

Fishery Limits

EEC Common Fisheries Policy

Aid to Fishing Industry

The Hague Agreement. PART 4

Fishing Industry

Pt 1: May 1979

Pt 4: Sept. 1980.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
9-9-80.		11-2-81		17-8-87			
18-9-80.		20-2-81		28-8-87			
19-9-80		23-2-81		15-9-87			
1-10-80		24-2-81					
30-10-80		9-3-81					
13-11-80		12-1-81					
20-11-80		19-3-81					
25-11-80		26-3-81					
3-12-80		27-3-81					
4-12-80		30-3-81					
10-12-80		2-4-81					
11-12-80		7-4-81					
12-12-80		18-6-81					
15-12-80		16-7-81					
18-12-80		21-7-81					
23-12-80		28-7-81					
7-1-81		29-7-81					
11-1-81		31-7-81					
22-1-81		10-8-81					
24-1-81							
5-2-81							
9-2-81							

PREM 19/466

PART 4 ends:-

CC (81) 31/16 Cores Item 2 (extract) 15.9.81

→ (S)

PART 5 begins:-

Min MARK to PM 22.9.81

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC (80) 34 th Conclusions, Minute 2 (extract)	2.10.80
CC (80) 37 th Conclusions, Minute 3	30.10.80
CC (80) 40 th Conclusions, Minute 3	13.11.80
CC (80) 41 st Conclusions, Minute 3	19.11.80
CC (80) 44 th Conclusions, Minutes 1 and 3	11.12.80
CC (80) 45 th Conclusions, Minute 3	18.12.80
CC (81) 4 th Conclusions, Minute 3 (extract)	29.1.81
CC (81) 5 th conclusions, Minute 3	5.2.81
CC (81) 6 th Conclusions, Minute 3	12.2.81
CC (81) 7 th Conclusions, Minute 3	19.2.81
CC (81) 8 th Conclusions, Minute 4	24.2.81
CC (81) 8 th Conclusions, Minute 3	5.3.81
CC (81) 11 th Conclusions, Minute 3	12.3.81
OD (81) 20	17.3.81
CC (81) 12 th Conclusions, Minute 3	19.3.81
OD (81) 6 th Meeting, Minutes	19.3.81
E (81) 35	23.3.81
E (81) 12 th Meeting, Minute 2	26.3.81
CC (81) 14 th Conclusions, Minute 3	2.4.81
OD (E) (81) 8 th Meeting, Minute 2	18.6.81
CC (81) 28 th Conclusions, Minute 3	16.7.81
CC (81) 30 th Conclusions, Minute 3	30.7.81
CC (81) 31 st Conclusions, Minute 2 (extract)	15.9.81

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 *M Wayland*

Date 12 April 2011

PREM Records Team



Foreign and Commonwealth Office

London SW1A 2AH

*FS
Richards 9/3*

Dear Miss Wickins,

In his letter of 27 August to Mr Walker, in which he commented on the policy guidelines elaborated in the earlier exchange of correspondence between the latter and the Lord Privy Seal, the Solicitor General emphasises the need to protect our legal position by making our legal reservations unambiguously clear. In the light of this, you may like to know that Lord Carrington took the opportunity of a meeting with the President of the Commission on 5 September to make clear to M. Thorn our concern about the excessive jurisdictional claims by the Commission at the July Council. M. Thorn did not comment.

I am copying this letter to the recipients of yours.

Yours sincerely,

(F N Richards)
Private Secretary

Miss D Wickins MBE
PS/Solicitor General
Royal Courts of Justice
London WC2A 2LL

MINISTRY OF AGRICULTURE
FISHERIES AND FOOD



WITH THE COMPLIMENTS
OF
THE PRIVATE SECRETARY

WHITEHALL PLACE
LONDON, SW1



From the
Minister of State

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

Paul

Sir Ian Percival Kt QC MP
Solicitor General
Royal Courts of Justice
London WC2A 2LL

4 September 1981.

Dear Ian,

WEST OF SCOTLAND HERRING FISHERIES: LEGAL CLAIM BY THE COMMISSION

Peter Walker has asked me to thank you for your letter of 17 August.

I have noted your reservation and I shall look forward to seeing, in due course, your considered opinion on the legal questions. I am glad that, in the meantime, you do not dissent from the line which Ian Gilmour and Peter have agreed to follow with regard to the Commission's assertion that their proposals have the force of law.

4 Copies of this letter go to those who had yours.

Yours ever,
Robin

FERRERS

file

fishery

h.d.

DS

28 August 1981

Thank you for your letter of 26 August dealing with the Prime Minister's queries about the West of Scotland herring fishery issue. The Prime Minister has seen and noted your letter.

M. A. PATTON

G. H. Steel, Esq.,
Ministry of Agriculture, Fisheries and Food.

278

TO HODDGE 1/9

To See

*With the compliments of
the Solicitor-General*

*Attorney General's Chambers,
Law Officers' Department,
Royal Courts of Justice,
Strand. W.C.2A 2LL*

01 405 7641 Extn. 3407



01-405 7641 Extn

Fishing
ROYAL COURTS OF JUSTICE,

LONDON, WC2A 2LL

to
Paul 1/5

27 August, 1981

Dear Peter,

With reference to my letter of 17 August I have considered further Ian Gilmour's minute of 10 August and the Note by Officials. I am largely in agreement with both the minute and the Note but have one reservation on each.

On the Note, I am less sanguine than officials about the conclusion expressed in paragraph 9(d) that "our legal position is not likely to be prejudiced if for the time being we rest on our public refutation of the Commission's declaration". I would accept that on a strict view the declaration itself is not susceptible to challenge in the European Court - rather that it is specific Commission proposals read in the light of the declaration which could be challenged. If that is right, it would seem open to us on a strict view to challenge future Commission proposals.

But my anxiety is that the strict view may not prevail. I think that it is not impossible that when we come to challenge a future exercise of the powers now asserted by the Commission, we may be met by the objection that it is no longer open to us to question the legal basis on which it rests since we failed to do so within the specified period from when it was first asserted against us. At the least, our bona fides in making the challenge at the later stage may be effectively impugned on the ground that we have slept on our grievances when it suited our material interest to do so. I can see that sort of argument having an effect on the Court's attitude notwithstanding our expressed reservations. In my view there is a real risk of our not being able effectively to mount a challenge later, a risk which increases the more often we repeat

/the



01-405 7641 Extn

ROYAL COURTS OF JUSTICE,

LONDON, WC2A 2LL

-2-

process of doing what the Commission want whilst expressing our reservations.

It does not, of course, follow that we should mount a challenge now. I am not suggesting that. But in view of this anxiety I would make two suggestions. First, I think it is all the more important to express our reservations unambiguously. I think we should make it clear to the Commission that it is our proposals we are implementing not its and that we formally seek its approval to what we are proposing. On reflection I am not sure that the letters we have already sent do that sufficiently clearly and I suggest we give closer attention to this point in future. Secondly, to decide our reaction in future cases "on the balance of substantive advantage to us in each case" (paragraph 2(vi) of Ian Gilmour's minute) might prove a dangerous policy: we ought, in each case, to continue to have regard also to the wider implications and to be always on the look out for the point at which the balance tilts in favour of taking a stand on general principles even if this prejudices our material interests in a particular case. The decision to institute proceedings in the Article 90 case is a good example of this.

My other reservation concerns paragraph 2(vii) of Ian Gilmour's minute where he says that it is unlikely that the Commission could sustain an attempt to extend to other sectors the powers they are claiming here. I certainly hope that that assessment is correct but we ought to note that the Commission has already made the link with the Court's judgment in case 804/79 in its written observations in the Staple Dairies case where it relies on that judgment in support of its interpretation of its powers under Article 155 to act to fill a legal vacuum in relation to the CAP in general.

/I



01-405 7641 Extn

ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

-3-

I have also seen the Commission's Legal Service's Analysis of the judgment in case 804/79 from which it seems clear that the Legal Service at least sees the case as having wider import. I therefore agree with Ian Gilmour that we need to watch very carefully for any attempts by the Commission to seek to extend its powers to other sectors.

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

Yours truly,
↓
Ian
—

The Rt Hon Peter Walker MBE MP
Minister of Agriculture
Ministry of Agriculture, Fisheries and Food
Whitehall Place
London, SW1A 2HH



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

Prime Minister

A response to your queries about our approach. I have not attached all the back papers, but the duty clerk can produce them if required.

MAD 27/VIII

From the Minister's Private Office

M Pattison Esq
10 Downing Street
London SW1

MS

26 August 1981

Dear Mike,

WEST OF SCOTLAND HERRING FISHERY: LEGAL CLAIM BY THE COMMISSION

Thank you for your letter of 17 August. This refers to my Minister's letter of 10 August and the Lord Privy Seal's reply of 12 August but does not indicate that the Prime Minister has seen copies of the Lord Privy Seal's minute of 10 August and Mr Walker's reply of 14 August which dealt in greater detail with the question of challenging the Commission in the European Court. Also relevant is the Solicitor General's letter of 17 August to my Minister in which he records a provisional reservation about the legal question but does not disagree with the line being taken. *← requested*

You will see that my Minister and the Lord Privy Seal have endorsed the opinion of Departments on the legal issues and the policy advice that was agreed between officials. The agreed view is that if we were to challenge the whole of the Commission's alleged powers now we would be unlikely to win outright, and the challenge would not be in our fisheries interests as we now see them and could be counter productive in the search for agreement on a revised CFP. It is also the agreed view that our legal position would not be prejudiced if for the time being we rest our plain rejection of the Commission's claims.

If on some future occasion the Commission sought to invoke the disputed powers to produce a situation prejudicial to our fisheries interests we might then be obliged to challenge them formally and carry the case to the European Court if necessary. For example, if the Commission declared it illegal for UK vessels to go on fishing for a stock of which we had not taken what we regarded as our rightful share, our refusal to conform might then result in a Court case. But our reaction to any such situation would need to be judged on the balance of advantage for the UK in the light of the prevailing circumstances.

The Prime Minister also asked why we agreed to reopen the fishing without agreeing quotas. The short answer is that there was no possibility of preventing this.

~~~~~

~~~~~

At the Fisheries Council on 27 July UK Ministers strove to get an agreement that member states would, for 1981 and without prejudice to future quota levels, limit their catches in the herring fisheries to the quota shares proposed by the Commission so that fishing for herring could be resumed on the basis of the advice of the appropriate scientific committee. As some member states would not accept the Commission's proposals as a basis, even as a temporary arrangement, my Minister urged the Commission to withdraw its proposals for total allowable catches (TACs) for herring and its quota proposals for those TACs. The Commission refused to withdraw.

The position was therefore that the Commission proposal for positive TACs in the herring fisheries, based on authoritative scientific advice remained on the table. This meant that, because of a recent European Court judgement, the UK could no longer maintain a prohibition on fishing in the West of Scotland fishery.

This judgement was made earlier this year, when the European Court of Justice found against the UK, on a case referred by the Commission, for failing to follow the procedures of the Hague Agreement in seeking approval of a national herring fishery licensing Order made in 1977. In its judgement on the case the Court ruled that competence for conservation measures now rested with the Community and were subject to Commission approval. It follows that if the Commission notify a member state that circumstances no longer justify the continuation of a measure which they have approved, the member state would be obliged under Community law to withdraw the measure. The Commission's notification to this effect in relation to the prohibition Order on the West of Scotland was included in their letter (No. 1476) of 28 July. If we had attempted to continue the prohibition it would have been unenforceable because UK Courts would have been under a duty to abide by the ruling of the European Court of Justice by virtue of Section 2(1) of the European Community Act 1972.

Since 27 July the Fisheries Ministers have taken action to regulate herring fishing by UK fishermen and we have co-operated with the Commission in their efforts to ensure that all countries concerned take no more than their equitable share of the stocks in the interval before agreement can be reached on a formal regulation.

Copies of this letter go to the Private Secretaries to other members of OD(E), the Secretaries of State for Scotland, Wales and Northern Ireland and Sir Robert Armstrong.

Yours ever

Gareth H. Steel

G H Steel
Assistant Private Secretary

AM 18/8

~~note / may we discuss?~~

lh



01-405 7641 Extn

ROYAL COURTS OF JUSTICE,

LONDON, WC2A 2LL

Fishing

17 August, 1981

WEST OF SCOTLAND HERRING FISHERIES: LEGAL CLAIMS BY THE COMMISSION

1. You wrote on 10 August to Ian Gilmour and to other members of OD(E) and certain other colleagues, proposing that the United Kingdom Permanent Representative in Brussels should be instructed to send two letters to the Commission in the terms of the drafts enclosed with your letter. This proposal dealt with one aspect of the problem that is discussed in Ian Gilmour's minute to you of the same date (again copied to all members of OD(E) and certain other colleagues) with which he enclosed a Note by Officials, dated 7 August, setting out their conclusions and advice on the legal issues. Both your letter and Ian Gilmour's minute have come to me in Michael Havers's absence.
2. So far as the minute is concerned, I have not yet had a chance to form a considered view on the legal questions discussed in the Note by Officials but I hope to be able to let colleagues have my reactions to it in the very near future. So far as concerns your letter, I had intended to write to you to indicate my concurrence in what you proposed, subject to one not unimportant reservation. Before I could do so, however, I received a copy of Ian Gilmour's letter to you of 12 August in which he said that he had already acted on your proposal and sent instructions to UKREP to write to the Commission accordingly.
3. In these circumstances the fact that I would have concurred if I had had the chance is of academic interest only. But the reservation with which I would have accompanied my concurrence is still of some practical importance and I should like to get it on record. Hence this letter.
4. The reservation is this. The appropriateness and adequacy of the two letters which we have now sent to the Commission is predicated on the correctness of the assessment by officials (see paragraphs 6 and 9(d) of their Note and paragraph 2(v) of Ian Gilmour's minute) that "our legal position is not likely to be prejudiced if for the

/time



01-405 7641 Extn

ROYAL COURTS OF JUSTICE.

LONDON, WC2A 2LL

-2-

time being we rest on our public refutation of the Commission's claims both at the Fisheries Council on 27 July and in subsequent correspondence." My provisional view is that this assessment is indeed correct. However, I must emphasise that this is only a provisional view since, as I have said, I have not yet had a chance to form a fully considered opinion on this and the other issues discussed in the Note by Officials. I recognise that, even if the legal doubts on this particular point were stronger than officials have concluded and than I myself am at present also disposed to think, the political and practical arguments against directly challenging the Commission at this point are very strong. In these circumstances I assume that you and other colleagues would, even if you had known of my reservation, have taken the view that these arguments outweighed the legal risks, and I should certainly have made it clear, if I had written as I originally intended, that I myself would not want to dispute such a conclusion. But as I say, it seems to me that, in order to avoid possible confusion and misunderstanding if the point arises in a practical form in the future (as it may do), it is right to put that reservation on record now.

5. I am copying this letter to the Prime Minister, to the other members of OD(E), to the Secretaries of State for Scotland, Wales and Northern Ireland and to Sir Robert Armstrong.

The Rt Hon Peter Walker MBE MP
Minister of Agriculture
Ministry of Agriculture, Fisheries and Food
Whitehall Place
London, SW1A 2HH

FILE

ds



CF

BF

17 August 1981

**West of Scotland Herring Fishery: Legal Claims
by the Commission**

The Prime Minister has seen and noted the Minister of Agriculture's letter of 10 August, and the Lord Privy Seal's reply of 12 August.

She has commented that she understands our reservations, but wishes to know when we shall formally challenge the Commission in the courts. She has also asked why we agreed to reopen fishing at all without agreeing quotas.

I am sending copies of this letter to Godfrey Robson (Scottish Office) and David Wright (Cabinet Office).

M A PATTISON

Miss Kate Timms,
Ministry of Agriculture, Fisheries and Food.

lth

MINISTRY OF AGRICULTURE
FISHERIES AND FOOD



as requested

WITH COMPLIMENTS

Mia
28/8/81

Cabinet Section
WHITEHALL PLACE, WEST
LONDON. SW1A 2HH



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

From the Minister

The Rt Hon Sir Ian Gilmour Bt MP
Lord Privy Seal
Foreign and Commonwealth Office
Downing Street
London
SW1A 2AL

pa

14 August 1981

EUROPEAN COMMUNITY: FISHERIES

I have read with interest the legal note attached to your minute of 10 August. I believe officials are right to recommend that we should not issue an immediate legal challenge to the recent Commission statement on TACs and quotas. Nevertheless, the matter is a very sensitive one and, although it would probably be best to avoid a direct confrontation with the Commission over any specific issue, this may not be easy to achieve given the other pressures on us.

I am concerned at the Commission's attempts to assume ever-greater powers to itself which you touch on in paragraph 2(vii) of your minute. Their actions in this case, which have resulted in an unnecessarily disorderly fishery at the West of Scotland, have undoubtedly tarnished the Community's image in the eyes of many. I hope you are correct in thinking that we can resist successfully any further attempts they make of this kind in the fisheries sector and more widely.

I am copying this letter to the Prime Minister, other members of OD(E), the Secretaries of State for Scotland, Wales and Northern Ireland, the Lord Advocate and to Sir Robert Armstrong.

PETER WALKER



10 DOWNING STREET

PRIME MINISTER

Peter Walker and Ian Gilmour have now agreed on the basis for a UK challenge to the powers claimed by the European Commission in respect of the West of Scotland herring fishery. I attach their exchange of letters, together with the texts of the letters which will now be sent by Sir Michael Butler.

MP

13 August 1981

*I understand our
reservations but
when do we
formally challenge the
Commission in the courts.
And why did we agree to
reopen fishing at all
without opening
up*



Foreign and Commonwealth Office
London SW1

12 August 1981

Mr Peter

WEST OF SCOTLAND HERRING FISHERY:
LEGAL CLAIMS BY THE COMMISSION

Thank you for your letter of 10 August with which you enclosed two draft letters from the UK Permanent Representative to reply to the Commission's letters, in which they claimed that they now had the powers to oblige Member States to conduct fishing operations in line with their proposals for total allowable catches and quotas.

I agree with the drafts and have instructed that the letters should be sent to Mr Contogeorgis.

I am copying this letter to the Prime Minister, to the other Members of OD(E), to George Younger, Nicholas Edwards and Humphrey Atkins, and to Sir R Armstrong.

Yam
lan

The Rt Hon Peter Walker MBE MP
Minister of Agriculture, Fisheries & Food
Whitehall Place
London SW1

Hand for LPS report with notes



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

From the Minister

2 pp

The Rt Hon Sir Ian Gilmour Bt MP
Lord Privy Seal
Foreign and Commonwealth Office
Downing Street
London SW1A 2AL

10 August 1981

WEST OF SCOTLAND HERRING FISHERY: LEGAL CLAIMS BY THE COMMISSION

As you know during the Fisheries Council on 27 July the Commissioner made a declaration (set out in UKREP telegram 2925) claiming that the Commission now had the powers to oblige Member States to conduct fishing operations in line with their proposals for total allowable catches and quotas. The United Kingdom, Denmark, France and the Legal Services of the Council all disputed the Commission's interpretation of the legal position at the time in the Council. The Commissioner has followed up his declaration by further letters setting out the Commission's claims in more detail.

I understand that officials have fully examined the substance of the Commission's claims and will shortly be reporting their conclusions. Departments are however agreed that we need now to register our legal reservations and the attached two draft letters (also agreed between departments) do this by reference to the declaration and the most important letters from the Commissioner. At the same time they make clear that we are prepared to co-operate with the Commission and other member states in a practical way to ensure orderly, sensible arrangements on the fishing grounds.

I suggest, therefore, that the United Kingdom Permanent Representative be instructed to write to the Commissioner in the terms of the attached drafts.

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

PETER WALKER

DRAFT LETTER TO THE COMMISSION FROM THE UNITED KINGDOM
PERMANENT REPRESENTATIVE

WEST OF SCOTLAND HERRING FISHERY (ICES AREA VIA)

1. I have been instructed to reply to your letters 1466 and 1476 of 28 July; my other letter of today's date is also relevant.
2. In replying I have been instructed to draw formally to your attention and to reiterate the reservations expressed at the Council Meeting on 27 July by Mr Buchanan Smith, by several of his colleagues and by the Council Legal Services, as to the validity of the Commission's declaration made at that meeting and the similar reservations expressed by Mr Walker to you in his letter of 3 August on catch reporting; nor can the United Kingdom accept the further arguments advanced in letters 1466 and 1476.
3. The United Kingdom recalls that a ban on herring fishing in Division VIa was recommended by the competent international scientists in 1978 and that a ban was then imposed under United Kingdom legislation. Recently an equivalent scientific recommendation that a fishery can be prosecuted in Division VIa in 1981 has been made and a Commission proposal based on this advice was submitted to the Council of Fisheries Ministers on 27 July.
4. In the light of the above considerations I am writing to notify you of the United Kingdom's intention to revoke the West Coast Herring (Prohibition of Fishing) Order 1981 and the North Coast (Prohibition of Herring Fishing) Regulation (Northern Ireland) 1981. Copies of the revoking Orders will follow.
5. The question of catch limits for United Kingdom vessels in this fishery is covered in my other letter of today's date.

DRAFT LETTER TO THE COMMISSION FROM THE UNITED KINGDOM
PERMANENT REPRESENTATIVE

CATCH LIMITS ON FISHING

1. I refer to my other letter of today's date replying to the Commission's letters 1466 and 1476 of 28 July.
2. I should draw to your attention the United Kingdom's views on the legal position set out in paragraph 2 of my other letter of today's date.
3. Notwithstanding the United Kingdom's legal reservations it very much agrees with the Commission about the need to conserve stocks and to provide for orderly fisheries. In this connection the most immediate need is to establish satisfactory arrangements for the West of Scotland herring fishery. The United Kingdom made clear at the Council on 27 July that it regarded an orderly opening of the herring fishery in Area VIa as essential to protect the stock and the interests of Community fishermen. It therefore very much regrets that agreement on all the details was not possible then. If the stock is to be properly protected there must be an adequate system of catch reporting applied by all Member States and the United Kingdom notes that there was no dissent in the Council to the proposition that, after the fishery was reopened, the institution of a twice weekly system of reporting for this stock would be essential.
4. As the United Kingdom has already made clear in the letter of 3 August from the Minister of Agriculture, Fisheries and Food it is vital if confidence is to be maintained that the details of catch reports be made available to Member States as quickly as possible. Such reports will provide a vital safeguard to allow for appropriate action to close the fishery by the relevant coastal

states including the United Kingdom (after consultation with the Commission) once the Total Allowable Catch is reached. The United Kingdom therefore welcomes the Commission's telex of 5 August calling for full and rapid catch reporting and which indicates that the information in reports will be made available to the Member States. The United Kingdom hopes that all Member States will provide the required information; for its part the United Kingdom will certainly do so.

