreed that an attempt should be made to set up such a meeting. But she said that she would prefer the arrangements to be made between her Private Office and that of Chancellor Schmidt. She laid down no precise guidelines for Mr. Buchanan-Smith's negotiation but she will of course wish to approve whatever text emerges. She was prepared to see in any such text a general reference to the principles on which a common fisheries policy should be based. However, she did not wish there to be any explicit reference to "equal access". The right of British fishermen to have preferential access had to be preserved.

/ After Mr. Walker's

After Mr. Walker's departure, I spoke to Herr von Staden in Bonn. I told him that we were concerned about the state of preparations for the Fisheries Council. There would be considerable risks in holding such a meeting if it was inadequately prepared. One of the principal subjects at such a meeting was likely to be the guidelines text for the negotiation of a common fisheries policy. The principal difficulties in the text seemed, at present, to lie between London and Bonn. The Prime Minister therefore considered it might be helpful for Mr. Buchanan-Smith to come to the Federal Republic tomorrow or the next day in order to see whether he and Mr. Rohr could agree on a guidelines text. If the meeting was successful, the need for a Fisheries Council at the end of the month could be reviewed. If there was an agreed text, it might be shown to other colleagues at the Foreign Ministers' meeting in Naples at the weekend.

As you know, Herr von Staden rang back to say that Mr. Rohr thought that a meeting would be a good idea. Subject to the views of Mr. Ertl, he would be getting in touch with Mr. Buchanan-Smith tonight or tomorrow morning to make the arrangements for a meeting. You agreed that we should not seek publicity for the meeting. You also agreed that Mr. Michael Franklin should be included in Mr. Buchanan-Smith's party.

I am sending copies of this letter to George Walden (FCO), John Wiggins (HM Treasury) and David Wright (Cabinet Office).

Yours ever

Michael Alexander

Garth Waters, Esq.,
Ministry of Agriculture, Fisheries and Food.



Boyd's ltr Jde vls.
BIF 19-5-80

10 DOWNING STREET

From the Private Secretary

12 May 1980

I enclose a letter from Mr. T. W. Boyd, belatedly following up the Prime Minister's 24 April meeting with a Hull delegation.

If there have been developments since 24 April which cause the Hull interests to take a more pessimistic view of the future now, you will no doubt let us know of these. On 24 April, the Prime Minister was led by the delegation to believe that they could meet the landings figures necessary to ensure that B.D.T.B. would continue to operate Hull dock until June. Although she was asked for promises of alternative finance to keep the dock open, she did not respond.

Against this background, I would be grateful for a draft reply for the Prime Minister to send to Mr. Boyd, together with a note on any significant developments since 24 April.

I am sending a copy of this letter and enclosure to Genie Flanagan (Department of Transport).

M. A. PATTISON

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

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Dear Prime Minister,

FISHING INDUSTRY/HULL

Thank you most sincerely for giving so much time to the Hull Fishing Industry's Delegation on Thursday 24th April. The entire UK Industry is most appreciative of the interest you are showing and the battle you are fighting for its continued existence.

Our Fishermen throughout the country have been annoyed, frustrated, disappointed and are now openly enraged at what membership of the EEC has done to our fishing fleets.

Urgent action is necessary to enable the Industry to recover its costs from the market. Without this action the Industry will not be in a position to take advantage of a successfully negotiated CFP.

The Port of Hull asks you to keep our Dock open until the CFP is settled. If this is too onerous for the Docks Board, we ask specifically for you to provide a grant, loan or guarantee (together with the opportunity of Government Equity Participation) to keep the Port and its infrastructure in existence.

*Yours sincerely
T. W. Boyd*

TWBJ/B

9th May 1980

PART 2 ends:-

Pm to Mitchell MP 7.5.80

PART 3 begins:-

Boyd Line to Pm 9.5.80