5. The United Kingdom must reiterate that it cannot accept that Hague Preferences should be excluded from the determination of herring quotas; and that therefore the allocation proposed for the United Kingdom for 1981 for the West of Scotland fishery (37,000 tonnes) is not acceptable.

6. That said, without prejudice to the United Kingdom's substantive position on quotas and in an attempt to secure a responsible, orderly fishery the United Kingdom would be prepared to take measures to limit its catches in 1981 to 37,000 tonnes if all other Member States are equally prepared to undertake to limit their catch to the level proposed in document COM (81) 435. Similarly the United Kingdom would probably be prepared to limit its catch of this stock before 29 September to a reasonable proportion of the proposed quotas if equivalent undertakings were secured from all Member States. If other Member States are not prepared to give any such undertakings the United Kingdom must reserve its freedom of action.

7. The United Kingdom awaits with interest evidence of the intentions of the other Member States on this matter. However in view of the nature of herring fishing with the possibility of large catches being taken very quickly the United Kingdom considers arrangements must be made well before 24 August.



Minister of Agriculture, Fisheries and Food

with WR?

EUROPEAN COMMUNITY : FISHERIES

In his minute of 3 August the Foreign and Commonwealth Secretary said that he was arranging for considered advice to be submitted to us on the Commission's claim that they were obliged not merely to approve or disapprove member states' conservation measures but also to require member states to comply with the Commission's own proposals on TACs and quotas.

2. In the Foreign and Commonwealth Secretary's absence, I now attach a Note by Officials setting out the agreed opinion of Departments concerned on the legal issues involved. I understand that our officials have also agreed on the policy advice to be given to Ministers. It may be helpful if I briefly summarise their advice on both aspects.

- (i) A reasonable legal case can be presented that the Commission do not have the powers they claim.
- (ii) The prospects for successfully challenging the Commission in the European Court of Justice are not good in respect of their claim to have the right to set TACs but are better in respect of quotas.
- (iii) If we were to challenge now the whole of the Commission's alleged powers, we might win on quotas, but the overall balance of the European Court's judgment would be likely to be against us and to result in confirming some of the Commission's powers instead of leaving them ambiguous. And on past experience a judgment of the Court could make unwelcome rulings on issues not immediately before it.

/(iv) A formal



- (iv) A formal legal challenge now would not be in our fisheries interests given that we agree with the Commission on the level of the TACs they claim to have set. Such a challenge could also risk confusing and delaying the search for agreement on a common fisheries policy. It could, for example, antagonise the Commission, whose help we shall need on all aspects of the CFP, not least quotas.
- (v) Our legal position is not likely to be prejudiced if for the time being we rest on our refutation of the Commission's claims both at the Fisheries Council on 27 July and in subsequent correspondence. We should continue to state our reservations as necessary.
- (vi) There are very likely to be specific actions by the Commission in the coming months where they seek to invoke the powers they have claimed. We should decide our reaction on the balance of substantive advantage to us in each case. Where the substance of what they seek to do is acceptable to us a formal reservation on the legal aspects may be enough. But if our fisheries interests are at stake we might not wish to conform and the case might have to be resolved by the European Court of Justice. In considering each case we shall need to take account inter alia of the likely reaction of other member states : the chances of success might well be greater if we were not alone.
- (vii) These claims are intended by the Commission to be part of a wider attempt to strengthen their powers generally. But action on the lines above should adequately protect the existing institutional balance in the fisheries sector. As to the wider balance, it is unlikely that the Commission could sustain an attempt to extend to other sectors the powers they are claiming here. We should of course remain alert for any such attempts in whatever sector they are made.

/3. If

CONFIDENTIAL



3. If you and other colleagues are content with these conclusions, officials can proceed accordingly. Clearly, in the light of conclusion (vi), we may need to return to this subject at an early date.

4. I am copying this minute to the Prime Minister, other members of OD(E), the Secretaries of State for Scotland, Wales and Northern Ireland, the Lord Advocate, and to Sir R Armstrong.

I.H.g.

10 August 1981

CONFIDENTIAL

CONFIDENTIAL

COMMISSION COMPETENCE IN RELATION TO FISHERIES MEASURES

Note by Officials

Introduction

1. At the Fisheries Council on 27 July 1981 the Commission made a declaration which:

- (a) recited the failure of the Council to come to an agreement on total allowable catches (TACs) and quotas for individual member states for 1981;
- (b) recalled the Judgement of the European Court in Case 804/79, that in such a situation the Commission have certain rights and duties under Article 155 of the Treaty;
- (c) called upon member states, in view of the overriding public interest and as a precautionary measure, pending a final decision by the Council, to conduct their fishing activities in such a way as to ensure the compliance of their vessels with the proposals which the Commission had put to the Council; and
- (d) declared the Commission's determination to use all means in their power to ensure the respect by member states of the proposals, which they considered in the circumstances to be legally binding upon the member states.

This declaration was followed up by letters sent by Commissioner Contogeorgis recalling the declaration made by the Commission at the Council and requiring the United Kingdom to take action in compliance with the declaration.

Similar letters have been sent to other member states.

2. At the Fisheries Council, the United Kingdom along with France, Denmark and the Council Legal Services stated that proposals made to but not accepted by the Council should not be regarded as legally binding on member states. A

CONFIDENTIAL

reply sent to one of Commissioner Contogeorgis's subsequent letters by the Minister of Agriculture, Fisheries and Food has specifically reiterated our legal doubts as to the Commission's powers and it is the intention that other replies sent to the Commissioner will do so in similar terms.

3. Against this background, this note considers:

- (i) the legal basis of the Commission's power to take fisheries measures,
- (ii) the prospects of success in contesting the Commission's claims in the European Court;
- (iii) the means by which, and circumstances in which, the Commission's action could or might have to be contested.

The Legal Basis of the Commission's power to take fisheries measures

4. The Commission's claim to impose requirements on member states in relation both to TACs and quotas seems to rest on the European Court's Judgment in Case 804/79 and on Articles 5 and 155 of the EEC Treaty. As regards the Judgment in Case 804/79, it is authority for the proposition that member states cannot take unilateral conservation measures without the consent of the Commission, that responsibility for such matters rests totally and definitively with the Community and that, so far as the member states retain a capacity to act, it is only as a trustee for the Community. It is a reasonable inference from this that if the Commission notify a member state that circumstances no longer justify the continuation of a measure which they have approved, the member state will be required in Community law to withdraw the measure, provided that the Commission's notification is supported by the scientific evidence and reasonable in the circumstances. Case 804/79 by itself does not empower the Commission to initiate fisheries measures and to require member states to take action in compliance with their directions. Moreover the Judgment stressed that the requirement imposed on the Community to exercise its responsibilities in the fisheries field was subject to "the observance of the essential balances intended by the Treaty."

CONFIDENTIAL

Prospects of success in contesting the Commission's claims in the European Court

5. Notwithstanding the novelty of the Commission's arguments as to their powers, the European Court would be likely to uphold their right, in the event of disagreement in the Council, to define the conservation measures which member states were required to take, provided that these were well-founded on scientific evidence. The European Court might reason that -

- (a) there is a duty on the Community institutions to see that a conservation regime exists;
- (b) where the Council fails to act, member states' role in this field is that of a "trustee of the common interest";
- (c) this means not only that member states may not act unilaterally (ie without the Commission's approval) but also that they have a positive duty to act in co-operation with the Commission;
- (d) the Commission's responsibilities under Annex VI to the Hague Declaration to approve or not to approve national measures extend to specifying the measures which they will approve; and
- (e) it then becomes the duty of member states, in accordance with (c), to act broadly in accordance with the measures so specified by the Commission.

If some such argument is adopted by the Court, a challenge on the TACs is likely to fail; a challenge on quotas, which are not true conservation measures, would be likely to have a better chance of success.

The means by which, and circumstances in which, the Commission's action could or might have to be contested

6. A challenge could be made now under Article 173 of the EEC Treaty against the declaration made by the Commission at the Fisheries Council and the letters sent to the United Kingdom by the Commission. This challenge would be in the form of an action for a review of the legality of acts of the

CONFIDENTIAL

Commission which would need to be instituted within two months of the date of the declaration. However, a corresponding challenge could be mounted at a later stage if the Commission relying on similar powers, purported to impose on the United Kingdom measures which we did not wish to comply with. As has been pointed out above, our chances of success would depend very largely on whether we were attacking TACs or quotas and on whether the requirements were based on scientific evidence and other reasonable grounds. Alternatively we might simply refuse to comply with the Commission's requirements and leave them to take infraction proceedings against us under Article 169. When we find it necessary to contest a particular requirement of the Commission, it would be advisable to bring proceedings under Article 173 rather than await infraction proceedings being brought against us under Article 169, because having failed to challenge the validity of the Commission's action directly and within the prescribed time we might be precluded from contesting it in later proceedings brought against the United Kingdom. But we have concluded that for the time being our position is sufficiently protected by stating publicly as we have done that we do not accept the Commission's alleged powers.

7. If we wish to take conservation measures ourselves, we would, of course, have to obtain the Commission's approval. If they unreasonably withheld their approval, once again we could have grounds for a challenge under Article 173.

8. The grounds on which we could resist infraction proceedings (whether for failing to comply with Commission requirements or for persisting in measures of our own for which Commission approval had not been granted) and the prospects of our succeeding would correspond to those suggested for proceedings against the Commission. Any failure to mount a legal challenge on the Commission's present declaration would not prejudice our ability to attack the validity of any later Commission measures invoking corresponding powers.

/Conclusions

CONFIDENTIAL

Conclusions:

- 9.(a) A reasonable legal case can be presented that the Commission do not have the powers they claim.
- (b) The prospects of successfully contesting the Commission in the European Court are not good in respect of TACs but are better in respect of quotas.
- (c) A challenge before the European Court under Article 173 could be mounted now, in respect of the declaration and letters sent to us, or later, if the Commission relying on these powers purported to require us to take certain measures.
- (d) Our legal position is not likely to be prejudiced if for the time being we rest on our public refutation of the Commission's declaration.

Cabinet Office
7 August 1981

Prime Minister 2

WR
3/8

ms

Ref: A05369

CONFIDENTIAL

MR ALEXANDER

27 JULY FISHERIES COUNCIL: COMMISSION'S STATEMENT

1. Following the discussion at yesterday's Cabinet about the Commission's claim to have the power to act when the Council had failed to agree, the following work is in hand:-

- (i) Foreign and Commonwealth Office lawyers are considering urgently, as suggested in the Minister of Agriculture's letter of 30 July, the scope for challenging the Commission's assertion on legal grounds, and aim to put a first draft of a report to Ministers to an interdepartmental meeting early next week.
- (ii) Meanwhile, given that the outcome of the Fisheries Council leaves us no choice but to lift our present ban on herring fishing, the Fisheries Departments are preparing a letter to the Commission, an Explanatory Memorandum for Parliament and a Press Notice for domestic consumption making clear that we shall be reopening the fishery as a national measure, in accordance with the latest scientific advice; that it is our intention to close the fishery again when the TAC is exhausted; and that we completely reserve the United Kingdom's position on the Commission's interpretation of their legal powers. These steps will hold the position while a substantive challenge is considered, and should help Parliament and the press to understand that in lifting the ban we are not giving in to a Commission demand.
- (iii) As to quotas, the Commission have followed up their statement in the Council with letters to member states proposing interim quotas and asking member states to indicate by 24 August what measures they intend to take to stay within the quotas. These letters have only just arrived and are now

CONFIDENTIAL

being studied. Since it is our objective to secure orderly fishing as well as to reassert the primacy of the Council, officials believe at present that it may pay us to abide by these quotas on condition that all the other member states do likewise. In the absence of such a gentlemen's agreement on the part of the Council we might need to reserve the right for United Kingdom fishing to be conducted as we saw fit. This issue too is being examined urgently by the Fisheries Departments and will be considered interdepartmentally again next week before proposals are put to Ministers.

2. Fewer vessels, either British or foreign, are now fishing for herring in the waters west of Scotland than was forecast by the press in the immediate aftermath of the Council. The longer this pattern of fishing continues, the better will be the prospects for the orderly management of the fishery and the provision of proper facilities for the processing and marketing of the catch.

RA

Robert Armstrong

31 July 1981



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

From the Minister

CONFIDENTIAL

The Rt Hon The Lord Carrington KCMG MC
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office.
Downing Street
London SW1

30 July 1981

DLB

I am very concerned at the events which took place at the Fisheries Council on Monday.

You will know that in European Court Case EEC 804/79 the Court decided that in some circumstances if the Council of Ministers failed to agree to necessary fisheries conservation measures, so that a hiatus occurred in Community law, then the related Commission proposals could in some circumstances have a legal status greater than we have hitherto assumed.

Whilst we were unhappy at this decision, it is nevertheless a decision which has been made that can be used as a precedent.

However, at the meeting on Monday the Council considered the Commission proposals on both the total allowable catch for herring and for the quotas allocating it between Member States. Fixing a total allowable catch is a conservation measure to which it could be argued that the precedent applies, but we would contend with some force that quotas are not conservation measures and that the fixing of a quota is a matter for political decision of immense importance to each individual country.

The Commission, however, made a declaration, a copy of which I attach, stating that in their judgement they had the legal powers and authority, in the absence of an agreement by the Council, to impose their TAC and quota proposals on the Member States.

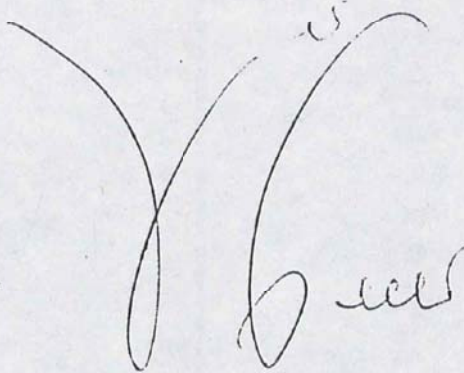
CONFIDENTIAL

The Danes, the French and Alick Buchanan-Smith on behalf of the United Kingdom disputed this, and I arranged for the legal advisers to the Council to express their view, which was contrary to the Commission's claims. No Member State spoke in favour of the Commission's view.

I consider that, not just for my own Department but for the United Kingdom and indeed the Community in general, it would be very dangerous if this declaration was not challenged, for it would create a shift of power from Ministers to the Commission on an unprecedented scale.

I suggest officials need to consider this urgently and report back to Ministers on how they propose we should register our position.

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

A handwritten signature in dark ink, appearing to read 'P. Walker', with a large, sweeping flourish above the name.

PETER WALKER

CONFIDENTIAL

QUOTE

THE COUNCIL HAS NOT REACHED AN AGREEMENT ON THE FIXING OF THE TOTAL ALLOWABLE CATCHES FOR 1981 AND THE ASSOCIATED DRAFT REGULATION FIXING THE CONDITIONS GOVERNING FISHING OPERATIONS WHEN TAKING THE TACS FOR 1981 OR ON THE DISTRIBUTION AMONG MEMBER STATES OF CERTAIN CATCH POSSIBILITIES IN 1981 AS PROPOSED BY THE COMMISSION. THE COUNCIL HAS NOT YET SUCCEEDED IN EXERCISING THE COMPETENCE TO ADOPT MEASURES RELATING TO THE CONSERVATION OF THE RESOURCES OF THE SEA WHICH SINCE 1 JANUARY 1979 HAS BELONGED FULLY AND DEFINITELY TO THE COMMUNITY.

FOR ITS PART THE COMMISSION RECALLS, AS HAS BEEN CONFIRMED BY THE JURISPRUDENCE OF THE EUROPEAN COURT IN PARTICULAR IN THE JUDGEMENT OF 5 MAY 1981 IN CASE 804/79, THAT THE COMMISSION HAS CERTAIN RIGHTS AND DUTIES UNDER ARTICLE 155 OF THE TREATY. IN VIEW OF THE OVERRIDING PUBLIC INTEREST AND AS A PRECAUTIONARY MEASURE, PENDING A FINAL DECISION BY THE COUNCIL, THE COMMISSION THEREFORE CALLS UPON ALL MEMBER STATES IN PURSUANCE OF THEIR RIGHTS AND DUTIES TO CONDUCT THEIR FISHING ACTIVITIES IN SUCH A WAY AS TO ENSURE THE COMPLIANCE OF VESSELS, WHICH ARE PLYING THEIR FLAG OR ARE REGISTERED IN THEIR TERRITORY WITH THE COMMISSION'S EXISTING PROPOSALS AS DESCRIBED ABOVE.

THE COMMISSION DECLARES ITS DETERMINATION TO USE ALL THE MEANS IN ITS POWER TO ENSURE THE RESPECT BY MEMBER STATES OF THESE PROPOSALS, WHICH IT CONSIDERS IN THE PRESENT SITUATION AS BEING LEGALLY BINDING UPON THE MEMBER STATES.

THE COMMISSION RESERVES THE RIGHT TO COME BACK TO THE COUNCIL WITH AMENDED PROPOSALS IF NECESSARY, FOR THE NEXT MEETING OF THE COUNCIL.

UNQUOTE

2
CONFIDENTIAL

Fishery Sub-Committee 2

has seen

PRIME MINISTER

c.c. Mr. Gow

I attach a copy of Mr. Buchanan-Smith's statement about the herring issue.

Mr. Buchanan-Smith gave a robust performance to a House which was sceptical about his assurances and alarmed about the constitutional implications of the latest developments. After an unremarkable response from Mr. Mason, John Silkin entered into an argument about The Hague agreement. In the course of the exchange, Mr. Silkin claimed that he had never supported the agreement he negotiated, but had merely gone along in view of Cabinet collective responsibility. In a final retort, he announced that he supported the agreement with all the vehemence with which the Minister of Agriculture supported the Government's economic policies.

After the initial round, the Speaker allowed 25 minutes - a long period by his usual standard - for Questions, and about 20 backbenchers joined in. Those whose concerns centred on the problems of conservation, and the inability of the Commission or anybody else to enforce catch limits, included Robert MacLennan, Austin Mitchell and Robert Hughes, who reported that the Dutch had recently been given a special exemption from the ban to provide herring for some national festival, and were later shown to have caught 10 times the permitted amount in the period. The Constitutional questions were raised by Alan Beith, Douglas Jay, Alexander Pollock, George Foulkes, and finally Bruce Millan. He wanted to know whether the Council of Ministers had agreed to the lifting of the ban, and if so, why there had been no British veto. The Commission's ability to give a binding ruling had to be challenged successfully.

Mr. Buchanan-Smith had some supporters for his performance in Brussels, notably ~~from~~ Albert McQuarrie. But the issue looks likely to cause trouble for some time to come.

29 July, 1981.

MA

COUNCIL OF FISHERIES MINISTERS, 27 JULY 1981

STATEMENT BY THE MINISTER OF STATE

Under the Presidency of my Rt Hon Friend, the Minister of Agriculture, Fisheries and Food, my Rt Hon Friend, the Secretary of State for Scotland and I represented the United Kingdom at the meeting of the Council of Fisheries Ministers in Brussels yesterday.

The main issue before the Council was the re-opening of the herring fisheries at the West of Scotland and in the Southern North Sea, as recommended by the scientists. The Council had before it a Commission proposal which, in the most important area, that of the West of Scotland fishery, would allocate to the United Kingdom 67% of the total EEC catch. However, after prolonged discussion it was not possible to reach an agreement on these proposals even on an interim basis because of objections from four member states - Belgium, Denmark, France and Ireland. In these circumstances I insisted on the vital necessity of the Commission effectively monitoring the fishery so as to ensure that the total allowable catch recommended by the scientists would not be exceeded. Agreement was reached that catch reports should be made twice weekly to the Commission by any member country fishing in the area concerned. The information obtained will be circulated to member states so we will be able to monitor the situation and ensure that the fishery is closed as soon as the proposed total allowable catch has been taken. We are arranging

for the surveillance of the area involved by both ships and aircraft to be intensified.

I am glad to report that we have persuaded the Commission to ban until the end of November imports of cod fillets into the United Kingdom and the Irish Republic at prices below the Community reference price, thereby eliminating imports at unduly low prices. This is an important step towards the more effective operation of the marketing system. This will also make it easier to take action in future to ensure the proper observation of the reference prices.

The next Council will take place at the end of September, when it is agreed that an attempt will be made to negotiate a comprehensive fishing policy.



Buchanan Smith's Office
of approval 15/2/81

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

From the
Minister of State

M Pattison Esq
Prime Minister's Office
10 Downing Street
London SW1

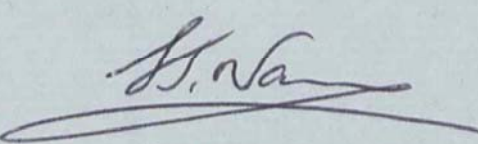
28 July 1981

Dear Mr Pattison

COUNCIL OF FISHERIES MINISTERS: 27 JULY 1981

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

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


Sarah Nason
Private Secretary

COUNCIL OF FISHERIES MINISTERS, 27 JULY 1981

STATEMENT BY THE MINISTER OF STATE

Under the Presidency of my Rt Hon Friend, the Minister of Agriculture, Fisheries and Food, my Rt Hon Friend, the Secretary of State for Scotland and I represented the United Kingdom at the meeting of the Council of Fisheries Ministers in Brussels yesterday.

The main issue before the Council was the re-opening of the herring fisheries at the West of Scotland and in the Southern North Sea, as recommended by the scientists. The Council had before it a Commission proposal which, in the most important area, that of the West of Scotland fishery, would allocate to the United Kingdom 67% of the total EEC catch. However, after prolonged discussion it was not possible to reach an agreement on these proposals even on an interim basis because of objections from four member states - Belgium, Denmark, France and Ireland. In these circumstances I insisted on the vital necessity of the Commission effectively monitoring the fishery so as to ensure that the total allowable catch recommended by the scientists would not be exceeded. Agreement was reached that catch reports should be made twice weekly to the Commission by any member country fishing in the area concerned. The information obtained will be circulated to member states so we will be able to monitor the situation and ensure that the fishery is closed as soon as the proposed total allowable catch has been taken. We are arranging

for the surveillance of the area involved by both ships and aircraft to be intensified.

I am glad to report that we have persuaded the Commission to ban until the end of November imports of cod fillets into the United Kingdom and the Irish Republic at prices below the Community reference price, thereby eliminating imports at unduly low prices. This is an important step towards the more effective operation of the marketing system. This will also make it easier to take action in future to ensure the proper observation of the reference prices.

The next Council will take place at the end of September, when it is agreed that an attempt will be made to negotiate a comprehensive fishing policy.

GRS 1500
CONFIDENTIAL

CONFIDENTIAL

FRAME FISHERIES

FM UKREP BRUSSELS 271900Z JUL 81

TO PRIORITY FCO

TELEGRAM NUMBER 2925 OF 27 JULY

INFO ROUTINE COPENHAGEN THE HAGUE DUBLIN PARIS BONN

INFO SAVING BRUSSELS ROME LUXEMBOURG ATHENS

MEETING OF THE COUNCIL (FISHERIES) : 27 JULY 1981

SUMMARY

1. NO MAJOR AGREEMENTS. THE COMMISSION DECLARED THAT ITS HERRING PROPOSALS CONSEQUENTLY NOW HAD LEGAL FORCE. THE COUNCIL NEXT MEETS ON 29 SEPTEMBER.

2. THE UK WAS REPRESENTED BY SECRETARY OF STATE FOR SCOTLAND AND THE MINISTER OF STATE, MAFF.

DETAIL

3. HERRING FISHERY

THE COMMISSION'S PROPOSALS FOR THE REOPENING OF A HERRING FISHERY WEST OF SCOTLAND IMMEDIATELY AND IN PARTS OF THE NORTH SEA FROM 1 OCTOBER WERE THE CENTREPIECE OF THE COUNCIL. THROUGHOUT THE MEETING THE PROPOSED TOTAL ALLOWABLE CATCHES (TACS) AND QUOTA DISTRIBUTION WERE ATTACKED BY THE MAJORITY OF DELEGATIONS AS BEING INADEQUATE FOR THEIR REQUIREMENTS, INCLUDING THE SOCIAL AND ECONOMIC NEEDS. IN SUCCESSION AND WITH MANY REPETITIONS, IRELAND, FRANCE, GERMANY, DENMARK AND BELGIUM SAID THAT THE PROPOSALS WOULD NOT DO AND MUST BE CHANGED IN ORDER TO GIVE THEM SEVERALLY MUCH MORE, NOTABLY IN ACCORDANCE WITH THEIR HISTORIC RIGHTS (DENMARK AND FRANCE).

4. THROUGHOUT COMMISSIONER CONTOGEORGIS REFUSED TO MODIFY THE COMMISSION'S PROPOSALS, WHICH HE SAID WERE BASED ON SCIENTIFIC EVIDENCE OF THE RECOVERY OF CERTAIN HERRING STOCKS. FROM THE CHAIR MR WALKER CONTINUOUSLY BROUGHT THE COUNCIL AND COMMISSION TO FACE UP TO THE REALITY: SEVERAL FISHING NATIONS WERE SAYING THAT THEY WERE DETERMINED TO FISH BECAUSE THE COMMISSION HAD SAID THERE COULD BE FISHING BUT HAD ALSO SAID THAT THEY DID NOT ACCEPT THE COMMISSION'S PROPOSALS. THIS WOULD MEAN THAT IF THE HERRING FISHERY WAS REOPENED THERE WOULD BE NO EFFECTIVE CONTROL, THE GAINS MADE BY THE CONSERVATION POLICY PURSUED FOR FOUR YEARS WOULD BE THROWN AWAY AND THE SACRIFICE ACCEPTED DURING THAT TIME BY RESPONSIBLE FISHING COMMUNITIES WOULD BE FOR NOTHING. THIS HAD LITTLE EFFECT ON SPEAKERS SUCH AS ERTL (GERMANY) WHO SAID AT ONE POINT THAT HE WAS A FISHERY MINISTER AND NOT A FISHERY PREVENTION MINISTER.

CONFIDENTIAL

/s.

5. DRAWING REPEATED ATTENTION TO THE RISKS TO WHICH THE COMMISSION AND CERTAIN MEMBER STATES WERE EXPOSING NOT ONLY THE HERRING STOCKS BUT ALSO THE CHANCES OF A SUCCESSFUL GFP NEGOTIATION, MR WALKER, WITH IRISH SUPPORT, ASKED IF IT DID NOT MAKE SENSE FOR THE COMMISSION TO WITHDRAW ITS HERRING PROPOSALS UNTIL THE NEXT COUNCIL MEETING AT WHICH THEY, OR REVISIONS OF THEM, COULD BE DISCUSSED AGAIN. CONTOGEOGRIS REFUSED. TO WITHDRAW THE PROPOSALS WOULD LEAVE A LEGAL VOID.

6. ON THE MODEL OF TRADITIONAL ROLL-OVER DECISIONS, MR WALKER ASKED WHETHER THE COUNCIL WOULD AGREE THAT MEMBER STATES HERRING FISHERY BETWEEN NOW AND THE NEXT COUNCIL SHOULD BE GUIDED BY THE COMMISSION'S PROPOSALS. THIS WAS REJECTED BY FRANCE, IRELAND, DENMARK AND BELGIUM.

7. CONTOGEOGRIS BROUGHT A CARD OUT OF HIS SLEEVE BY MAKING THE FOLLOWING DECLARATION:

QUOTE

THE COUNCIL HAS NOT REACHED AN AGREEMENT ON THE FIXING OF THE TOTAL ALLOWABLE CATCHES FOR 1981 AND THE ASSOCIATED DRAFT REGULATION FIXING THE CONDITIONS GOVERNING FISHING OPERATIONS WHEN TAKING THE TACS FOR 1981 OR ON THE DISTRIBUTION AMONG MEMBER STATES OF CERTAIN CATCH POSSIBILITIES IN 1981 AS PROPOSED BY THE COMMISSION. THE COUNCIL HAS NOT YET SUCCEEDED IN EXERCISING THE COMPETENCE TO ADOPT MEASURES RELATING TO THE CONSERVATION OF THE RESOURCES OF THE SEA WHICH SINCE 1 JANUARY 1979 HAS BELONGED FULLY AND DEFINITELY TO THE COMMUNITY.

FOR ITS PART THE COMMISSION RECALLS, AS HAS BEEN CONFIRMED BY THE JURISPRUDENCE OF THE EUROPEAN COURT IN PARTICULAR IN THE JUDGEMENT OF 5 MAY 1981 IN CASE 804/79, THAT THE COMMISSION HAS CERTAIN RIGHTS AND DUTIES UNDER ARTICLE 155 OF THE TREATY. IN VIEW OF THE OVERRIDING PUBLIC INTEREST AND AS A PRECAUTIONARY MEASURE, PENDING A FINAL DECISION BY THE COUNCIL, THE COMMISSION THEREFORE CALLS UPON ALL MEMBER STATES IN PURSUANCE OF THEIR RIGHTS AND DUTIES TO CONDUCT THEIR FISHING ACTIVITIES IN SUCH A WAY AS TO ENSURE THE COMPLIANCE OF VESSELS, WHICH ARE PLYING THEIR FLAG OR ARE REGISTERED IN THEIR TERRITORY WITH THE COMMISSION'S EXISTING PROPOSALS AS DESCRIBED ABOVE.

THE COMMISSION DECLARES ITS DETERMINATION TO USE ALL THE MEANS IN ITS POWER TO ENSURE THE RESPECT BY MEMBER STATES OF THESE PROPOSALS, WHICH IT CONSIDERS IN THE PRESENT SITUATION AS BEING LEGALLY BINDING UPON THE MEMBER STATES.

THE COMMISSION RESERVES THE RIGHT TO COME BACK TO THE COUNCIL WITH AMENDED PROPOSALS IF NECESSARY, FOR THE NEXT MEETING OF THE COUNCIL.

UNQUOTE

²
CONFIDENTIAL

/8.

8. AT THE CHAIRMAN'S REQUEST THE COUNCIL LEGAL SERVICE (DE MOST) COMMENTED THAT WHILE THE COMMISSION COULD OF COURSE STATE ITS OWN VIEW OF COMMUNITY LAW ITS INTERPRETATION OF THE JURISPRUDENCE CONCERNED WAS NOT SHARED BY COUNCIL LAWYERS, WHO DID NOT REGARD PROPOSALS MADE TO BUT NOT ACCEPTED BY THE COUNCIL AS LEGAL BINDING ON MEMBER STATES. THESE RESERVATIONS WERE REINFORCED BY MR BUCHANAN-SMITH AND BY LE PENSE (FRANCE). SINCE, HOWEVER, MEMBERS OF THE COUNCIL CONTINUED TO DISSENT FROM THE CHAIRMAN'S SUGGESTION THAT THEY SHOULD BE GUIDED BY THE COMMISSION'S PROPOSALS, MR WALKER CONCLUDED THAT THE COMMISSION'S DECLARATION, AND THE RESERVATIONS ON IT, WERE ALL THAT WAS LEFT.

9. THIS BEING SO, MR BUCHANAN-SMITH ASKED THE COMMISSION HOW IT INTENDED TO CONTROL FISHING FOR HERRING. CONTRO-GEORGIS SAID THE COMMISSION WOULD CALL FOR TWICE-WEEKLY REPORTING OF CATCHES, WOULD CIRCULATE CONSOLIDATED CATCH INFORMATION AND WOULD ORDER THE CLOSING DOWN OF FISHING IF ITS PROPOSALS WERE EXCEEDED. MR BUCHANAN-SMITH RECORDED PROFOUND SCEPTICISM WHETHER THESE MEASURES WOULD HAVE ANY EFFECT. CLOSING DOWN THIS DISCUSSION, WHICH CAME CHRONOLOGICALLY AT THE END OF THE MEETING, MR WALKER SAID THAT THE COMMISSION AND THE COUNCIL WERE MOVING TOWARDS A VERY SERIOUS SITUATION. INADEQUATELY CONTROLLED HERRING FISHING WOULD PLUNGE THE MEMBER STATES AND THEIR FISHERMEN INTO CONFLICT. THERE WOULD BE BITTERNESS AND HOSTILITY TOWARDS THE COMMISSION AND THE COUNCIL AMONG FISHERMEN WHO WOULD WATCH THE MORE POWERFUL AND MORE MODERN VESSELS SCOOP THE POOL AND AMONG THE FISHING COMMUNITIES WHO HAD GONE THROUGH YEARS OF SACRIFICE TO SEE IT ALL LOST IN A FEW WEEKS.

OTHER STOCKS

10. THE COUNCIL HAD NOT SERIOUS DISCUSSION OF THE COMMISSION'S REVISED TAC AND QUOTA PROPOSALS FOR STOCKS OTHER THAN HERRING.

EXTERNAL NORWAY

11. THE COUNCIL CAME CLOSE TO SURPRISING ITSELF BY AGREEING WITHOUT DISCUSSION TO ACCEPT THE RESULTS OF THE COMMISSION'S NEGOTIATIONS WITH NORWAY INCLUDING THE ALLOCATION OF 10,000 TONS OF WEST OF SCOTLAND HERRING TO NORWEGIAN FISHERMAN. (THE REFERENCE IS TO COMMISSION DOCUMENT COM(81) 436 FINAL - NO REFERENCE IN COUNCIL SERIES YET).

3
CONFIDENTIAL

/ FARDES

FAROEES

12.

IN A ROUND OF DISCUSSION ON THE AGREEMENT BETWEEN THE EC AND THE FAROE ISLANDS, MR BUCHANAN-SMITH SAID THAT THE UK MIGHT BE ABLE TO RECONSIDER ITS RESERVATION IF THERE WERE A SATISFACTORY OUTCOME ON HERRING. SINCE THIS WAS NOT FORTHCOMING, THE RESERVATION STOOD.

SWEDEN

13. SAME POSITION. UK AND DUTCH RESERVATIONS MAINTAINED ON SAME BASIS. THE COUNCIL AGREED HOWEVER TO A ONE MONTH EXTENSION OF LING FISHING (REGULATION NO. 1315/81).

CANADA

14. IN DISCUSSION IN THE CORRIDORS AND LIGHTLY IN THE COUNCIL THE UK TRIED TO PUT TOGETHER AN OVERALL DEAL INVOLVING THE HERRING AND THE FAROESE AND SWEDISH AGREEMENTS PLUS AN ENGAGEMENT THAT THE COUNCIL WOULD DO A CANADA-MARKETING-STRUCTURES PACKAGE AT ITS NEXT MEETING IF IT DID NOT THEN COMPLETE THE CFP NEGOTIATIONS. THIS COULD NOT RUN IN VIEW OF DANISH AND ITALIAN HOSTILITY AND GERMAN DEMANDS FOR A TIGHTER OBLIGATION. MR BUCHANAN-SMITH MAINTAINED UK RESERVATIONS ON THE CANADA AGREEMENT AND ERTL ATTACKED THEM WITH HIS USUAL SPIRIT.

OTHER THIRD COUNTRIES

15. FAMILIAR STATEMENTS WERE MADE ABOUT SENEGAL, MALTA, MAURITANIA, WEST AFRICAN AND TUNISIAN FISHERIES. NOTHING NEW AND NO NEW DECISIONS.

INTERIM STRUCTURES REGULATION

16. NINE DELEGATIONS SUPPORTED, ITALY, IRELAND AND GREECE NOISILY BUT THE GERMAN RESERVATION (LINKED WITH THE CANADA AGREEMENT) WAS MAINTAINED.

MARKETING REGULATION

17. PROGRESS WAS NOTED, AS WERE DIVERGENCES. COREPER WAS ASKED TO EXPEDITE THIS WORK ALONG WITH THE OTHER MATTERS WHICH THE COUNCIL WILL REQUIRE AT ITS MEETING IN SEPTEMBER.

FCO ADVANCE TO:

FCO - FCO - HANNAY POSTON

CAB - FRANKLIN WENTWORTH

MAFF- PS/ MIN PS/ NOS HAYES KELSEY MASON PACKER HOLMWOOD

DAFS- PS/SOS SCOTLAND CORNACK WHITELAW

FCO PASS SAVING ROME ATHENS
NICOLL

(ADVANCED AS REQUESTED)

(REPEATED AS REQUESTED)

FRAME FISHERIES
ECD (E)

4
CONFIDENTIAL

CONFIDENTIAL

VLS



FILE

10 DOWNING STREET

cc FCO
LPSO
SO
CO

From the Private Secretary

27 July 1981

Dear Kate,

Fisheries: EC/Faroes

The Prime Minister has seen the Minister for Agriculture's letter to her of 17 July on this subject. She agrees that Mr. Walker should have the discretion to concede the Faroes Agreement if in the course of the negotiations on herring such a concession would seem likely to secure a satisfactory settlement. She considers that he should also seek some commitment about the future terms of the EC/Faroes Agreement and that he should give no commitment about the EC/Canada Agreement.

I am sending copies of this letter to Francis Richards and Stephen Gomersall (FCO), Godfrey Robson (Scottish Office) and David Wright (Cabinet Office).

Yours sincerely

Natural Alexander

Miss Kate Timms,
Ministry of Agriculture, Fisheries and Food.

CONFIDENTIAL

VLS

CONFIDENTIAL

Prime Minister D
Mr Walker sees your agreement to lift our reserve on the EC/Faroes Agreement of this point the way to a satisfactory agreement on herring. Agree? (FCO + Cabinet Office aware)

MR ALEXANDER
EC/FAROEES AGREEMENT

The Danish Prime Minister wrote to the Prime Minister on 19 February *Monday* appealing to us to lift our reserve on the EC/Faroes fisheries agreement, 22/7 arguing that our reserve was a tactical one to expedite agreement on the Common Fisheries Policy (CFP), and that important Danish interests were at stake. The Prime Minister replied on 20 February that our reserve was a substantive, not tactical one. Technical restrictions had prevented UK fishermen from achieving their quota, and the Faroese had not been prepared to accept any specific limit on their sea fishery for salmon. The Prime Minister's letter therefore concluded that the matter could not be brought to a conclusion, other than in the context of a revised CFP. She further commented on 9 March that to lift our reserve without getting anything in return would result in the Government once again being accused of giving in to our Community partners.

2. The Minister of Agriculture, in his letter of 17 July, now proposes that in the last resort we should be prepared to lift our reserve if the Danes insist on this as the price of agreement at the Fisheries Council on 27 July to re-opening the herring fishing in the North Sea and West of Scotland. He is confident that the UK fishing industry would support this order of priority, and it would improve our relations with the Danes, whose support will be important to us on other CFP matters.

3. His letter also mentions that there have been bilateral discussions with the Danes designed to improve the terms of the Faroes Agreement ^{and} ~~now~~ that the Commission have in mind a draft Council resolution which would hold out the prospect of improved terms in future years. Clearly if either or both of these could be secured as part of a package on 27 July, this would be an advantage. In lifting our reserve on the Faroes Agreement we may encourage the Germans to expect a similar response on the Canadian agreement, for which they will certainly press in the autumn. Nevertheless

CONFIDENTIAL

it is clear that the opening of the herring fishing will be very welcome indeed to our industry and, if no agreement in the Council is reached, we shall face a difficult legal battle with the Germans. The Prime Minister may therefore feel that she should agree to what Mr Walker proposes on the understanding that he at least tries for some commitment about the future terms of the EC/Faroes Agreement and gives no commitment at present about the EC/Canada agreement.

*Agreed
not*

and that Herring fishing is opened again

S. C. Weston, FC

for

M D M FRANKLIN
CABINET OFFICE SW1
21 JULY 1981

910
CONFIDENTIAL

Ref. A05286

MR ALEXANDER

Arrest of German Herring Fishing Vessels

The Minister of Agriculture reported on the arrest of two German fishing vessels in Cabinet yesterday.

--- 2. I attach a short note on the issue for the Prime Minister in case Chancellor Schmidt should refer to the incident at the Ottawa Summit.


D J WRIGHT

17 July 1981

CONFIDENTIAL

Herring Fishing by West Germany

1. Two German fishing vessels were arrested last week off the Outer Hebrides while fishing for herring. There is a national conservation regulation which bans herring fishing. They were prosecuted and the Scottish Court confiscated their herring catch (just over 100 tonnes).

2. The German authorities take the view that the United Kingdom herring conservation measures are illegal because they conflict with scientific advice and a proposal of the Commission that strictly limited fishing for herring could now be allowed consistently with sound conservation. They, therefore, issued permits to their herring fishermen. However, they did this after being informed of the United Kingdom conservation legislation and without advising the United Kingdom of their views or intentions.

Points to Make

3. (i) Our herring conservation measures do no more than continue to implement the arrangements which applied to the relevant area in 1980. They were notified to the Commission and all other member states. Neither the Federal Republic nor any other member state commented. The Commission's reaction has been confined to asking a question to which we have replied.
- (ii) We, therefore, find it surprising and regrettable that the German authorities should issue fishing permits which invite conflict with our legislation without consulting or informing us.
- (iii) The Fisheries Council has had no opportunity to discuss the Commission's proposal made on 18 June for herring fishing in 1981. As soon as the official scientific advice was available, the United Kingdom as Presidency arranged for a meeting of the Council on 27 July to consider this and other questions.



- (iv) The German position is puzzling. It implies that they believe that a Commission proposal should be a basis for action even before there has been a chance for it to be discussed in the Council.
- (v) Our own industry also wishes to fish for herring. But there must be proper management of the fishing stocks and proper decision making in the Council.

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

17 July 1981

Dear Michael,

Ottawa Summit: Fisheries

Although we have no reason to believe this subject will come up, it is just possible that Chancellor Schmidt may in the margins of the Summit refer to the arrest and prosecution of two German trawlers which had been fishing for herring off the West Coast of Scotland.

I enclose a contingency brief, which I am copying to David Wright in the Cabinet Office. It has not been seen by a Minister, but a copy will go in the Lord Privy Seal's weekend box.

Yours ever,

Francis Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing St

RESTRICTED

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S
GOVERNMENT

PMVL (81)

17 July 1981

OTTAWA ECONOMIC SUMMIT

19-21 JULY 1981

FISHERIES QUESTIONS

Brief by Foreign and Commonwealth Office

POINTS TO MAKE [if raised by Chancellor Schmidt]

ARREST OF GERMAN FISHING VESSELS

1. Arrest and prosecution of German vessels entirely non-discriminatory. Exactly the same measures would be applicable to British boats. Matter is for discussion at 27 July Fisheries Council; hope there will be no more incidents before then.

EC/CANADA [if raised]

2. Understand that a way forward is under discussion between our officials; hope it will be possible to find a solution before fishing season starts.

BACKGROUND

3. Fisheries are not on the agenda, but Chancellor Schmidt may refer to the issue in margins.

RESTRICTED

ARREST OF GERMAN FISHING VESSELS

4. On 10 July two German vessels were arrested by fisheries protection vessels eight miles off the Isle of Lewis (ie in UK waters) for fishing for herring. We have national measures enforcing what we regard as a Community ban on any fishing for herring. Under our measures there is a maximum penalty of £150,000 fine, confiscation of gear and a fine to the value of the catch or confiscation of catch.

5. The German Government, however, believe that since a Commission proposal has been made for a herring Total Allowable Catch (TAC) this is adequate authority for fishing to begin and told their fishermen so. The Scottish Court took the view that the masters were acting in good faith but on wrong information and so merely admonished them and confiscated their catch, selling it back to them afterwards.

6. Mr Walker and Herr Ertl have exchanged messages and officials have discussed the problem bilaterally. There is room for argument on the legal position but our present hope is that the dispute will not escalate into another damaging UK/German row over fisheries and that there will be no further incidents before the Council set for 27 July, at which the matter will be discussed.

EC/CANADA

7. The UK blocked implementation of the EC Fisheries/Canada Agreement for last season: our markets are inadequately protected against the increased imports of fish products at preferential rates would he agreement have brought. The Germans hope to organise by September or October 1981 their winter fishing season in Canadian waters. Bilateral official discussions have started to look at ways of solving the problem; the subject may also come up at the Fish Council on 27 July.

To await comment from FCO
and co.



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

Fishery

From the Minister

CONFIDENTIAL

PRIME MINISTER

17 July 1981

Dear Prime Minister,

FISHERIES

EC/FAROES

You will recall the exchange of correspondence you had earlier in the year with the Danish Prime Minister about the Community's 1981 fisheries agreement with the Faroes. He asked us to lift our reserve. You pointed out the unsatisfactory nature of the Community's fisheries relations with the Faroes over recent years, in particular the fact that Faroese fishermen have been able to catch very much more in the waters of Member States than Community fishermen have been able to catch in Faroese waters. You also pointed out the absence of satisfactory restraints on the recently developed Faroese sea fishery for salmon.

In the run-up to the Fisheries Council on 27 July, we have been considering our position on the EC/Faroes Agreement. The Danes have a major interest in fisheries (the total value of their catch exceeds that of any other Member State). A fisheries settlement will not be possible without their acquiescence and they will not be inhibited from pursuing their aims vigorously, even, if need be, in isolation. There is no doubt that the Faroese issue is important to the Danes, and it is a serious obstacle to effective Anglo-Danish relations on fisheries matters, particularly in relation to France. We have therefore been working to achieve a resolution of this problem, but recent developments on herring could now overtake our efforts.

At the Fisheries Council on 27 July, Denmark will again ask us to lift our reserve on the EC/Faroes deal, but this time with a lever to use against us. The main issue at the Council will be the setting of total allowable catches and quotas for the herring stocks in the North Sea and West of Scotland. Agreement on this is of major importance to us to protect the herring in British waters from a free-for-all and to persuade our industry that their sacrifices in not fishing for herring in recent years have been worthwhile. Since the Danes have a substantial interest in preventing agreement on herring, it may well be that the only way I can get Danish agreement will be by lifting the reserve on Faroes. I am clear that the industry would support these priorities.

/I had ...

CONFIDENTIAL

CONFIDENTIAL

I had previously in any case been seeking the improvements in the EC/Faroes arrangements so as to enable me to lift our reserve on the merits of the deal. Our officials have been in touch with the Danes and a satisfactory package had seemed to be possible, giving us most, though not all, of what we wanted. The main gain would have been a Council commitment on the nature and balance of the EC/Faroes fisheries arrangements in future years which would protect our interests by limiting the Commission's negotiating freedom. The commitment would also have required agreement on quotas for the Faroese salmon fishery by the end of the year. Such a Resolution would, of course, have had to be agreed by the Council. In addition, the Faroese would relax in 1981 and 1982 one of the area closures which has in the past hampered our fishermen.

This package would have met the main points you made to the Danish Prime Minister. In particular, the Resolution would ensure that in future the Commission negotiated within guidelines which protected our interests. I will continue to try to persuade the Danes to agree to this package in advance of the Council. But it will now be a surprise if the Danes accept. If they do not do so, I propose to keep open the possibility of conceding the Faroes Agreement if in the course of the negotiations on herring such a concession seems likely to secure a satisfactory settlement.

I am copying this minute to Peter Carrington, Ian Gilmour, George Younger and Sir Robert Armstrong.

Kate Timmins

for PETER WALKER

(Approved by the Minister
and signed in his absence)

CONFIDENTIAL

ADVANCE COPIES

ADVANCE COPY

FRAME FISHERIES

.....XEROX COPIES

Fishing Mail

FCO

P.S.
PS/LORD PRIVY SEAL
PS/PUS
MR HANNAY
LORD BRIDGES

Resident Clerk

RESIDENT CLERK.

HD/ECD(1)(4)
HD/NEWS
HD/
HD/WED

PLUS FCO

CABINET OFFICE

MR M D M FRANKLIN
MR D M ELLIOTT
MR WENTWORTH
MR RHODES

D.O.T. 1 VICTORIA STREET

H M TREASURY
SIR K COUZENS
MR ASHFORD

M.A.F.F.

PS/MINISTER
SIR B HAYES W'HALL PLACE
PS/MR BUCHANAN-SMITH

MR MASON)
MR J G KELSEY)
MR R J PACKER)
MR C R CANN)
MR ABBOTT)
MR A CAHN)
MR G BELCHAMBER)

FISHERIES DIVN
GT W'MINSTER HSE

PLUS OGDS

MR B BONE (N.I.O.) GOGGS
D.A.F.S. c/o SCOTTISH OFFICE:
PS/S OF S
MR CRAWLEY: MR CORMACK: MR LAIDLAW

D.A.N.I. MR MORRISON
W.O.A.D. MR G M JONES

ho 10 dt

RESTRICTED

FRAME FISHERIES

FM COPENHAGEN 071540Z APR 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 82 OF 07 APRIL

INFO PRIORITY UKREP BRUSSELS

YOUR TELNO 24: FISHERIES: EC/FAROE

1. THE MFA HAVE JUST TELEPHONED TO SAY THAT, AFTER CAREFUL STUDY OF THE TERMS OF OUR REPLY (WHICH, AT THEIR REQUEST, WE HAD YESTERDAY GIVEN THEM AND THE MINISTRY OF FISHERIES IN WRITING, FOLLOWING UP THE TELEPHONE MESSAGES FROM OURSELVES AND THE MAFF ON 3 APRIL), THEY HAD COME TO THE CONCLUSION THAT THERE WAS INSUFFICIENT ROOM FOR MANOEUVRE TO MAKE BILATERAL TALKS WORTHWHILE. THE PRESENT POLITICAL CLIMATE IN TORSHAVN RULED OUT FURTHER CONCESSIONS FROM THE FAROESE IN ADDITION TO THOSE FORESEEN IN THE AGREEMENT. FOR EXAMPLE, THERE COULD BE NO QUESTION OF ANY CHANGE IN THE BOXES NORTH OF THE FAROES WHICH SCIENTIFIC ADVICE SHOWED TO BE ESSENTIAL FOR THE PROTECTION OF BREEDING GROUNDS. SIMILARLY, THE FAROESE COULD NOT, IN ADVANCE OF THE IMPLEMENTATION OF THE AGREEMENT, MODIFY THEIR POSITION ON SALMON IN THE WAY WHICH MRS THATCHER'S

LETTER SUGGESTED WE HAD IN MIND.

2. SCHMIEGELOW ASKED US TO MAKE CLEAR THAT THERE WAS QUOTE NO BITTERNESS UNQUOTE ABOUT THE MFA'S RESPONSE: THIS WAS BASED SIMPLY ON THEIR OBJECTIVE ASSESSMENT OF THE LIKELIHOOD OF REACHING AGREEMENT GIVEN THE CONDITIONS POSED IN OUR REPLY.

3. WE UNDERSTAND THAT MR HJORTNAES' PRIVATE SECRETARY WILL BE SPEAKING SIMILARLY TO PS/MR WALKER.

WARBURTON

NNNN

SENT AT 07/1605Z MGD
RECD AR 07/1605Z ~~FC~~FC

7
3

copied to
Master
CAP

Ka. *And* Fishing Incl

PRIME MINISTER'S TELEPHONE CONVERSATION WITH THE MINISTER FOR
AGRICULTURE, FISHERIES AND FOOD ON WEDNESDAY 1 APRIL 1981

Prime Minister: Hello Peter?

Mr. Walker: Hello, how are you?

Prime Minister: How are you? Have you been going all night? All I have got is some telegrams which I think are a bit out of date and the early news this morning. Because the early telegrams that I have got in my hand say that there is still enormous negotiation to be done.

Mr. Walker: Yes well we've just finished now. And we went on all night. And the form is that nine of the countries have agreed to a sort of package and we're the ones that are standing out and resisting. The Council is going to meet again at 5.00 this afternoon. The form is that they came forward with this original package in which they took out our butter subsidy, took out about a quarter of it and various other nasty things to us and put up the prices to 8.8%. Since then they've increased three other prices by between about $\frac{1}{2}$ and 1% so I should think the average price increase is somewhere between 9% and 9 $\frac{1}{2}$ %. We've got back the beef premium scheme in its entirety. We resisted - they put in for us to have a 3% revaluation - we resisted that and they have now taken out the British revaluation and the Germans have got a 3% revaluation. We've got none. We got on offer the same package for Northern Ireland which the Irish Republic have got and so that will be worth about £10 million finance for the Irish Republic. The total cost of the second compromise amounts to another 20 million ecus over the whole package. So the total cost according to the Commission of the package now on offer is 1,052 million ecus, which means that the 1981 budget is OK and it means no supplementary budget in 1981. And for 1982 it fits in - if you take the expected 11% growth in own resources, if you took it as being 9% growth i.e. below growth resources, it would be within that. We haven't got back our butter subsidy - 25% - but what is, in my view, if we agree to settle obviously we get that back as a condition of settling.

Prime Minister: We've not got back our butter subsidy at all?

/ Mr. Walker:

Mr. Walker: No but I'm quite certain that if, obviously at the moment I've turned it down, I've turned down the package because I want it properly costed by the Commission and I have sent my officials in to see President Tugendhat this morning just to check the figures that the Agriculture Commissioner has given us are correct. And to check all the various changes that have taken place in the night and tot up to the sort of figures they say they tot up to. So I have said I couldn't possibly agree, without knowing in detail all the costs etc of the various changes that have taken place, and I certainly couldn't agree without the butter subsidy being fully restored.

Prime Minister: What about the things in structural surplus - the milk. Because it looks to me as if unless we get something that in one way or another deals with those things that are in structural surplus the French are going to give enormous national aid and its going to . . .

Mr. Walker: On milk there is a provision in that if milk production goes up by 1% or more then it is all clawed back and what they have done is that they have put one of four methods of doing it. So the Commission will have to claw back anything above a 1% increase in production of milk.

Prime Minister: How?

Mr. Walker: Well one of them is, well one of the four methods listed available to us is the special levy technique but when it came to it, when they measured it yes you'd only get that figure by the time you'd got to next year's price fixing anyway in practice.

Prime Minister: Look I understand that the Commission's cost estimates are always based on a static output on this year's output and that they don't take into account in any way how the increased prices plus national aids might increase the surpluses. And what I am worried about is that - well a number of things - first that what actually happens on the increased output resulting from a combination that is of prices (interruption from Mr. Walker) it will go above own resources, it will go up to the 1% ceiling and in fact it will put in jeopardy our budget refund next year.

/ Mr. Walker

Mr. Walker: That is why Prime Minister I have sent in with all the detailed proposals our sort of financial chap, who is very good, Gordon he's a Treasury man and he has gone in to Chris Tugendhat's office to go through all the proposals to get them costed including the points I made during the night including any increase in production and points like that so that will be taking place. He will be sending a telegram later this morning on all that. So you will get that coming in, once we've checked it all. Because what I don't want which is what I've had in previous years is that the Agricultural Commissioner says one thing and the Budget Commissioner says another and that's why I have refused to agree a package last night because I wanted to look at all the facts and figures before coming to any decision. And so we're not committed in any way to a decision.

Prime Minister: What about national aids Peter. Do you mean the French are still going to keep on their national aids and we're going to have to pay for the surplus?

Mr. Walker: Well the Commission said that they are going to take a fierce measure against national aids but of course, as always, one has to rely on them acting. The new Commissioner says that if this is going to be meaningful, national aids possibly eliminated, must be fiercely tackled, I mean he has made all those sort of noises and I mean he's pretty anti-French so he might have a go at the French.

Prime Minister: Yes it might be possible to get that as a condition.

Mr. Walker: One thing that really was alarming last night - you'll see in some of the later telegrams - the Germans were of no help at all. I mean they agreed to every price increase. They agreed to every elimination, every levy and in the end I sent in to their delegation and said "look these are the words your Finance Minister agreed with my Chancellor of the Exchequer, are you sticking by them or aren't you?" To which the Germans replied "It still remains the policy of our Government but we have no idea how we are going to implement it".

Prime Minister: Yes the only telegram I had was the one the UK sent out about budgetary implications and ^{Germany} once again registering no concern except about the 1% ceiling.

/ Mr. Walker

Mr. Walker: Yes well you will see later on that I told them to telegram you with the facts, we actually confronted them with Geoffrey's wording and said, is this your policy or is this not your policy?

Prime Minister: Well anyway Peter we'll get all of the figures in telegrams during the morning while you have some sleep. But what I am frightened to death of is two things. One that things go into such structural surplus that it absorbs all up to the 1% ceiling and that we don't get our budgetary contributions next year.

Mr. Walker: One thing that I think we can get in is a wording passed by the Council which says that if it is approaching the 1% ceiling the Commission will take action to see that it is not breached.

Prime Minister: No it is not only not breached Peter but go up to 1% and they will then turn round and say to us I'm sorry there is no room for your budgetary refund so its not merely just not breached but that there is still room within it for our budgetary refund on the same basis as this year. Otherwise it means we are paying and the French are taking.

Mr. Walker: Yes well I think you will find that out of this in total on the basis that we get back the butter and so on and we've got this package for Ireland, out of the package I think you will find that we'll be net beneficiaries again.

Prime Minister: (unintelligible) Well anyway Peter you've sent them all in for the figures, and we'll have a look the moment they come.

Mr. Walker: The other thing I think whatever tactic you decide on you've got to think about is that the Nine have agreed and therefore whatever we disagree on, whatever issue we decide to disagree on, in my judgement its got to be one which we eventually win on because its no use disagreeing now.

Prime Minister: Well it has to be something like structural surplus doesn't it and national aids contributing to mountains and therefore they have got to have some specific formula in for dealing with the structural surplus. If they have knocked out a super levy they have got to have some specific formula in which will hold, otherwise we have no hope of budget restructuring. Anyway lets have a look at it / when

when it comes but the other thing I'm afraid of - you know I had 150 fishermen in here on Monday night and they still feel they are going to be sold down the river and I am just a little bit fearful that if everything just goes through with colossal aids to the French and with nothing for structural surplus, national aids boosting them, we paying and they being the biggest beneficiary and they then don't agree on our fish we'll get the worst combination because they'll say "you sold us down the river".

Mr. Walker: Yes but I mean if you want to do that linkage, I think you've got to get that linkage correct and one^{is} in difficulty on that May 13³⁰th communique . . .

Prime Minister: Yes I know.

Mr. Walker: Yes well its no use you know fighting a battle on agricultural prices which we never actually win, we eventually back down.

Prime Minister: Yes but we have got good grounds on the structural surplus haven't we. And on our budget refund.

Mr. Walker: Well in terms of figures. You will have to look at the figures as they come in.

Prime Minister: We will Peter. We will get all of the figures and you're going off to get some sleep. Thank you for telephoning.

Hansard extract - Monday 30 March 81

European Community (Fisheries Ministers' Meeting)

The Minister of Agriculture, Fisheries and Food (Mr. Walker): With permission, Mr. Speaker, I wish to make a statement about the EEC Council of Fisheries Ministers on 27 March, which was attended by my right hon. Friend the Secretary of State for Scotland, my hon. Friend the Minister of State in my Department, and myself.

As the House will know, this meeting was called following the discussions on fish at the European Council at the beginning of last week. However, it quickly became apparent that one delegation was not able to negotiate on the crucial question of access and that therefore there was no possibility of agreement on a comprehensive, revised common fisheries policy. In these circumstances, the President decided that it would be wrong to prolong the meeting, which ended shortly after lunch. Ministers from all member countries committed their Governments to make every endeavour to reach overall agreement this spring, and invited the Presidency to reconvene the Council as soon as the necessary preparations allowed.

The Government consider that it is vital to retain the strength of the British fishing industry. It will be known that for this purpose during the past year the Government have already provided £37 million worth of aid to the industry, and it was envisaged originally that this aid was for the period ending on 31 March.

The House will know that the Government made the decision to bring forward the review of the financial position of the industry, and the results of this review show quite clearly that markets are weak and that increasing costs and continuing uncertainty are hitting the fleet hard.

The Government have therefore decided to make further aid available to the industry to help it through the continuing uncertainty and difficulty. Twenty-five million pounds will be made available for distribution through a scheme on broadly similar lines to the fishing vessel temporary support scheme introduced last August.

By taking this action the Government will therefore again have confirmed their determination to see that the British fishing industry continues to make an important contribution to our economy and continues in readiness for taking full advantage of a common fishing policy when negotiations are completed.



also copied to [signature]
European Policy
CAP
R-8

10 DOWNING STREET

From the Private Secretary

30 March 1981

AGRICULTURAL PRICES AND THE FISHERIES AGREEMENT

In the letter I wrote to you this morning about the meeting held earlier today by the Prime Minister on this subject, I said that the dates set aside for the next Agriculture Council Meeting were 9/10 April. I now understand that this is incorrect and that the actual dates are 13-15 April.

I am sending copies of this letter to John Wiggins (H.M. Treasury), Kate Timms (Ministry of Agriculture, Fisheries and Food), Godfrey Robson (Scottish Office) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Stephen Gomersall, Esq.,
Lord Privy Seal's Office.

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

file Fishing Ind.

subject copy filed on: -

Euro P.D. : CAP: Pt 7.

copied to Master set.

30 March 1981

Sean Slupin,

Agricultural Prices and the Fisheries Agreement

The Prime Minister held a meeting this morning to discuss the outcome of the meeting of the Fisheries Council on Friday 27 March and its consequences for this week's meeting of the Agricultural Council. The Minister of Agriculture, the Lord Privy Seal, the Secretary of State for Scotland and Mr. Franklin were present.

The Minister of Agriculture briefed the Prime Minister on his meeting with M. Hoeffel at Northolt on 26 March and on the subsequent meeting of the Fisheries Council. He said that the net result of the discussions had been to make it clear to all that the blame for the absence of progress towards a Common Fisheries Policy lay with France. There were however some signs that the French might be inclined to make a serious effort to reach agreement after the Presidential elections in May. One incentive for them to do so was the prospect of Spanish accession to the Community. Had they been intent on resisting any agreement, it would have been natural for them on Friday to have emphasised their position of principle on the question of access. They had not done so. On the other hand it was argued that this last point might equally be explained by a desire on the part of the French to avoid provoking an unyielding stand on our part in the agricultural price discussions.

In a more general discussion of tactics at the Agricultural Council, the Prime Minister said that we should go hard for everything we wanted. If we achieved all our requirements i.e. on both prices and economies, we could not hold up an agreement.

It was pointed out that there was little if any chance of this eventuality arising. It was, for instance, virtually inconceivable that we would get agreement on a super levy. Both the Germans and the French were strongly opposed to this. The Prime Minister said that in these circumstances agreement should not be concluded this week. A further meeting of the Agricultural Council was scheduled for 9/10 April. The Prime Minister said that she would like to have a further discussion in OD and/or Cabinet before that meeting.

As regards contacts with the French Government in the interim, the Prime Minister said that the drafting of a message from her to President Giscard should be put in hand (I should be grateful if you

/could

CONFIDENTIAL

ds.

CONFIDENTIAL

could see that this is done). The objective of the message would be to get down in writing the various remarks made by M. Hoeffel and to extract from the French the best available undertaking about their intentions after the Presidential election. (It was recognised that this might not amount to much.) One way of following up the message might be for the Prime Minister to talk to President Giscard on the telephone.

The timing of the despatch of the message will be decided in the light of developments at the Agricultural Council. It was argued that there would be advantage in allowing the firmness of our position in Brussels this week to become apparent before sending any communication to President Giscard.

I am sending copies of this letter to Kate Timms (Ministry of Agriculture, Fisheries and Food), John Wiggins (HM Treasury), Godfrey Robson (Scottish Office) and David Wright (Cabinet Office).

Yours ever

Michael Alexander

Stephen Gomersall, Esq.,
Lord Privy Seal's Office.

CONFIDENTIAL

PRIME MINISTER

Fish and Price

FISHERIES

The Minister of Agriculture rang this afternoon from Brussels to give some additional background on today's negotiations in Brussels. He said that the outcome had been satisfactory to the extent that the French were now firmly identified in the eyes both of his Ministerial colleagues and of the Press as the guilty party. The contradiction between the negotiating posture of M. Hoeffel and President Giscard's publicly-stated willingness to seek a solution was apparent to all.

Mr. Walker said that M. Hoeffel had again told him that the French would not be able to do anything until after the election. The Commission have apparently said that the French had made it clear to them that they are prepared to negotiate on access and to accept the concept of boxes off Scotland but that they could not hope to get a settlement past their industry in the run-up to the election.

The Germans were, once again, critical of our position. However, the responsible German Minister, Rohr, told Mr. Walker that the Federal Government now regarded the present episode as "over" and were anxious to work together with us from now on.

Mr. Walker said that he had remained in close touch with the industry and they were content with the position now reached.

Mr. Walker will be in London on Monday morning. I think it would be helpful if you could see him to discuss today's events as well as the line to be taken next week. We have arranged a meeting for 1000 and have invited the Secretary of State for Scotland and the Lord Privy Seal.

/I may be

mf

I may be doing him an injustice, but I have the impression that Mr. Walker may be preparing the ground to argue, either on Monday or later, that there is now a sufficiently good prospect of progress on fish to justify our allowing an agricultural price agreement to be concluded if it is generally acceptable to us.

If you wish to speak to Mr. Walker before Monday morning, he will be reachable on 0905 773309 throughout the weekend. I doubt whether there is, in fact, anything that cannot wait until Monday morning.

Am. D.

I now attach a note prepared by Mr. Franklin for Monday's meeting.

27 March 1981

CONFIDENTIAL

MR ALEXANDER

Community Negotiations on Fisheries and Agriculture

The Prime Minister is seeing the Minister of Agriculture, the Secretary of State for Scotland and the Lord Privy Seal on Monday morning to take stock of the negotiating situation after the Fisheries Council today.

Mr Walker will be able to report on the text agreed by the Council and the attitude of the fishing industry. E Committee has agreed that the further aid to the fishing industry of £25m should be announced on Monday.

2. The question for decision is how Mr Walker should now play the hand in the Agriculture Council. He may be inclined to argue that the fishing industry is content with the commitment to an early settlement and that he should now go ahead and settle agricultural prices and the economy measures on their merits. However this would leave us with no assurance that the French would settle fish on acceptable terms even after the Presidential elections. The Foreign and Commonwealth Secretary before leaving for the Far East, took the view that, while it would be a mistake to make any explicit link between the CFP and CAP prices, we should nevertheless ensure that, if fish had not been settled, no decisions on agriculture should be taken next week. He considered that this situation could best be achieved by sticking out for -

- (a) the super levy on milk and other items in the economies package (as the Prime Minister made clear in Maastricht); and
- (b) the German formula limiting the rise in agricultural spending to a rate markedly lower than the growth of own resources (strongly supported by the Chancellor but not favoured by Mr Walker).

OD recognised that the super levy was probably unnegotiable; nor are we likely to get the budgetary commitment except in the context of budgetary restructuring. But both are perfectly credible points to stick on if we are going to press the French harder on fish.

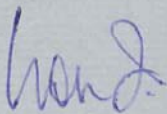
3. If it is agreed that we should not settle agriculture next week (unless by some miracle both our conditions were satisfied and all the other elements

CONFIDENTIAL

fell into place), Ministers would then have the choice of -

- (a) making it clear to the French that we need a fisheries settlement before we will settle agricultural prices. This is the only certain way of getting fisheries settled quickly, but will provoke a major crisis with all our partners, and risk upsetting our own farmers as well. We could not avoid the link becoming overt;
- (b) telling the French that we need to know the terms on which fisheries will be settled (after their elections) before we can settle agriculture but that we would not insist on the one preceding the other. It would be difficult to keep such a deal secret, and to some extent we would have to take the French on trust. But it would be less damaging to our relations with the rest of Community than course (a). ~~If we~~ If we offered it to the French and they refused, course (a) would still be open to us. It would need private bilaterals with the French;
- (c) resting on the Fisheries Council and hoping that early settlement on agriculture prices would create the right climate to resolve fish on terms satisfactory to us in June.

4. It would not be necessary to decide which course to take on Monday morning. The Prime Minister might invite the Lord Privy Seal to put a paper to OD for decision after the Agriculture Council. In the meantime we should say nothing more to the French.



M D M FRANKLIN

CABINET OFFICE SW1

27 March 1981

ADVANCE COPIES

FRAME FISHERIES

48 XEROX COPIES

FCO

P.S.
PS/LORD PRIVY SEAL
PS/PUS
MR HANNAY
LORD BRIDGES

RESIDENT CLERK

HD/ECD() (4)
HD/NEWS
HD/
HD/WED

PLUS FCO

MR DE FONBLANQUE } ECD (1)
MR POSTON }

CABINET OFFICE

MR M D H FRANKLIN
MR D M ELLIOTT
MR WENTWORTH
MR RHODES

D.O.T. 1 VICTORIA STREET

H M TREASURY

SIR K COUZENS
MR ASHFORD

M.A.F.F.

PS/MINISTER
SIR B HAYES W'HALL PLACE
PS/MR BUCHANAN-SMITH
PS/IN OF STATE

MR MASON)
MR J G KELSEY)
MR R J PACKER)
MR C R CANN)
MR ABBOTT)
MR A CAHN)
MR G BELCHAMBER)
MR HOLWOOD)

FISHERIES DIVN
GT W'MINSTER HSE

PLUS OGDS

MR B BONE (N.I.O.) GOGGS
D.A.F.S. c/o SCOTTISH OFFICE:
PS/S OF S
MR CRAWLEY: MR CORMACK: MR LAIDLAW: MR MUNRO

D.A.N.I. MR MORRISON
W.O.A.D. MR G M JONES

MR ALEXANDER
NO. 10. DOWNING STREET

RESTRICTED

FRAME FISHERIES

DESKBY 271800Z (FCO)

DESKBY 280900Z (ISLAMABAD)

FM UKREP BRUSSELS 271727Z MAR 81

TO IMMEDIATE F C O

TELEGRAM NUMBER 1146 OF 27 MARCH

INFO IMMEDIATE BRUSSELS, COPENHAGEN, THE HAGUE, ROME, DUBLIN,
PARIS, BONN, LUXEMBOURG, ATHENS AND ISLAMABAD (FOR PRIVATE
SECRETARY).

MEETING OF THE COUNCIL (FISHERIES) 27 MARCH 1981

SUMMARY

1. THE COUNCIL CONCLUDED THAT ITS TASK WAS TO SETTLE THE
COMMON FISHERIES POLICY (NOT TO RATIFY THE CANADA DEAL) BUT
THAT IT COULD NOT ACHIEVE THIS TODAY. IT INVITED ITS PRESIDENT
IN CONJUNCTION WITH THE COMMISSION TO PREPARE FOR THE COUNCIL
TO REACH FINAL DECISIONS AS SOON AS POSSIBLE THIS SPRING.

2. THE STATEMENT IN MY TELNO 1141 OF 27 MARCH WAS AGREED.
REGULATION 2527/80 ON TECHNICAL CONSERVATION MEASURES WAS

DB 271800Z

IMMEDIATE

ADVANCE COPY

ms

2. THE STATEMENT IN MY TELENO 1191 OF 27 MARCH WAS AGREED. REGULATION 2527/80 ON TECHNICAL CONSERVATION MEASURES WAS FOLLOED FORWARD TO 30 JUNE, TOGETHER WITH THE FAMILIAR FORMULA COVERING CURRENT FISHING PRACTICES.

3. THE UK WAS REPRESENTED BY THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD, THE SECRETARY OF STATE FOR SCOTLAND AND THE MINISTER OF STATE, MAFF.

DETAIL

4. AFTER RECALLING THE MAASTRICHT MANDATE THE PRESIDENCY BRISKLY GOT OFF TO A FALSE START BY CALLING UP DISCUSSION OF THE DEAL UNDER WHICH THE CANADA AGREEMENT WOULD BE RATIFIED IN RETURN FOR AGREEMENT ON MEASURES TO STRENGTHEN THE MARKET. THIS RAPIDLY LED NOWHERE ESPECIALLY WHEN ERTL (GERMANY), SPEAKING WITH UNUSUAL PHLEGM, SAID THAT CANADA WAS A SIDE ISSUE AND THE 1981 FISHING OPPORTUNITIES FOR THE GERMAN DEEP SEA FLEET WERE ALREADY LOST. THIS CAUSED HIM AND HIS COUNTRY MUCH BITTERNESS BUT THE KEY PROBLEM FOR THE COUNCIL NOW TO DISCUSS WAS ACCESS. HOFFEL (FRANCE) SAID THAT AS WAS KNOWN THERE HAD BEEN ANGLO/FRENCH BILATERAL CONTACTS. THESE HAD BEEN FRANK AND USEFUL BUT HAD ALSO SHOWN THAT MUCH REMAINED TO BE CLARIFIED. ACCORDINGLY IT WOULD NOT BE POSSIBLE TO MAKE PROGRESS ON ACCESS TODAY. INDEED DISCUSSION WOULD BE PREMATURE AND COULD BE DAMAGING. THE FRENCH POSITION ACCESS WAS UNCHANGED - THERE MUST BE NO RETREAT FROM THE ACCESS TO OTHER MEMBER STATES' WATERS AT PRESENT ENJOYED BY FRENCH FISHERMEN.

5. MR WALKER SAID THAT HE WOULD NOT ARGUE AGAINST MR HOFFEL'S VIEW THAT AN ACCESS DISCUSSION WOULD BE PREMATURE. HE TOOK THE OPPORTUNITY TO RECALL TO THE COUNCIL THE EXPECTATIONS WHICH THE COMMISSION HAD AROUSED WITH ITS EARLIER (1976) PROPOSALS FOR TERMINATING HISTORIC RIGHTS AND OTHER REFERENCES TO VESSEL SIZE LIMITATIONS. HE RECALLED ALSO THE COMMISSION'S MORE RECENT PROPOSAL TO CONSOLIDATE PRE-ACCESSION RIGHTS AND THE PRESIDENCY'S COMPROMISE WHICH WOULD HAVE LIMITED POST-ACCESSION RIGHTS TO THOSE NEEDED TO ENABLE THE MEMBER STATES TO CATCH THEIR QUOTAS. THE COMMISSION'S PROPOSAL FOR FISHING BOXES HAD BEEN MEANINGLESS BUT THE UK HAD SAID THAT IT WAS PREPARED TO CONSIDER THE INTERESTS OF OTHER MEMBER STATES IN FISHING IN THE BOXES. IN THE SAME SPIRIT OF FLEXIBILITY THE UK HAD EARLIER ACCEPTED THE FRENCH VIEW ON CONSERVATION MEASURES AND HAD NOT REJECTED THE COMMISSION'S QUOTA PROPOSALS EVEN THOUGH THEY UNDERDID UNITED KINGDOM ENTITLEMENTS. HE WAS SORRY TO SEE THAT THERE HAD BEEN NO CHANGE IN THE POSITIONS TAKEN BY

UNDERDID UNITED KINGDOM ENTITLEMENTS. HE WAS SORRY TO SEE THAT THERE HAD BEEN NO CHANGE IN THE POSITIONS TAKEN BY OTHERS ON THEIR HISTORIC RIGHTS. TO PUT THE ARGUMENTS IN PERSPECTIVE FRENCH ACCESS RIGHTS IN UK WATERS WERE WORTH 50,000 TONNES. FORTY THOUSAND TONNES WERE SECURED BY PRE-ACCESSION RIGHTS. THE FRENCH RESISTANCE TO FURTHER DISCUSSION CONCERNED ONLY 10,000 TONNES.

6. THE CHAIRMAN ATTEMPTED AN INTERIM SUMMING UP. THE COUNCIL HAD BROUGHT FORWARD ITS APRIL MEETING. IT HAD FOUND THAT IT COULD NOT MOVE FURTHER TODAY. THE PRESIDENCY WITH THE COMMISSION WOULD PREPARE FOR A FUTURE MEETING AND WOULD CALL IT WHEN IT CONSIDERED THAT ADEQUATE PREPARATIONS HAD BEEN DONE. MR WALKER SAID THAT IT WAS IMPORTANT TO MAINTAIN THE PRESSURE FOR A SETTLEMENT; THE PRESIDENCY/COMMISSION PREPARATIONS SHOULD PROCEED QUICKLY AND THE COUNCIL SHOULD MEET AGAIN WITH THE LEAST DELAY. IT WAS ALREADY OF ACUTE CONCERN TO US THAT THE COMMUNITY HAD MISSED 1 JANUARY. CONTINUED UNCERTAINTY AND DELAY DESTROYED CONFIDENCE IN THE INDUSTRY.

7. CHRONOLOGICALLY THE COUNCIL THEN CONSIDERED THIRD COUNTRY QUESTIONS BUT RETURNED TO ITS OWN FUTURE ARRANGEMENTS WHEN A PRESIDENCY TEXT WAS TABLED. IN AN ORIGINAL DRAFT THIS TEXT REFERRED TO THE PARTICULAR IMPORTANCE OF MARKETING PROBLEMS. THIS GAVE RISE TO A DISCUSSION IN WHICH IT WAS VARIOUSLY ADVOCATED THAT THE REFERENCE TO MARKETING SHOULD STAND; OR THAT IT SHOULD NOT BE PICKED OUT IN PREFERENCE TO OTHER OUTSTANDING QUESTIONS SUCH AS ACCESS; OR THAT REFERENCES TO SPECIFIC OUTSTANDING ISSUES SHOULD FALL. ROHR (GERMANY), ERTL HAVING DEPARTED, OPPOSED MENTION OF MARKETING. IN HIS VIEW MARKETING MEASURES HAD BEEN DISCUSSED ONLY BECAUSE THEY MIGHT HAVE BEEN THE PRICE TO PAY FOR THE CANADA AGREEMENT. NOW, THERE WAS NO PRICE AND NO DELEGATION COULD COME BACK WITH, FOR EXAMPLE, PROPOSALS FOR INCREASED PRICES. MR WALKER SUPPORTING A SPIRITED INTERVENTION BY POWER (IRELAND) OBSERVED THAT IN A NUMBER OF MEMBER STATES MARKETING WAS THE SINGLE MOST SERIOUS PROBLEM AND THAT THE COUNCIL HAD NOT DEVOTED SUFFICIENT TIME TO IT. THE TEXT WAS FINALLY AGREED WITHOUT REFERENCE TO MARKETING BUT WITH AN ENTRY IN THE MINUTES TO APPEASE THE IRISH SAYING THAT MARKETING PROBLEMS WOULD BE DISCUSSED AS A PRIORITY.

THIRD COUNTRY AGREEMENTS.

8. BETWEEN THE ORAL AND WRITTEN VERSIONS OF THE DAY'S CONCLUSIONS THE COUNCIL TURNED TO THIRD COUNTRY AGREEMENTS.

9. AS RECORDED ABOVE THE GERMANS ABANDONED THEIR DEMANDS FOR THE IMMEDIATE IMPLEMENTATION OF THE CANADA AGREEMENT IN ORDER TO PERMIT

9. AS RECORDED ABOVE THE GERMANS ABANDONED THEIR DEMANDS FOR THE IMMEDIATE IMPLEMENTATION OF THE CANADA AGREEMENT IN ORDER TO PERMIT 1981 CATCHES. IN DOING SO ERTL RECALLED THAT AT MAASTRICHT CHANCELLOR SCHMIDT HAD SAID THAT HE HAD BEEN "DECEIVED". BUT HJORTNAES (DENMARK). DEMANDED IMPLEMENTATION OF THE AGREEMENTS WITH FAROES AND SWEDEN AND WAS SUPPORTED BY HOFFEL AND ERTL. THE ITALIAN ADDED THAT THE COUNCIL NEEDED TO APPROVE MANDATES FOR FISHERY NEGOTIATIONS WITH AFRICAN COUNTRIES.

10. MR WALKER DISMISSED HJORTNAES' ALLEGATION THAT THE UK HAD NEVER EXPLAINED ITS OPPOSITION TO THE FAROES AGREEMENT. IT HAD DONE SO BOTH IN THE COUNCIL AND BILATERALLY AT PRIME MINISTER LEVEL. THE AGREEMENT WAS UNBALANCED TO THE DISADVANTAGE OF THE COMMUNITY AND IN PARTICULAR OF THE UNITED KINGDOM. AS REGARDS SWEDEN IT WAS CLEARLY IMPOSSIBLE FOR THE COUNCIL THERE AND THEN TO AGREE TO A DEAL WHICH PROVIDED FOR THE ALLOCATION TO SWEDEN OF 10 THOUSAND TONNES OF NORTH SEA HERRING.

OTHER BUSINESS.

11. THE COUNCIL AGREED WITHOUT DIFFICULTY TO ROLL FORWARD THE TECHNICAL CONSERVATION REGULATION (2527/80) TO 30 JUNE AND TO CONTINUE THE EXISTING FORMULA CONCERNING THE APPLICATION BY MEMBER STATES OF CURRENT FISHING PRACTICES PENDING AN OVERALL CFP AGREEMENT.

COMMENT.

12. BY THE RECENT STANDARDS OF FISHERIES COUNCILS TODAY'S WAS CALM AND BUSINESSLIKE, WITH NO THREATS OR REPROACHES FILLING THE AIR.

FCO ADVANCE TO:

FCO - PS/SOFS PS/PUS PS/LPS PIRNIE HANNAY DE FONBLANQUE POSTON
CAB - FRANKLIN WENTWORTH
MAFF - PS/MIN PS/MIN OF STATE KELSEY MASON PACKER HOLMWOOD
DAFS - PS/SOFS CORMACK LAIDLAW MUNRO
DANI - MORRISON
NO. 10. D.ST. - ALEXANDER

BUTLER

NNNN

ADVANCE COPIES

FRAME FISHERIES

41 XEROX COPIES

XXX

FCO

FLASH

IMMEDIATE

PLUS FCO

P.S.
PS/LORD PRIVY SEAL
PS/PUS
~~MR HANWAY~~
LORD BRIDGES
Mr HANWAY

RESIDENT CLERK-
HD/ECD(1)(4)
HD/NEWS
HD/
HD/WED

Mr DE FONBLANQUE } ECD
Mr POSTON }

<u>CABINET OFFICE</u> MR M D M FRANKLIN MR D M ELLIOTT MR WENTWORTH MR RHODES	<u>D.O.T. 1 VICTORIA STREET</u>	<u>H M TREASURY</u> SIR K COUZENS MR ASHFORD
<u>M.A.F.F.</u> PS/MINISTER SIR B HAYES W'HALL PLACE PS/MR BUCHANAN-SMITH PS/MIN. OF STATE Mr KELSEY Mr MASON Mr PACKER	MR MASON) MR J G KELSEY) MR R J PACKER) MR C R CANN) MR ABBOTT) MR A CAHN) MR G BELCHAMBER)	FISHERIES DIVN GT W'MINSTER HSE

PLUS OGDS

MR B BONE (N.I.O.) GOGGS
D.A.F.S. c/o SCOTTISH OFFICE:
PS/S OF S
MR CRAWLEY: MR CORMACK: MR LAIDLAW

D.A.N.I. MR MORRISON
W.O.A.D. MR G M JONES

10. Dg St: Mr ALEXANDER.

UNCLASSIFIED

FRAME FISH

ADVANCE COPY

FM UKREP BRUSSELS 271525Z MAR 81

TO FLASH FCO

TELEGRAM NUMBER 1141 OF 27 MARCH

INFO IMMEDIATE BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN PARIS BONN
LUXEMBOURG ATHENS.

MEETING OF THE COUNCIL (FISHERIES): 27 MARCH 1981.

TELCON: FRIZZELL/WENTWORTH (CAB OFFICE).

1. FOLLOWING IS TEXT OF STATEMENT AGREED TODAY BY THE COUNCIL:

BEGINS:

IN RESPONSE TO THE POLITICAL IMPETUS GIVEN BY THE EUROPEAN
COUNCIL, THE FISHERIES COUNCIL BROUGHT FORWARD ITS MEETING
ORIGINALLY SCHEDULED FOR EARLY APRIL, WITH THE AIM OF RESOLVING
THE PROBLEMS THIS WEEK.

ALTHOUGH IT PROVED IMPOSSIBLE TO ARRIVE AT A COMPLETE SOLUTION IN
SUCH A SHORT SPACE OF TIME, THE POLITICAL RESOLVE TO REACH FINAL
DECISIONS THIS SPRING ON ALL OF THE PROBLEMS WAS CONFIRMED.

ALTHOUGH IT PROVED IMPOSSIBLE TO ARRIVE AT A COMPLETE SOLUTION IN SUCH A SHORT SPACE OF TIME, THE POLITICAL RESOLVE TO REACH FINAL DECISIONS THIS SPRING ON ALL OF THE PROBLEMS WAS CONFIRMED.

ANY FURTHER DELAY IN TAKING DECISIONS WOULD LEAVE THOSE WHO WORK IN THE FISHING INDUSTRY IN UNCERTAINTY FOR TOO LONG. PARTICULARLY FOR THOSE FISHING-FLEETS WHICH ARE DEPENDENT ON CATCH POSSIBILITIES IN THIRD COUNTRY WATERS, FINAL DECISIONS CANNOT BE DELAYED ANY LONGER.

ALTHOUGH DEFINITE POLITICAL PROGRESS HAS BEEN MADE, MORE DETAILED PREPARATION STILL PROVED NECESSARY ON SOME POINTS.

WITH THE FIRM RESOLVE TO REACH FINAL DECISIONS THIS SPRING, THE COUNCIL HAS ASKED THE PRESIDENCY, IN CONSULTATION AND CO-OPERATION WITH THE COMMISSION, TO MAKE PREPARATIONS FOR ITS NEXT MEETING.

THE PRESIDENCY WILL CONVENE THAT MEETING AS SOON AS THE REQUISITE PREPARATIONS PERMIT.

ENDS.

FCO ADVANCE TO:

FCO - HANNAY DE FONBLANQUE POSTON

CAB - FRANKLIN WENTWORTH

MAFF - PS/MIN PS/MIN OF STATE KELSEY MASON PACKER

DAFS - PS/SOFS CORMACK LAIDLAW

NO. 10 D. ST. - ALEXANDER

BUTLER

CONFIDENTIAL

GPS 550

CONFIDENTIAL [FRAME GENERAL]

FM BONN 261530Z MAR 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 205 OF 26 MARCH

INFO IMMEDIATE UKREP BRUSSELS ROUTINE OTHER EC POSTS

INFO SAVING BMG BERLIN

FISHERIES

1. MY TELNOS 202 AND 203 REPORTED PRESS AND GOVERNMENT REACTION TO MAASTRICHT, WITH PARTICULAR REFERENCE TO FISH. THE FOLLOWING IS AN ATTEMPT TO ANALYSE THE UNDERLYING GERMAN STATE OF MIND PRIOR TO THE FISHERIES COUNCIL TOMORROW.

2. THERE IS LITTLE DOUBT THAT THE SOURCE OF THE PRESENT OVERHEATED ANTI-BRITISH MOOD IS THE FEDERAL CHANCELLOR HIMSELF. IN EVERY CONVERSATION THE FEDERAL CHANCELLOR'S OFFICE, AND OTHERS CLOSE TO SCHMIDT SUCH AS SCHULMANN, EMPHASISE THE DOMESTIC PRESSURES AND THE CHANCELLOR'S BROADER PHILOSOPHICAL CONCERN ABOUT THE PURSUIT OF NATIONAL SELF-INTEREST IN THE COMMUNITY. BECKER, THE GOVERNMENT SPOKESMAN, APPEARS TO BE ACTING AS HIS MASTER'S VOICE ON THIS SUBJECT WITH EXCESSIVE ZEAL AND WITHOUT MUCH PRETENCE AT OBJECTIVITY. THE CHANCELLOR'S OFFICE ARE ALSO PROFESSING TO BELIEVE (ALTHOUGH WE ARE NOT AWARE OF ANY EVIDENCE TO SUPPORT THIS CONTENTION) THAT THE PRIME MINISTER HAS BROKEN A PROMISE TO RESOLVE THE FISH ISSUE WHICH SHE ALLEGEDLY GAVE TO THE CHANCELLOR IN A RECENT TELEPHONE CONVERSATION.

3. THE AUSWAERTIGES AMT, ON THE OTHER HAND, SEEM DISPOSED TO POUR OIL ON TROUBLED WATERS (ALBIET NOT VERY SUCCESSFULLY). AS REPORTED IN MY TELNO 200, GENSCHER WAS RELAXED AND SHOWED UNDERSTANDING OF THE UK'S POSITION WHEN I CALLED ON HIM ON 24 MARCH. HIS OFFICIALS ARE BEING PRIVATELY CRITICAL OF BECKER, ONE GOING SO FAR AS TO DESCRIBE HIM AS A DISASTER.

4. ERTL HAS BEEN SILENT SINCE THE MAASTRICHT MEETING - HE PROBABLY FEELS HE CAN LEAVE IT TO THE FEDERAL CHANCELLOR TO MAKE THE RUNNING. HIS OFFICIALS ARE FRUSTRATED AT WHAT THEY SEE AS UK BLOCKING TACTICS: BUT GROSS (DEPUTY SECRETARY RESPONSIBLE INTER ALIA FOR FISHERIES) WAS RELATIVELY RELAXED WHEN WE SAW HIM IMMEDIATELY AFTER THE MAASTRICHT COUNCIL. WHEN THE MINISTER WAS IN BREMEN YESTERDAY ON AN OFFICIAL VISIT THE DEPUTY BUERGERMEISTER AND THE PRESIDENT OF THE HOUSE OF REPRESENTATIVES BOTH STRESSED THEIR CONCERN AT THE CONSEQUENCES OF THE HOLD-UP FOR EMPLOYMENT IN BREMEN BUT SHOWED RECOGNITION OF THE IMPORTANCE OF THE ISSUE FOR BRITISH FISHING COMMUNITIES TOO.

CONFIDENTIAL

/5. BUT

*I have spoken to the
Chancellor's Office +
told them that I can
see nothing in the
transcripts which
would support such
an allegation. Herr
Zeller did not argue
& seemed grateful for
the call.*

*Phub
27/3*

CONFIDENTIAL

5. BUT PUBLIC OPINION TAKES ITS TONE FROM THE PRESS, AND THE PRESS HAS FOR THE MOST PART ECHOED THE CHANCELLOR'S MOOD AS MEDIATED THROUGH BECKER. THERE IS CONSEQUENTLY A GOOD DEAL OF PUBLIC INDIGNATION AGAINST THE BRITISH. THE GERMANS ARE TAKING AN EXAGGERATED VIEW OF THE CONSEQUENCES FOR THEIR OWN FISHERIES INDUSTRY AND FEEL THAT THEY ARE THE INNOCENT VICTIMS OF FRENCH AND BRITISH INABILITY TO REACH AGREEMENT AND BRITISH UNWILLINGNESS TO DE-COUPLE THE CANADA ISSUE. THE CHANCELLOR FOR HIS PART APPEARS TO FEEL GENUINELY LET DOWN BY WHAT HE SEES AS BRITISH FAILURE TO RESPOND TO GERMAN HELPFULNESS OVER LAST YEAR'S COMMUNITY BUDGET AGREEMENT AND TO HAVE BEEN REINFORCED IN HIS GUT FEELING THAT THE UK'S APPROACH TO COMMUNITY PROBLEMS IS ONE OF NARROW, RATHER THAN ENLIGHTENED, SELF-INTEREST. THERE IS NO DISPOSITION TO TAKE A ROBUST LINE WITH THE FRENCH. ALTHOUGH THERE ARE SOME INDICATIONS (E.G. GENSCHER'S RELATIVELY RELAXED ATTITUDE AND SOME PRESS COMMENT) OF A BELIEF THAT THE CHANCELLOR HAS BEEN OVER-REACTING, HIS EMOTION APPEARS TO BE GENUINE AND THE DAMAGE COULD GO WIDER THAN THE FISHING ISSUE. ACCORDING TO BECKER, THE CHANCELLOR'S CONTRIBUTION TO THE BUNDESTAG DEBATE ON THE STATE OF THE-NATION ON 9 APRIL WILL LAY HEAVY EMPHASIS ON THIS DISPUTE. WE NOW HAVE TO SEE WHAT HAPPENS AT THE FISHERIES COUNCIL TOMORROW. BUT WHATEVER THE OUTCOME, IT LOOKS AS IF A REPAIR JOB WILL BE NEEDED ON UK/FRG RELATIONS BETWEEN NOW AND THE CHEQUERS CONSULTATIONS ON 11/12 MAY.

TAYLOR

FRAME GENERAL

ECD (I)

WED

NAD

[NOT ADVANCED]

2

CONFIDENTIAL



With the Compliments
of the
Private Secretary
to the
Secretary of the Cabinet

M. O'D. B. Alexander, Esq

Cabinet Office,
London, S.W.1.

Covering CONFIDENTIAL



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO

Ref: A04557

26th March 1981

Michael Franklin gave you an oral report of Sir Robert Armstrong's telephone conversation with M. Wahl this evening. I now enclose a copy of a note of the conversation.

Copies of this letter and of the note go to Michael Alexander (No. 10) and Kate Timms (MAFF).

D. J. WRIGHT

(D. J. Wright)

Francis Richards, Esq

Covering CONFIDENTIAL

CONFIDENTIAL

Ref. A04554

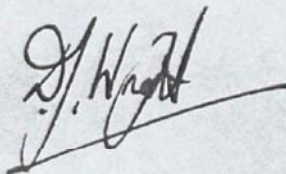
NOTE FOR RECORD

As agreed, Sir Robert Armstrong spoke on the telephone to Monsieur Wahl in the Elysee this evening.

--- 2. Using the prepared speaking note (copy attached) Sir Robert Armstrong emphasised that the Prime Minister had been disappointed at the report she had had from Mr Walker about his talks with Monsieur Hoeffel this morning. In particular, she did not think that what Monsieur Hoeffel had said about France not taking a decision before the election was consistent with what President Giscard had said at Maastricht, notably that the French presidential election would not be an obstacle and that the French would work for a settlement. The British Government, on the other hand, had made proposals on access consistent with the assurance given at Maastricht.

3. A failure to settle the matter so soon after Maastricht would be bad news for the Community, whereas a settlement would be both good for the fishing industries and would also help to make the settlement of other issues easier. Sir Robert Armstrong concluded by saying that he was sure Mr Walker would go into the talks tomorrow in the hope of arriving at a solution.

4. Monsieur Wahl agreed to convey to the President the message from the Prime Minister which Sir Robert Armstrong had relayed to him. He said that Monsieur Hoeffel had gone into the talks this morning under instructions from the French Cabinet. He was, however, grateful for what Sir Robert Armstrong had said to him and would try to see what could be done.



D J Wright

26 March 1981

CONFIDENTIAL

CONFIDENTIAL

FISHERIES

SPEAKING NOTE FOR TELEPHONE CONVERSATION BETWEEN
SIR R ARMSTRONG AND M WAHL

1. Mr Walker has reported to the Prime Minister on his talks with M Hoeffel this morning. Mrs Thatcher very disappointed it was not possible to make any substantial progress, due to rigidity of French position. This does not seem to her to reflect the tenor of her conversation with President Giscard at Maastricht, nor of the willingness he expressed there to work seriously for a settlement and that the Election was not an obstacle. ~~Dr~~ Hoeffel said "no decision before election". What is the true position?
2. Our offer was compatible with the assurance we gave you ^{at Maastricht} that our access proposals would allow you to catch your quotas. Within 12 miles, we made a new suggestion for West Scotland On the boxes we offered a flexible licensing system.
3. Unwillingness of France to make any real attempt to accommodate our needs inevitably makes us pessimistic about tomorrow's Fish Council. We will still go to it with the determination to seek a solution. But a further failure, so soon after the Maastricht European Council, will be bad for all of us and for the Community. Bound to lead to deterioration of general Community climate.
4. Agreement on a fisheries policy this week, on the other hand, would be good for everyone, particularly for our hard-pressed fishing industries; and could not but improve the atmosphere in which other Community decisions will have to be taken.
5. Hope very much President Giscard will personally reflect on all this. Prime Minister's strong preference remains to find a way through these complexities which will avoid what will inevitably come to be seen as an Anglo-French dispute.

CONFIDENTIAL

PRIME MINISTER

Aid for the Fishing Industry
(E(81) 35)

BACKGROUND

At their meeting on 5th February the Cabinet invited the Minister of Agriculture and the Secretary of State for Scotland to review the financial state of the fishing industry and to report to E Committee on the case for further Government assistance (CC(81) 5th Conclusions, Minute 3). All four of the Agriculture Ministers have joined in putting forward the present proposals in E(81) 35.

2. In summing up the discussion on 5th February, you said that the Cabinet agreed that it was necessary to give some immediate indication of the Government's concern over the plight of the fishing industry. As a result the Minister of Agriculture announced that day that:-

"When the Government last provided aid to the industry it undertook to review the financial position of the industry at the end of March. In view, however, of recent developments affecting the returns of the fishing industry, I have decided to bring this review forward and have asked the leaders of the industry to enter discussions with me to analyse the current situation."

The substance of this statement, which took the form of a Press Notice, was repeated in a statement in the House on 12th February. It follows that, while the Government is not committed to any specific assistance, there is a presumption that something will be offered.

3. The present paper reports the outcome of the discussions with the industry. Although the figures are highly uncertain, it seems that the industry's cash outflow, net of subsidies, was around £30 million in 1980 (paragraph 3 of E(81) 35) and that the net figure in the first six months of 1981 will be around £26 million (paragraph 4).

CONFIDENTIAL

CONFIDENTIAL

4. The Agriculture Ministers accordingly recommend subsidies totalling £25 million in cash, coming entirely from the Contingency Reserve. These would be made up of £20 million for a Fishing Vessel Support Scheme on the lines of that introduced last August and £5 million as a fuel subsidy.

5. These subsidies would be additional to the proposed community-funded restructuring programme which might be worth around £20 million to the United Kingdom in 1981. This programme would apply to only a small part of the present fishing fleet and would be directed to a different purpose from the general operating subsidy now in mind.

HANDLING

6. After the Minister of Agriculture has introduced the paper, you will wish to give the Secretaries of State for Scotland and Northern Ireland and Mr. Wynn Roberts, who is representing the Secretary of State for Wales, an opportunity to comment. You might then invite the Chancellor of the Exchequer to comment on the financial implications and the Foreign and Commonwealth Secretary on any Community implications and, in particular, on the relevance to the current discussions on Common Fisheries Policy.

7. The main questions for discussion seem to be:-

- (i) Should the subsidy be as much as £25 million?
- (ii) To what extent should this, or any lesser sum, be accepted as claim on the Contingency Reserve?

The Chancellor of the Exchequer may well argue for some offsetting saving.

- (iii) Should some of whatever total assistance is agreed take the form of a fuel subsidy?

The Chancellor of the Exchequer may prefer the whole of it to be paid under the Fishing Vessel Support Scheme in order to avoid encouraging other industries to put in similar claims (he is currently in correspondence with the Minister of Agriculture on a proposal for a fuel subsidy for the glasshouse sector of the horticulture industry).

Chancellor's
negative reply
in this folder

TL

CONFIDENTIAL

- (iv) Can the Minister of Agriculture confirm that he intends to notify the Commission of the proposed aids? Last time he cleared them informally with the then Commissioner and formally notified the Commission just before his public announcement.
- (v) When will the announcement of the new aids be made? The European Council has now decided that a further attempt should be made to settle a CFP package at a resumed Fisheries Council on Friday, 27th March. It might be wise to defer any announcement of the proposed aids until the outcome of that Council is known and then, if a settlement is reached, to use the aids as part of the sweetening process that will be necessary to gain acceptance for the package in the United Kingdom. If, however, the Council breaks down without agreement, the case for national aids will be stronger and an early announcement could be appropriate.

CONCLUSIONS

8. In the light of the discussion you will wish to record conclusions on:-
- (a) the total of the cash subsidy to be given to the industry and the extent to which this sum will be found from the Contingency Reserve rather than from offsetting savings;
 - (b) what part, if any, of the total should take the form of a fuel subsidy;
 - (c) the timing of the announcement, with reference to the further discussions of the Common Fisheries Policy;
 - (d) any points on informing the Commission of the proposed aids.

RIA

(Robert Armstrong)

25th March 1981



(2)

10 DOWNING STREET

Prime Minister.

This paper would form the basis for our negotiating brief with the French. As you will see there is an unresolved disagreement between the NAFF & the Scottish Office about the treatment of pre-accession rights off the West Coast of Scotland.

It may be necessary to have a meeting with Mr Walker & Mr Younger about all this to-morrow.

And 24/5

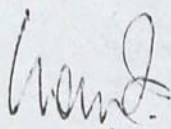
QZ 02024

CONFIDENTIAL

MR RICHARDS

COMMON FISHERIES POLICY: ACCESS TO WATERS

1. Officials recently met to consider how we should handle the Commission's proposals on access to waters and the Presidency compromise based on them. The attached note records agreement on most of the outstanding points. But the Scottish Office felt we should try to negotiate the extinction of pre-accession fishing rights off the West coast of Scotland in exchange for concessions which would be found round England and Wales. Officials of the Ministry, of Agriculture, Fisheries and Food do not favour this approach in view of the growing pressures from English fishermen.
2. I had intended to recommend to the Secretary of State that the note should be discussed in OD(E), but in view of the outcome of the European Council and the imminence of a bilateral meeting with the French, I am sending copies, with copies of this minute, to the Private Secretaries to the Prime Minister, Minister of Agriculture and the Secretary of State for Scotland.



M D M FRANKLIN
CABINET OFFICE SW1
24 MARCH 1981

CONFIDENTIAL

REVISION OF THE COMMON FISHERIES POLICY

ACCESS TO WATERS

Note by Officials

Background

1. Restriction on access by vessels from other Member States to our coastal waters has been at the forefront of our demands for a revised Common Fisheries Policy (CFP) since 1976. Although it could be argued that in economic terms access is the least important of the CFP issues, it is probably the most important in political terms. Repeated public statements by Ministers of successive administrations have led the industry to expect improvements on the current position in a CFP settlement. This must be secured if we are to have the catching industry's (and therefore Parliamentary) acceptance of an overall settlement.

2. Our objectives as recently expressed are "a broadly exclusive 12 mile belt with preference beyond". Although the two aspects are inter-dependent to some extent it is worth considering the position inside and outside 12 miles separately.

Inside 12 miles

3. Following the London Convention of 1964 parties were entitled to adopt 12 mile fishery limits measured from the baselines of the territorial sea. In the 0-6 miles belt the coastal state had exclusive rights, but in the 6-12 mile belt it was obliged to grant rights ("historic rights") to other parties whose vessels had fished there for a prolonged period beforehand; these rights could be limited to the species or type of fish concerned (eg "lobster", "demersal"). On enlargement the extant Community rules (which provided for "equal conditions of access" throughout the maritime waters of all Member States viz-a-viz vessels from other Member States only) were modified (as a 10 year derogation) to a format very similar to that provided by the London Convention. The exception was that other than in the sections of 6-12 miles belt mentioned in Article 101 of the Act of Accession, rights were generalised so that all vessels from all Member States were entitled to fish for all species. In the areas mentioned in Article 101 of the Treaty which are, broadly, the more sensitive areas for us, the London Convention position was

/continued.

CONFIDENTIAL

continued. These arrangements last until 31 December 1982. The Council must decide under Article 103 of the Act of Accession on the arrangements to follow these set out in Articles 100-101.

4. When it became clear in 1976 that the general international move to 200 miles fishery limits could not be halted, the Commission, taking account of the adverse effect of this development especially on the United Kingdom fleet, seemed then to be willing to propose an exclusive 12 mile limit in all areas. Since then they have tentatively suggested a number of widely differing options. In a recent Fisheries Council they suggested that from 1 January 1983 the situation inside 12 miles should revert to the pre-accession, ie London Convention, position. However, this idea of a reversion to pre-accession "historic rights", which would have had significant advantages for us, was blocked inside the Commission by the French Commissioners.

5. The current Commission proposal is that the post-accession position should continue from 1 January 1983 for a further 10 years, with provision for the Council to decide on the arrangements to follow from 1 January 1993; these must be such as to "ensure the stability of coastal fishing", but there is no other guarantee of continuity.

6. At the end of the last Council meeting on 10 March the Presidency put forward a "compromise" which would provide for a reversion to pre-accession rights, except to the extent that the Commission concluded that it was necessary for post-accession rights to be maintained to permit Member States to catch their quotas.

Outside 12 miles

7. We have had even more difficulty in making progress with our aims outside 12 miles, because of the absence of a tradition of access restrictions in this area in international and Community law. We have made as much use as possible of arguments about "dependent communities" referred to in Annex VII of the Hague Agreement (which the 30 May text reconfirms is relevant to access) in order to justify Areas of Preference outside 12 miles off North Scotland including round the Orkneys and Shetlands, and in the Irish Sea, especially in

/that part

that part of it in which Northern Irish fishermen have a vital interest. However our demand is to a large extent political and although we have shown that restrictions outside 12 miles would be of benefit to our dependent communities it is difficult for us to demonstrate effectively that such restrictions are essential for the wellbeing of these communities. Following pressure by us for proposals to meet our needs the Commission have responded by merely putting forward a proposal for a zone of "surveillance" at North Scotland in which vessels of over 17 metres length would be licensed. Although the implication is that in some circumstances the number of licences might be limited there is no explicit provision for such limitation. This surveillance proposal was repeated unchanged in the Presidency's 10 March compromise.

Continuity

8. We have consistently made it clear that our preference is for a permanent arrangement to provide the catching industry with security and to avoid another lengthy wrangle in the Community in a few years' time. However we have been prepared to acknowledge the concern of some Member States, particularly the French, that for reasons of principle provision for continuity should be provided by way of a "derogation". Ministers have however taken the view that given the difficulties over the past years on fisheries a failure to secure guarantees on continuity could not be satisfactorily explained to Parliament.

Possible UK approach

Inside 12 miles

9. Although in the past the Commission have tentatively suggested arrangements within 12 miles which would be more favourable than the pre-accession London Convention arrangements it is unlikely that we would be able to achieve agreement on a solution more beneficial than the pre-accession arrangements; even this may not be achievable.

10. DAFS consider that it would be very difficult to accept a failure to secure more favourable arrangements in the Hague areas than elsewhere. Specifically they envisage that some pre-accession historic rights off the west coast of Scotland should be extinguished as we envisaged in earlier bilateral discussions with the French. They believe that it would be possible to achieve this by basing ourselves broadly on the Presidency compromise but

/being

being prepared to take a flexible view of the concessions we would be prepared to offer in the non-Hague areas beyond the pre-accession situation in exchange for limited French concessions in the west of Scotland area. Since we were previously prepared to envisage the acceptance the post-accession position in the non-Hague areas, there should in their view be scope for a pragmatic solution of this sort.

11. Other Departments consider that it will be difficult to secure the extinction of pre-accession rights even in exchange for significant concessions. Moreover MAFF consider that the recent growth of pressure from English fishermen for an exclusive 12 mile limit and their growing realisation that any preferential arrangements outside 12 miles would benefit only fishermen from Hague areas means that it is no less important to secure improvements in the access arrangements inside 12 miles in the non-Hague as in the Hague areas if a solution is to be acceptable to the UK industry as a whole.

12. Whether or not it is decided that we should seek to extinguish pre-accession rights off the west coast of Scotland we are faced with the tactical decision of how best to secure our objectives in the 12 mile belt. The present Commission proposal, based on the post accession situation, is unsatisfactory and we could attempt to have an entirely new proposal made. However, the prospects of achieving this are currently not good and, while we could revert to the possibility at some stage if necessary, it may be more constructive to pursue our objectives through negotiation in the Council. The most promising course would seem to be to build on the Presidency compromise. This is the most favourable approach on the table and would have the advantage that specific decisions were required for the creation of any rights going beyond pre-accession rights.

Outside 12 miles

13. To the extent that we are successful in our aims within 12 miles we may be able to be somewhat more relaxed outside 12 miles. Our priority must be for a preferential box for demersal species at North Scotland. The choice is essentially whether to go for a small box with exclusive rights or a large box with controls on fishing effort. The difficulty is that an exclusive box would, to be negotiable, have to be little larger than the already exclusive /12 mile

CONFIDENTIAL

- 5 -

12 mile limit around the Shetlands. Moreover, it would be likely to inflict more damage on our own fishing than on that of other member states since the same limit on boat length would have to apply both inside and outside the 12 mile limit. A large box with controls would be a more presentable arrangement but the existing Commission proposal would need significant improvement since at present it does not envisage any effective controls on fishing effort. We also have to press our needs for a preferential zone in the Irish Sea. We should be ready to concede that this need not necessarily be large since the catch figures demonstrate that the Northern Ireland interest could largely be secured by a box extending to the Isle of Man.

14. For both of the preference areas outside 12 miles we shall need to press for substantial improvements in the Commission's proposals which, in the case of the Irish Sea make no specific provision but simply refer in the explanatory memorandum (on a par with Orkney and Shetland) to the need for arrangements to be made in "certain parts of the Irish Sea".

Duration

15. The present Commission proposal on duration (which is unchanged in the Presidency compromise) is inadequate because it does not provide any presumption that the access arrangements will continue after 1992. Indeed, new arrangements would be introduced only "if necessary". The UK objective must be to obtain the firmest possible guarantee that whatever arrangements are negotiated now will continue after 1992. Preferably we would like a formulation which secured such continuation unless a unanimous decision was taken to the contrary. If necessary we could accept a formulation which explicitly assumed that a derogation regime on access would continue. In furthering our case we can point out that not to continue with access derogations would be counter to the intentions of the Hague agreement which is of indefinite duration.

Conclusions

16. Because of our special needs to secure satisfactory arrangements on access there can be no possibility of our agreeing any of the outstanding internal CFP issues including access other than in a single deal.

/17.

CONFIDENTIAL

CONFIDENTIAL

- 6 -

17. A solution within 12 miles broadly based on the pre-accession arrangements may be attainable and acceptable to the industry. But MAFF and DAFS are not agreed on how this should be tackled, in particular, whether we should seek to suppress pre-accession rights at West Scotland in exchange for concessions outside the Hague areas.

18. Outside 12 miles our aim should be a large preferential box for demersal species at North Scotland with some form of limitation on fishing effort for larger boats as compared with an earlier period. A preferential area, possibly of quite limited size, could meet our needs in the Irish Sea.

19. We could accept a further 10 year "derogation" only if more satisfactory provision is made for continuity after 1992. We will need the presumption or at least the expectation to be that the situation agreed for 1983-92 will continue.

Recommendation

20. Ministers are invited to endorse these conclusions and to decide on how the problem of access within 12 miles (para 17) should be tackled.

CONFIDENTIAL

CONFIDENTIAL

Top Copy with briefing
on Gwold: 11 6.
Mansfield & King



Prime Minister

Ans

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

EC AGRICULTURAL PRICES AND FISHING POLICY

I have been reflecting further on our discussion in OD yesterday about the possible linkage between the negotiations on CAP prices and fishing policy, on which you are to talk to President Giscard at the European Council.

2. As we agreed yesterday, it is now important for us to get an early settlement on fisheries and some movement may be needed on agricultural prices in order to achieve this. We also need to avoid taking up a position where we may be accused of going back on the 30 May agreement either by obstructing an early settlement on fish or by manifestly holding up the negotiations on CAP prices.

3. There is, however, another aspect which you might bear in mind in talking to Giscard. There is a genuine risk that, if we agree to higher CAP prices without any worthwhile offsetting savings or commitment to contain CAP expenditure, our position for the subsequent restructuring negotiations will have been undermined. If and when it becomes clear that the CAP price decisions are inconsistent with restructuring the Community Budget or maintaining the 1 per cent VAT ceiling, we would be told that we had no grounds for complaint since we had acquiesced in the CAP decisions. We indeed agreed in OD last week that it was essential that the outcome of the CAP negotiations should be consistent with our objectives for CAP reform and budget restructuring.

/Given this

CONFIDENTIAL



4. Given this concern, I believe it is important that we should, with the Germans, continue to pursue our objective of ensuring that Community expenditure on agriculture grows markedly more slowly than the revenue from own resources. I suggest that it is desirable, and by no means inconsistent with our discussion yesterday, that we should continue to press for some form of commitment to a formula along these lines at the Agriculture Council at the end of March as well as supporting some of the Commission's proposals for specific economies.

5. I do not suggest that you should necessarily mention our expenditure formula to President Giscard next week in any bilateral discussion. It would, however, seem reasonable to make the point to him that we will need to find some way of presenting the agricultural price settlement as compatible with our longer-term objectives for budget restructuring. If in the European Council itself Chancellor Schmidt repeats the case for a limit on CAP expenditure then you should certainly support him.

6. I am copying this minute to the Foreign Secretary, the Minister of Agriculture, other members of OD, Sir Robert Armstrong and Mr. Franklin.

A handwritten signature in black ink, appearing to be 'G.H.'.

(G.H.)

20 March 1981

CONFIDENTIAL



Lower tariffs on 24,000 tons of fish
of which 20,000 tons in cod.

Input
120,000 tons
Nied
1/2 third
country

Foreign and Commonwealth Office

London SW1A 2AH

ms.

Top copy with brief
annexed to Europd. Ptb

20 March 1981 *Manuscript copying*

Dear Michael,

Fisheries: EC/Canada

COREPER failed today to reach agreement on a package of measures which would allow us to lift our reserve on the EC/Canada agreement. The negotiations are deadlocked on the failure of the other Member States to agree to a sufficient rise in withdrawal prices (they only offered 10%) despite the fact that we had modified our earlier demand (down from 25% to 20%); on their refusal to cover enough species; and on their failure to concede adequate safeguards against excessive imports (through the adoption of Article 20 of the proposed marketing regime).

Chancellor Schmidt will no doubt reproach the Prime Minister with this failure at the European Council. The EC/Canada problem is fully covered in the European Council brief on Fisheries (No. 8), but, if the outcome of COREPER is mentioned, the Prime Minister may like to make the following points:-

- (i) Regret it was not possible to reach agreement in COREPER. We alone changed our position and reduced our demands. Germans and others made no move on the elements they knew were important to us.
- (ii) We remain ready to try to negotiate sufficient market safeguards to enable EC/Canada to be settled, but there should be no illusions that this can be done on the basis of the present Commission proposals on prices and import controls.
- (iii) It makes no sense to try to make us accept an agreement on EC/Canada which would be damaging to UK interests without adequate safeguards. That would only make it harder for us to conclude a satisfactory overall CFP agreement which remains our top priority.

Yours ever,

Francis Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Soqning Street
LONDON
SW1

GPS 900

CONFIDENTIAL

CONFIDENTIAL
FRAME FISH
DESKBY 201900Z
FM UKREP BRUSSELS 201735Z MAR 81
TO IMMEDIATE FCO
TELNO 1049 OF 20 MARCH
INFO PRIORITY COPENHAGEN THE HAGUE PARIS BONN OTTAWA
INFO SAVING BRUSSELS ROME ATHENS

COREPER (DEPUTIES): 20 MARCH 1981

FISHERIES: EC/CANADA AGREEMENT AND CFP

MARKET IMPLICATIONS OF DELINKING

SUMMARY

1. NO AGREEMENT ON A MARKETING PACKAGE AIMED AT FACILITATING UK ACCEPTANCE OF THE EC/CANADA AGREEMENT. COMMISSION PROPOSALS WHICH WENT LITTLE FURTHER THAN EARLIER GERMAN SUGGESTIONS WERE AGAIN REJECTED BY THE UK THOUGH THEY WERE RELUCTANTLY ACCEPTED BY THE OTHERS. THERE WAS NO MOVEMENT TOWARDS THE UK ON WITHDRAWAL PRICES AND OPPOSITION BY A NUMBER OF DELEGATIONS TO ANY COMMITMENT NOW TO THE EXTERNAL MARKET PROTECTION MECHANISMS ENVISAGED IN ARTICLE 20 OF THE PROPOSED REVISION TO THE BASIC MARKET REGULATION. THE GERMANS DECLARED AGAIN THAT FISHERIES WOULD BE RAISED AT MAASTRICHT.

DETAIL

2. THE COMMISSION PROPOSALS (COPIES BY BAG TO DEPARTMENTS) WERE RECEIVED ONLY A SHORT TIME BEFORE COREPER MET. AS EXPECTED, THEY COMPRISED 10 PER CENT INCREASES IN THE GUIDE PRICES FOR COD, HADDOCK AND HAKE, THE EXPORT OF 5,000 TONNES OF WHITEFISH TO A STATE TRADING COUNTRY (POLAND), AN IMMEDIATE SUSPENSION OF IMPORTS OF FROZEN COD AND HADDOCK BELOW THE REFERENCE PRICE INTO THE UNITED KINGDOM, AND A LIMITATION IN 1981 OF UK IMPORTS UNDER THE CANADA AGREEMENT TO 1500 TONNES. THERE WAS NO REFERENCE TO ARTICLE 20 OF THE MARKET REVIEW PROPOSAL, BUT PROVISION FOR EXTENSION OF PRICE INCREASES TO OTHER SPECIES AFTER STUDY OF THE EFFECTS ON THE BUDGET, THE MARKET AND CANADA.

PRICES

3. OTHER DELEGATIONS (AS AN 'ULTIMATE EFFORT') WERE PREPARED TO ACCEPT 10 PER CENT ON COD, HADDOCK AND HAKE BUT NO MORE. ONLY THE ITALIANS SHOWED ANY SIGN OF BEING PREPARED TO GO HIGHER, ALTHOUGH THE FRENCH WOULD HAVE TAKEN MORE ON HAKE. WE REJECTED 10 PERCENT AS TOO LOW FOR THE SPECIES CONCERNED AND ARGUED THAT

CONFIDENTIAL

Current

CONFIDENTIAL

CURRENT UK MARKET WEAKNESSES JUSTIFIED BOTH HIGHER RATES AND A WIDER SPECIES COVERAGE. WE RECALLED THE NEED FOR LINEAR APPLICATION OF INCREASES TO DERIVED PRICES FOR ALL SIZES AND GRADES BUT IN ORDER TO BE FLEXIBLE ACCEPTED THAT THERE MIGHT BE AREAS OF DIFFICULTY WHICH THE MANAGEMENT COMMITTEE WOULD HAVE TO RESOLVE.

4. IN DISCUSSION AND UNDER PRESSURE TO SHOW MOVEMENT WE SAID THAT IN THE CONTEXT OF AN OVERALL MARKETING PACKAGE THE UK WOULD ACCEPT 20 PERCENT FOR COD AND PLAICE AND 15 PERCENT FOR HADDOCK AND WHITING. INCREASES OF 25 PERCENT WERE FULLY JUSTIFIED BUT WE WERE PREPARED TO MAKE THIS MOVE IN THE INTERESTS OF AN AGREEMENT. THIS PRODUCED LITTLE POSITIVE RESPONSE. THE DUTCH (DELEGATION) IN THE FIRST OF A SERIES OF UNHELPFUL AND ANTAGONISTIC INTERVENTIONS TOOK STRONG EXCEPTION AND OBSERVED THAT SINCE THE UK NOW ACCEPTED A DIFFERENTIAL BETWEEN COD AND HADDOCK THE PROPOSAL FOR THE LATTER SHOULD BE REDUCED TO 7.5 PERCENT. THE COMMISSION RECALLED THAT COREPER WAS SUPPOSED TO BE SEEKING A POLITICAL SETTLEMENT, BUT THIS APPEAL WAS NOT TAKEN UP.

EXPORT REFUNDS

5. THE COMMISSION CONFIRMED THAT IT HAD IN MIND EXPORT REFUNDS ON 5000 TONNES TO POLAND. AFTER TAKEN RESISTANCE FROM IRELAND AND DENMARK THIS WAS AGREED. WE DID NOT INSIST THAT THE UK BE SPECIFIED.

SUSPENSION OF IMPORTS

6. THE COMMISSION CONFIRMED THAT ENFORCEMENT OF THE BAN ON IMPORTS INTO THE UK WOULD BE BASED ON CURRENCY CALCULATIONS AT THE MARKET RATE. TRADE BETWEEN MEMBER STATES WAS NOT AFFECTED BY THE BAN BUT FURTHER MEASURES COULD BE TAKEN IF NECESSARY. THE SURVEILLANCE SYSTEM WOULD ENABLE DATA COLLECTION AND BETTER MONITORING IN THIS CONTEXT. THE DUTCH CHALLENGED THE LEGALITY OF A BAN ON IMPORTS INTO ONE MEMBER STATE. THE IRISH RETREATED FROM INSISTING THAT IRELAND SHOULD BE COVERED IMMEDIATELY BUT THE FRENCH INSISTED ON INCLUDING FRANCE. THE COMMISSION RESISTED. THIS POINT WAS NOT FULLY RESOLVED BUT IT WAS AGREED THAT IN PRINCIPLE THERE SHOULD BE A BAN OF THIS KIND, AT LEAST FOR THE UK.

LIMITATION OF IMPORTS FROM CANADA

7. THE 1500 TONNES UK MAXIMUM WAS AGREED WITHOUT DIFFICULTY.

ARTICLE 20 OF THE MARKET REVIEW

8. THERE WERE NO MAJOR PROBLEMS WITH THE DELETION OF SECTION 4(A) BUT DESPITE THE UK OFFER TO DROP ITS INSISTENCE (IN THE CONTEXT OF A PACKAGE) ON TWO OTHER PROPOSED AMENDMENTS, ONLY THE FRENCH AND IRISH WERE IN AGREEMENT WITH THE UK REQUEST THAT THE COUNCIL SHOULD COMMIT ITSELF NOW TO ARTICLE 20 AS DRAFTED. THE

CONFIDENTIAL

JGEXTA

CONFIDENTIAL

GERMANS TOOK A STRONG CONTRARY LINE AND WERE SUPPORTED BY THE DANES, THE BELGIANS AND THE DUTCH. WE REJECTED A PRESIDENCY PROPOSAL FOR AN ANODYNE STATEMENT THAT THE COUNCIL WOULD 'HAVE IN MIND' THE MARKET PROTECTION MECHANISMS WHEN THE REVIEW WAS NEXT DISCUSSED IN THE GROUP.

GENERAL

9. THE COMMISSION RESERVED THE RIGHT TO WITHDRAW ALL PROPOSALS IF NO AGREEMENT WERE REACHED ON CANADA. THE POSITIONS OF SUBSTANCE DESCRIBED ABOVE WERE TAKEN THIS MORNING. AFTER LUNCH THE PRESIDENCY SAID IT WAS PREPARED TO PROPOSE A COMPROMISE IF DELEGATIONS WERE WILLING TO CONTINUE. THE COMMISSION, LUXEMBOURG, ITALY, IRELAND, GREECE AND FRANCE WERE PREPARED TO DO SO, ALTHOUGH THE FRENCH RECALLED THEIR GREAT EFFORTS AND DOUBTED IF PROGRESS COULD BE MADE. THE GERMANS REFUSED, INSISTING THAT ONLY ONDE DELEGATION (UK) WAS AGAINST THE COMMISSION PROPOSALS. A FURTHER COMPROMISE WAS NOT RELEVANT. THE DANES AGREED, AS DID THE DUTCH "100 PERCENT", AND THE BELGIANS. WE SAID THAT IN SUCH CIRCUMSTANCES OUR INSTRUCTIONS FOR MOVEMENT WERE - LIKE THE DANES - EXHAUSTED. WE REGRETTED THAT IT WOULD NOT BE POSSIBLE TO REPORT THAT ANY OTHER DELEGATION HAD SHOWN THE SAME FLEXIBILITY AS THE UK.

10. THE MEETING CONCLUDED WITH A GERMAN DIATRIBE ON THE INIQUITY OF THE UK FOR TAKING EXTREME POSITIONS IN EVERY FISHERIES DISCUSSION IN AND OUT OF THE COUNCIL, ALL OF WHICH WOULD BE REPORTED TO THE HEADS OF GOVERNMENT ON 23 MARCH.

FCO ADVANCE TO:

FCO - HANNAY, DE FONBLANQUE, POSTON
CAB - FRANKLIN, WENTWORTH
MAFF - PS/MIN, HAYES, KELSEY, MASON, HOLMWOOD
DAFS - PS/SOFS, CORMACK, MUNRO
DANI - MORRISON
NO 10- ALEXANDER

(ADVANCED AS REQUESTED)

FCO PASS SAVING TO:

ROME AND DUBLIN AND ATHENS

(REPEATED AS REQUESTED)

BUTLER

*FRANK FISHERIES
EED (I)
NAD*

3.
CONFIDENTIAL

CONFIDENTIAL
PRIME MINISTER

*French fishing industry would like agreement.
? No intention of dropping
Boulogne boats of a trip?*

Prime Minister.

REVISION OF THE COMMON FISHERIES POLICY

1 We decided in OD this morning that there were merits in seeking a link between fisheries and CFP prices since otherwise there seemed little prospect of securing a deal on fisheries acceptable to the catching industry or to Parliament. Any deal on fish generally considered to be a defeat for us would be very damaging especially since we as a government have always made clear the importance we attach to it.

2 It might be helpful for you to have, before tomorrow morning's briefing meeting for the summit, my assessment of recent negotiations on the CFP and on the current position in the light of the political realities.

3 When we first took office I found that fisheries conservation was the source of much friction in the Community and national measures adopted by the United Kingdom the subject of extensive criticism. In fact the scientific evidence strongly supported our actions. However, in order to get negotiations moving I was able by making relatively minor concessions to the French and the Danes, (to which, however, they attached considerable presentational significance), to enable an overall agreement to be reached on a very satisfactory Community conservation regime which has now been in operation for many months. I therefore showed our willingness from the outset to meet the French at least halfway in order to reach a comprehensive agreement for the benefit of all.

Give way to smaller net.

4 Similarly on total allowable catches (TAC's) I was able last year to get matters forward by compromising to some extent on our basic position that the figures should be in line with the scientific advice. Minor adjustments to the figures on some stocks of interest to the French enabled an overall agreement to be obtained. I have indicated that I am prepared to be similarly flexible this year to

able French and other demands for herring TAC's to be satisfied even though they run counter to the strict scientific advice.

38-36
=
helped
Hoefler
36/20

5 However the really major CFP issues are quotas and access which we have always maintained will have to be settled together. Quotas are certainly the more important in economic terms. On this aspect we have also negotiated constructively having regard to the need to reach an overall solution. At the Council meeting last December discussion was firming up on the basis of figures that I recognised could not be accepted by the French. Rather than take the opportunity of seeking cheap gains for the United Kingdom, - which would of course only have been temporary and not have been sustainable - we intervened to help the French out of their difficulty by pointing out the real problems they had. As a result the compromise now on the table is a good deal for them, - and also for us.

6 Politically however the most sensitive CFP issue is access on which we were committed, when we took office, to securing an adequate zone of exclusive access and a substantial area of preference beyond. Over the past several months I have un-remittingly explored with Ministers from the other member states the basis for a mutually acceptable deal. Inevitably I have had to make concessions especially to the French who we must recognise have a legitimate and long-standing interest in our waters.

7 One major component in the access dossier is the 12 mile limit. The arrangements inside 12 miles in any case come up for renewal in 1982 under Article 103 of the Act of Accession. It is apparent to me from my discussions with the fishing industry's leaders that it is politically vital to secure a more restrictive regime inside 12 miles than exists at present. Recognising French interests, I have made considerable efforts specifically with the French and with the other Ministers concerned to explore the possibility of member states retaining those access rights in our 6-12 mile belt that are really vital for them and giving up the others. I have made considerable progress with many of my fisheries colleagues, but the French, despite occasional seeming hesitations, have so far refused to contemplate

(Fr. 85% of fishing in S.U. - all historic rights granted
Internat. of Scotland - within 6-12 precautionary rights Bonus - mostly fish
own waters)

7 but the most minor changes to the present regime. At the last Fisheries Council the Presidency proposed that from 1983 the exercise of rights in the 6-12 mile belt should be limited to those that were held before our accession to the Community, except that new rights acquired at accession could be exercised if it could be shown that this was necessary for a member state to take its quota. In my judgement this represents the absolute ^{minimum} ~~minimum~~ we could contemplate accepting. If we were to do so we would need very clear understandings on how it would be interpreted in practice. However the French have explicitly rejected even this compromise.

8 Outside 12 miles, having examined the possible effects of our demands on other member states, I have limited them to areas off North Scotland and Northern Ireland where the local communities are critically dependant on fishing and therefore meet (as the Commission acknowledge) the criteria for special regions included in Annex VII of the Hague Agreement. In these areas I have proposed that preference be provided by limiting fishing to vessels under a certain size. Alternatively I have indicated a willingness to consider a system of restrictive licensing. These positions represent a very significant toning-down of the demands put forward by the last administration - a toning down of which the industry are well aware - and are again, in my judgement, as far as we could go politically taking account of the pressures, especially that of Scottish nationalism. The Commission have proposed a zone of "surveillance" at North Scotland only in which there would be unrestricted licensing of larger vessels. This does not go far enough to meet our needs. The French have simply refused to contemplate any meaningful restrictions outside 12 miles.

9 Finally there is the problem of continuity, that is how long the access arrangements that are negotiated now will last. The Commission have proposed 10 years after which a further decision would be taken; the French say this is the longest period they could accept. I do not see how, politically, we could explain a solution which could involve a further major and protracted negotiation towards the end of this decade. I have said that, however it is expressed, we must have greater security that what is negotiated now will continue more or less indefinitely.

There are of course many other detailed problems on the CFP. But these can be solved in the Fisheries Council. The vital point is that access is the key to the CFP negotiations as a whole; and a settlement with the French the key to the access problem. We have no real levers in the fisheries sector which we can use and which will hurt the French most. Given their intractable attitude this clearly points to the need for a link with other issues, even though there are dangers in making such a connection.

11 I am sending copies of this minute to Peter Carrington, George Younger, and to Sir Robert Armstrong.

Alex Buchanan for P.

for

PETER WALKER
19 March 1981

GPS 440

UNCLASSIFIED [FRAME FISHERIES]

DESKBY 191100Z

FM BONN 191000Z MAR 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 181 OF 19 MARCH

INFO IMMEDIATE UKREP BRUSSELS PARIS PRIORITY DUBLIN ROME THE HAGUE
LUXEMBOURG COPENHAGEN ATHENS BRUSSELS

MY TELNO 174: FISHERIES POLICY

1. ON 18 MARCH THE CABINET HAD A LONG DISCUSSION ON COMMUNITY MATTERS.
2. AFTERWARDS THE OFFICIAL SPOKESMAN SAID THAT THE FEDERAL GOVERNMENT WAS PRESSING FOR A QUICK SOLUTION OF THE STEEL AND DEEP SEA FISHING PROBLEMS. DISCUSSION IN THE CABINET HAD BEEN EXTENSIVE AND ANIMATED. IT HARMED THE COMMUNITY WHEN OTHER MEMBER STATES FOISTED THEIR PROBLEMS ONTO THE COMMUNITY AND DID NOT ABIDE BY AGREEMENTS MADE. THE CHANCELLOR WOULD POINT THIS OUT IN MAASTRICHT.
3. ASKED WHETHER SCHMIDT WOULD MAKE IT CLEAR TO MRS THATCHER THAT THE GERMAN CONTRIBUTION TO THE RELIEF OF THE BRITISH BUDGETARY PROBLEM WOULD BE PUT IN QUESTION IF THE FISHERIES QUESTION COULD NOT BE SOLVED, BECKER SAID THAT THE CHANCELLOR WOULD POINT OUT THAT IT WOULD BE DANGEROUS IF QUITE CONCRETE UNDERTAKINGS MADE BY GREAT BRITAIN IN MAY LAST YEAR WERE NOT OBSERVED. SINCE THEN BRITAIN HAD BLOCKED EVERY SOLUTION OF THE FISHERY PROBLEM AS WELL AS THE POSSIBILITY OF CONCLUDING TREATIES WITH THIRD COUNTRIES. IF THE AGREEMENT WITH CANADA COULD NOT BE CONCLUDED BEFORE MAY, THE GERMAN DEEP SEA FLEET NEED NOT PUT TO SEA ANY MORE.
4. TODAY'S PRESS TAKE THEIR LEAD FROM BECKER UNDER HEADLINES SUCH AS QUOTE BONN REPROACHES LONDON WITH QUOTE BREAKING ITS WORD UNQUOTE (GENERAL ANZEIGER) THEY REPORT THAT BRITAIN'S REFUSAL TO FULFILL THE PROMISE REGARDING A FISHERY AGREEMENT IN RETURN FOR THE BUDGET RELIEF HAD EXHAUSTED BONN'S PATIENCE. THE BRITISH GOVERNMENT HAD BEEN ACCUSED IN THE CABINET DISCUSSION OF PURSUING QUOTE A POLICY OF DECEIT AND BAD FAITH (WORTBRUCH) UNQUOTE (GENERAL ANZEIGER). SCHMIDT COULD RECKON WITH THE SUPPORT OF ALL OTHER EC HEADS OF GOVERNMENT IN EXPRESSING HIS ANNOYANCE AT MAASTRICHT ABOUT

/ BRITAIN'S

BRITAIN'S ATTITUDE (WELT). BONN HAS ALREADY MADE CLEAR TO THE BRITISH THAT THEY CANNOT RECKON WITH ANY PAYMENTS FROM THE EC NEXT YEAR IF THEY CONTINUE TO BLOCK AGREEMENT WITH CANADA, SAYS THE STUTTGARTER ZEITUNG, ADDING THAT DOHNANYI, WHO WARNED THAT FAILURE TO REACH A FISHERIES AGREEMENT COULD RUIN THE SUMMIT, FEELS PERSONALLY DECEIVED BY LONDON SINCE IN MAY 1980 HE AGREED TO FINANCE A PACKAGE WHICH EXCEEDED HIS BRIEF. SUDDEUTSCHE SAYS THAT IN THE FOREIGN AFFAIRS COUNCIL THE LPS POSED CONDITIONS FOR AGREEMENT TO THE CANADA AGREEMENT THAT WERE CONSIDERED EXTREME BY OTHER MEMBERS. FAZ WRITES THAT THE BRITISH DELEGATION FIRST TRIED TO BLOCK THE NEW FISHERY CONSULTATIONS AND THEN MADE THE SAME DEMANDS THAT HAD PREVENTED AGREEMENT AT THE LAST ONES. STUTTGARTER ZEITUNG COMMENTS THAT THE BRITISH ARE MAINLY TO BLAME FOR BONN'S TOUGHER TACTICS. THEY HAVE GONE TOO FAR. WHEN IT WAS A MATTER OF GETTING MONEY BACK FROM THE COMMUNITY THE GERMANS WERE THEIR FAIREST ALLY. NOW THEY IGNORE BONN'S FISHERY WISHES WITH AN INDIFFERENCE WHICH THE GERMANS MUST TAKE AS A MOCKERY OF THEIR SOLICITUDE.

5. SEE MIFT.

TAYLOR

[COPIES SENT TO NO 10 DOWNING STREET]

FRAME FISHERIES

ECD(I)

WED

Top Copy
European 1st, 1e4
CAP

Ref: A04491

SECRET

Fishing
Incl

PRIME MINISTER

Relationship between Fisheries Settlement and 1981 CAP Prices
(OD(81) 20)

BACKGROUND

In the course of settling last week United Kingdom objectives and tactics for the 1981 CAP price fixing negotiations, OD agreed (OD(81) 5th Meeting Item 1) that the Foreign and Commonwealth Secretary, in consultation with the Minister of Agriculture, should put a paper to the Committee assessing the scope for linking fisheries and other issues to the price fixing. OD(81) 20 is the result.

2. Last year we made a successful link between CAP prices and our budget demands. When Agriculture Ministers met in parallel with the European Council on 27th-28th April 1980, we maintained a reserve on a compromise package which was acceptable to all the other member states. Two Agriculture Councils during May continued the negotiations, filling out the more detailed elements of the compromise including important aspects of the sheepmeat regime. The United Kingdom reserve was finally lifted only when the 30th May Foreign Affairs Council reached agreement on the budget settlement.

3. This year the relevant dates over the period immediately ahead are:-

- | | | |
|-------------------------|---|--|
| 23rd-24th March | - | European Council |
| 22nd-24th March | - | Commission and Presidency tour capitals for bilaterals to prepare for substantive CAP price negotiations |
| 30th-31st March | - | Agriculture Council. Substantive CAP price negotiations with objective of reaching final conclusion |
| 6th-7th April | - | Fisheries Council |
| 13th-14th April | - | Foreign Affairs Council |
| 13th-15th April | - | Agriculture Council |
| 26th April and 10th May | - | French Presidential Election |

SECRET

11th-12th May - Anglo-German Summit
29th-30th June - European Council

4. The Foreign and Commonwealth Secretary's paper suggests that there are two broad options: to block CAP prices until we have a satisfactory CFP settlement; or to allow fisheries to cool off and resume discussion later this year. It does not come down on one side or the other, but argues that we should avoid making a choice if we can by keeping both sets of negotiations going in parallel. To this end we should make a further and early attempt to settle fisheries bilaterally with the French.

5. The purpose of the discussion is thus to decide whether the approach to the French should be made and, if it fails, whether and when we should be prepared to block the price negotiations to get what we want on fish. In the event that linkage is favoured, you may think it important to be clear in advance how far it should go and whether - as the Chancellor may urge - the link should extend to a financial ceiling on agricultural spending.

6. The arguments against both courses are fully set out in the paper. In brief, a fish/CAP prices link would hit our farmers along with others, worsen relations with our partners (including the Germans, if we continued to block the Canadian agreement which is so important to them), prejudice our own CAP price objectives, make the restructuring negotiations more difficult, and cloud the approach to our Presidency. Any such link might also have to be maintained until June. Putting the fisheries negotiations off until later in the year, on the other hand, would hit our fishermen, risk weakening our fisheries hand as we got closer to the expiry of the access derogations in December 1982, annoy the Germans considerably unless we lifted our veto on the Canadian agreement, queer the pitch for the budget restructuring discussions and complicate our Presidency. There is little on the positive side except the implied political necessity to use the only weapon now at hand (i. e. the CAP price fixing negotiations) to resolve the fisheries question. Against this, postponement might give us greater control from the Presidency chair of the resumed CFP negotiations, and would enable the restructuring negotiations to start in a better atmosphere.

SECRET

7. The disadvantages identified in the paper would be lessened if we refrained from making any overt link until as late as possible, pursuing our CAP objectives meanwhile but withholding agreement to the final package on ostensibly agricultural grounds until a CFP settlement was in sight. But the crunch could not be put off for ever.

8. As to other issues, it seems likely that the New Zealand butter problem will be resolved separately and need not therefore be taken into account. The Committee has already agreed that we should work for a financial ceiling on agricultural expenditure, and the Chancellor and the Minister of Agriculture have accordingly pressed for it in this week's Finance and Agriculture Councils. They have had little support, however, apart from the Germans, and it must be questionable whether it is realistic to make this issue - as well as fish - a breakpoint in the CAP price fixing discussions.

HANDLING

9. You might first ask the Foreign and Commonwealth Secretary to introduce his paper, followed by the Minister of Agriculture.

10. You might then seek agreement that as a first step a new and urgent attempt should anyway be made to resolve the fisheries question bilaterally with the French. Any such approach should desirably take place before the major CAP price fixing Council on 30th-31st March.

11. The Committee might next be invited to discuss the two broad options set out in OD(81) 20, on the assumption that the approach to the French has failed. What are the prospects of success on fish in each case? How do they weigh in the balance against the costs in other fields? If an early linkage is favoured, how far are we prepared to take it? Where would the crunch point come? Is it agreed that any link should be confined to fish, and not be extended to the financial ceiling formula? Do we need to retain our veto on the Canadian agreement as a bargaining counter in the fisheries negotiations, or should we remove it (subject to satisfactory arrangements on marketing) in order not further to damage relations with the Germans?

SECRET

CONCLUSIONS

12. Depending on the discussion you might conclude that:-

- (i) a satisfactory fisheries settlement is unlikely to be achievable in isolation either now or after a cooling-off period;
- (ii) linkage with the 1981 CAP prices provides the most suitable and timely lever, albeit at the probable cost of provoking a crisis and prejudicing some of our objectives for the CAP;
- (iii) linkage is unlikely to be possible again until the 1982 CAP price fixing when we shall have other priorities (restructuring, 30th May refunds);
- (iv) as a first step we should therefore seek a bilateral with the French on the CFP before the next Agriculture Council in order to test their willingness to make progress and to hint at our intentions;
- (v) if that bilateral fails, we should make a link between fish and 1981 CAP prices, keeping it covert for as long as possible and reviewing the position as necessary in the light of developments in the forthcoming Agriculture and Fisheries Councils.
- (iv) we should meanwhile settle for the best marketing arrangements we can get in exchange for lifting our reserve on the EC/Canada (and possibly the EC/Faroes) fisheries agreement.

ROBERT ARMSTRONG

(Robert Armstrong)

18th March 1981

Top copy
European Pol, PC 4
CAP

Ref: A04500

PRIME MINISTER

OD 19 March

EC/CANADA AGREEMENT

1. Now that the Foreign and Commonwealth Secretary has written (attached) to the Minister of Agriculture asking him, in effect, to set out in OD tomorrow his minimum conditions for lifting the United Kingdom reserve on the EC/Canada fisheries agreement, you might like this supplementary note on the points already touched on in paragraphs 6, 11 and 12(vi) of the main brief.
2. The EC/Canada fisheries agreement would give the Canadians access to the Community market for their fish exports under a preferential tariff quota in exchange for fishing opportunities for Community boats off the Canadian coast. Apart from our longstanding insistence that the external aspects of fisheries cannot be settled in isolation from a satisfactory internal package, our problem arises essentially from the fear that the high sterling exchange rate would attract more than our fair share of Canadian cod imports into the United Kingdom, thus depressing prices on our home market to the detriment of our fishermen. The Germans, on the other hand, need access to Canadian fishing grounds before the season ends for their deep water fleet, which is based in Hamburg and Bremen, where Chancellor Schmidt and the SPD are already in serious political trouble. The Germans have therefore suggested that the Council should adopt market measures designed to protect the United Kingdom fishing industry and thus make it possible for us to lift our reserve. The Danes are also pressing for the EC/Faroes agreement to go ahead.
3. We have so far sought in particular a strengthening of reference prices, the elimination of preferential arrangements for some third countries when markets were weak, an arrangement under which the United Kingdom would not be required to take more than 1500 tonnes of Canadian cod per year, an increase in withdrawal prices of 20-25 per cent for cod, haddock, whiting and plaice, and facilities for taking 5000 tonnes of fish off the United Kingdom market at Community expense.

4. After a lengthy discussion in this week's Foreign Affairs Council, the Commission were invited to produce detailed proposals for consideration in COREPER on 20 March. On present form, those proposals may fall short of some of our foregoing requirements. They may not give us what we want on reference prices; it seems unlikely that withdrawal prices will be increased as much as we wished; and any intervention in the United Kingdom white fish market may be generalised to the whole Community thereby diminishing its impact at home.

5. Given the bitterness this dispute has engendered on the German side, the Committee may nevertheless wish to consider - in the context of any wider link between fish and CAP prices - whether our minimum needs can be modified to allow the United Kingdom reserve to be lifted. If so, there might be little case for retaining our reserve on the EC/Faroes agreement.

Robert Armstrong

18 March 1981

(Revised)

DRAFT: ~~minute/letter/teleletter/despatch/rofs~~

TYPE: Draft/Final 1+

FROM: Secretary of State

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

TO: The Rt Hon Peter Walker MBE MP
Minister of Agriculture, Fisheries
and Food

Your Reference

Top Secret
Secret
Confidential
Restricted
Unclassified

Copies to:

PRIVACY MARKING

SUBJECT: EC/CANADA FISHERIES AGREEMENT

.....In Confidence

CAVEAT.....

1. We have already discussed the question of the UK reserve on the EC/Canada agreement. As you know, I am very concerned about the effect not only on our relations with the Germans but on our position in the Community more generally and, consequently, on our ability to secure our objectives in other areas if we do not solve this problem.

2. The Germans have continued to press us to lift our reserve; as I mentioned to you, both Genscher and Dohnanyi told me that Schmidt's attitude to us was embittered and, whatever the true facts about the seasonal nature of the Canadian fishery, there can be no doubt of the importance he attaches to this problem. Nor can there be any real doubt that, if we refuse to lift our reserve until a CTP package is agreed (possibly, but far from certainly, at the April Council and perhaps not until much later) the damage to Anglo-German relations and to our general standing in the Community will be great. Conversely, if we can settle the matter now, separately, we will improve our chances generally. I do not believe that by holding up the EC/Canada agreement we shall be able to exert any effective leverage on the Germans to put pressure on the French.

Enclosures—flag(s).....

3. I believe there is now a strong case for going quickly for a deal on marketing in return for lifting our reserve on EC/Canada, if we can. In the few

/remaining

remaining days before the European Council we probably have the best conditions we will get to achieve a deal on marketing which would allow us to lift our reserve on EC/Canada and limit the political damage.

4. I have now seen UKREP telnos 989 and 990 reporting the outline of the Commission's proposals which they put to the Foreign Affairs Council on 17 March. Although they are incomplete, time is pressing, with a discussion by Coreper scheduled for 20 March, and I hope that at OD tomorrow you will be in a position to give us your views on what are our essential needs, and how we might best negotiate with a view to reaching a position where we could lift our reserve on the EC/Canada agreement.

5. I am copying this to the other members of OD and to Sir Robert Armstrong.



Also copied to
European Policy, PET CAP

FCS/81/38

MINISTER OF AGRICULTURE, FISHERIES AND FOOD

EC/Canada Fisheries Agreement

1. We have already discussed the question of the UK reserve on the EC/Canada agreement. As you know, I am concerned about the effect not only on our relations with the Germans but on our position in the Community more generally and, consequently, on our ability to secure our objectives in other areas if we do not solve this problem.
2. The Germans have continued to press us to lift our reserve; as I mentioned to you, both Genschler and Dohnanyi told me that Schmidt's attitude to us was embittered and, whatever the true facts about the seasonal nature of the Canadian fishery, there can be no doubt of the importance he attaches to this problem. Nor can there be any real doubt that, if we refuse to lift our reserve until a CFP package is agreed (possibly, but far from certainly, at the April Council and perhaps not until much later) the damage to Anglo-German relations and to our general standing in the Community will be great. Conversely, if we can settle the matter now, separately, we will improve our chances generally. I do not believe that by holding up the EC/Canada agreement, we shall be able to exert any effective leverage on the Germans to put pressure on the French.
3. I believe there is now a strong case for going quickly for a deal on marketing in return for lifting our reserve on EC/Canada, if we can. In the few remaining days before the European Council we probably have the best conditions we will get to achieve a deal.
4. I have now seen UKREP telegrams number 989 and 990 reporting the outline of the Commission's proposals which they put to the Foreign Affairs Council on 17 March. Although

/they



they are incomplete, time is pressing, with a discussion in COREPER scheduled for 20 March. I hope that at OD tomorrow you will be in a position to give us your views on what are our essential needs, and how we might best negotiate with a view to reaching a position where we could lift our reserve on the EC/Canada agreement.

5. I am copying this minute to other members of OD and to Sir Robert Armstrong.


(CARRINGTON)

Foreign and Commonwealth Office
18 March 1981

GRS 715

S E C R E T

SECRET [FRAME FISHERIES]

FM BONN 171540Z MAR 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 174 OF 17 MARCH

INFO PRIORITY UKREP BRUSSELS AND PARIS

YOUR TELNO 91: FISHERIES POLICY

1. THE GERMAN PRESS HAS GIVEN FULL COVERAGE TO FRG DISAPPOINTMENT OVER CANADA, THE NATIONAL SELFISHNESS OF THE BRITISH OVER THE CFP (CONTRASTED WITH THEIR GOOD BEHAVIOUR OVER AGRICULTURAL PRICES) AND PREDICTIONS OF WIDER REPERCUSSIONS BILATERALLY AND IN THE COMMUNITY. SCHMIDT IS EXPECTED BY THE PAPERS TO MAKE A ROW AT MAASTRICHT. THE CABINET TAKES THE BRIEF FOR THIS TOMORROW.
2. WE HAVE MADE THE POINTS IN TUR TO THE AUSWAERTIGES AMT (RANDERMANN) AND THE FEDERAL CHANCELLOR'S OFFICE (THIELE). AS DESCRIBED BY OFFICIALS THE GERMAN POSITION BOILS DOWN TO:
- A) CONCERN THAT THE POLITICAL DIFFICULTY OF THE CANADA ISSUE FOR THE FEDERAL CHANCELLOR IS NOT ADEQUATELY UNDERSTOOD IN LONDON. HE HAD EXPECTED BETTER FROM US AFTER THE HELP OVER THE BUDGET. THE ECONOMIC AND EMPLOYMENT SIGNIFICANCE OF THE QUESTION FOR THE FRG IS SMALL. BUT THE POLITICAL FALL-OUT IS DISPROPORTIONATE. THE DEEP WATER FLEET IS DOWN TO THE BONE AND SCHMIDT IS UNDER QUOTE QUITE EXTRAORDINARY PRESSURE UNQUOTE FROM NORTHERN SPD INTERESTS AND THE MAJOR TRADE UNION LEADERS PERSONALLY (LODERER, VETTER, KLUNCKER) TO DO SOMETHING. THE MINIMUM HE CAN BE SEEN TO DO IS PUT GERMAN BITTERNESS ON FULL RECORD ON 23 MARCH. (WE SAID THAT GERMAN DIFFICULTIES WERE WELL UNDERSTOOD IN LONDON. WE HOPED OURS WERE HERE. WE ALSO HOPED IT WAS NOT THE GERMAN INTENTION TO PUT THE UK IN THE DOCK AT MAASTRICHT: THIS WAS INAPPROPRIATE IN GENERAL AND WE COULD NOT SEE HOW IT WOULD HELP ON SUBSTANCE. A FISHERIES SETTLEMENT DEPENDED ON MORE THAN BRITISH EFFORTS).
- B) ERTL'S SUGGESTION OF SUSPENSION OF GERMAN PAYMENTS UNDER THE MAY 30TH AGREEMENT IS NOT POLICY. IT COULD NOT BE GIVEN EFFECT. ANYWAY, THIELE SAID, QUOTE PACTA SUNT SERVANDA UNQUOTE. BUT WHAT HAD BEEN SIGNED COVERED ONLY 1980 AND 1981. THIELE ECHOED BY RANDERMANN COULD NOT ENVISAGE GERMAN MINISTERS ATTEMPTING TO NEGOTIATE A PROLONGATION OF THE BUDGET REBATE FOR 1982 IN CIRCUMSTANCES IN WHICH THE CFP SOLUTION ENVISAGED ON 30 MAY HAD NOT BEEN ACHIEVED. WHAT HAPPENED NOW HAD IMPLICATIONS FOR THE FUTURE. (IN REPLY COUNSELLOR - (ECONOMIC) UNDERLINED THE EFFORTS ALREADY MADE BY THE UK TOWARDS A SETTLEMENT. IT WAS NOT WE WHO HAD BLOCKED A CFP IN DECEMBER. THE COMMUNITY AS A WHOLE HAD COMMITTED ITSELF TO THE DEADLINE, NOT JUST THE UK. SPEAKING PERSONALLY, BOYD SAID HE COULD NOT IMAGINE ANYTHING MORE LIKELY TO PROVE DIVISIVE IN THE COMMUNITY - AND AT A POINT WHEN WE WERE WORKING WELL BILATERALLY ON ISSUES OF AGRICULTURAL FINANCE - THAN THE ATTITUDE TO 1982 OUTLINED BY THIELE).

/(C) THERE

S E C R E T

S E C R E T

(C) THERE IS A FEELING IN BONN THAT GERMAN INTERESTS ARE BEING DISREGARDED BY THEIR PARTNERS IN A VARIETY OF FIELDS. AGAINST THIS BACKGROUND THE CHANCELLOR'S OFFICE JUDGE THAT THE UK IS DOING ITSELF MORE TACTICAL HARM THAN GOOD BY HOLDING OUT ON CANADA AS THE FISHING SEASON ENDS. THIELE SAID THERE WAS A VIEW THAT WE HAD, AS A MATTER OF PUBLIC RELATIONS, FALLEN FOR A FRENCH TRAP. THE FRENCH RECORD ON THE CFP WAS DEVIIOUS BUT THIS WAS OVERLOOKED BY NORTH GERMAN OPINION. (WE POINTED OUT THAT ONE COULD DEBATE WHO WAS TRAPPED. WE GENUINELY WANTED A CFP SETTLEMENT. IT GAVE US NO PLEASURE TO HOLD OUT ON CANADA. BUT THERE WERE SERIOUS MARKET PROBLEMS AND, AS FRANKLIN HAD POINTED OUT TO THIELE AND OTHERS ON 3 MARCH, TO START UNTYING THE CFP PACKAGE, ALWAYS ENVISAGED AS SUCH, COULD MEAN SUBSTANTIAL DELAY BEFORE PROGRESS WAS RESUMED. BEYOND GERMAN GOODWILL WHAT GUARANTEE COULD THIELE OFFER THAT FOR THE UK TO GIVE WAY ON CANADA WOULD BUY THE COMMUNITY PROGRESS ON CFP AS A WHOLE? THERE WAS NO REPLY.)

4. [sic] THESE CONVERSATIONS AND OTHERS WITH GABLENTZ AND VON KYAW UNDERLINE THE PROBLEM FOR BILATERAL RELATIONS TO WHICH SIR O WRIGHT DREW ATTENTION IN HIS TELEGRAM NO 130 OF 27 FEBRUARY. HMOG HAMBURG HAS REPORTED INCREASINGLY SHARP CRITICISM OF THE UK POSITION IN THE NORTH, AND IT HAS BEEN PUBLICLY CRITICISED BY THE HEADS OF GOVERNMENT OF THE FOUR NORTHERN LAENDER (TWO SPD AND TWO CDU). SCHMIDT AND THE SPD ARE ALREADY IN QUITE SERIOUS POLITICAL TROUBLE IN THE NORTH GENERALLY AND IN HAMBURG AND BREMEN IN PARTICULAR, AND THE FISHERIES COMPLICATION IS SOMETHING OF A LAST STRAW. THE RELATIVE IMPORTANCE OF THE GERMAN FISHERIES INDUSTRY IS SMALL, BUT WHAT IS SEEN HERE AS UNREASONABLE UK OBSTRUCTION OVER DE-COUPLING THE CANADA AGREEMENT FROM THE REST OF THE CFP PACKAGE IS TIPPING THE BALANCE FOR A HARRASSED AND IRRITABLE CHANCELLOR AT A CRITICAL MOMENT. I THEREFORE BELIEVE THAT GENSCHER AND DOHNANYI (AS REPORTED IN PARA 1 OF SIR M. BUTLER'S TELEGRAM NO. 955) MORE CORRECTLY REFLECT THE CHANCELLOR'S PRESENT MOOD - AND THE PRESENT STATE OF FEELING IN GOVERNING CIRCLES HERE - THAN JENKINS' ACCOUNT OF WHAT SCHMIDT SAID TO THORN LAST WEEK.

GOODALL [COPIES SENT TO NO 10 DOWNING STREET]
FRAME FISHERIES
ECD
INFORMATION DEPT
WED
PS/MR HURD

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, 11 March 1981, cols. 885-890
"European Communities (Fisheries Ministers' Meeting)"

Signed Wayland Date 12 April 2011

PREM Records Team

GR 1450

CONFIDENTIAL

CONFIDENTIAL
FRAME FISHERIES
DESKBY 110900Z

FM UKREP BRUSSELS 110250Z MAR 81

TO IMMEDIATE F C O

TELEGRAM NUMBER 839 OF 11 MARCH.

INFO IMMEDIATE COPENHAGEN, THE HAGUE, DUBLIN, PARIS, BONN.
INFO PRIORITY BRUSSELS, ATHENS, OTTAWA.

MEETING OF THE COUNCIL (FISHERIES) : 10 MARCH 1981.

SUMMARY

1. THE COUNCIL DID NOT REACH AGREEMENT ON A COMMON FISHERIES POLICY OR ON THE IMPLEMENTATION OF THE AGREEMENTS WITH FAROE AND CANADA. A PRESIDENCY COMPROMISE WAS REJECTED BY FRANCE IN FAVOUR OF THE COMMISSION PROPOSAL WHICH FRANCE FAVOURED. THE COUNCIL MEETS AGAIN ON 6/7 APRIL 1981. THE CONSERVATION REGULATION WAS AGAIN ROLLED FORWARD FOR ONE MONTH, AND THE SUBSTANCE OF THE AGREEMENT WITH NORWAY WAS APPROVED.

DETAIL

2. THE UK WAS REPRESENTED BY THE MINISTER OF AGRICULTURE, THE SECRETARY OF STATE FOR SCOTLAND AND THE MINISTER OF STATE (COMMONS) MAFF.

3. THE COUNCIL'S FOURTEEN HOUR DAY WENT THROUGH FOUR STAGES.

4. STAGE 1. THE THORN MISSION TO LONDON AND PARIS APPARENTLY HAVING NO EFFECT, THE COMMISSION'S PROPOSAL ON ACCESS WAS MAINTAINED AND DOGGEDLY UPHELD BY CONTOGEOGRIS. REPEATED ENQUIRIES, ESPECIALLY BY ERTL (GERMANY) ABOUT WHAT THORN HAD DONE WENT UNANSWERED. IN THE MARGINS THE THORN CABINET TOLD US THAT BARRE HAD SAID THAT FRANCE HAD WANTED A SETTLEMENT AND WAS PREPARED TO BE HELPFUL ABOUT AN ORKNEY AND SHETLAND BOX. THROUGHOUT THE DAY HOEFFEL (FRANCE) SHOWED NO SIGN OF THIS HELPFULNESS, AND FROM THE PRESIDENCY'S OWN ACTIONS (SEE PARA 8A) THEY OBVIOUSLY CONCLUDED THAT IT WAS A MYTH.

5. FROM THE FIRST OF THE MANY TOURS DE TABLE WHICH HE SET GOING BRAKS (DUTCH PRESIDENCY) CONCLUDED THAT EIGHT DELEGATIONS ACCEPTED THE COMMISSION'S ACCESS PROPOSAL BUT TWO, UK AND IRELAND, OPPOSED IT. IN FAIRNESS HE MIGHT HAVE ADDED THAT TWO OF THE EIGHT COULD HAVE ACCEPTED OTHER VERSIONS OF IT, CLOSER TO THE ANGLO-IRISH POSITION.

6. THE EIGHT WERE NOT MONOLITHIC. THE FRENCH AND DANES CRITICISED THE SURVEILLANCE ZONE AS FREELY FROM THEIR SIDE OF THE ARGUMENT AS MR MUCHANAN-SMITH DID FROM OURS. THE COMMISSION FAILED TO EXPLAIN WHAT PURPOSE WAS SERVED BY SURVEILLANCE WITHOUT TEETH, FAILED TO ACCOUNT FOR THE ABSENCE OF ANY REFERENCE TO AN IRISH SEA BOX, AND GLOSSED OVER THE ABANDONMENT

CONFIDENTIAL

10F

OF THEIR EARLIER PROPOSALS TO RESTRICT HISTORIC RIGHTS WITHIN THE 12 MILE ZONE TO THOSE EXISTING BEFORE THE COMMUNITY'S FIRST ENLARGEMENT.

7. STAGE 2. A TEDIOUS DISCUSSION AGAIN CONDUCTED IN TOURS DE TABLE OF THE OTHER OUTSTANDING QUESTIONS. IT BECAME IN PARTICULAR THE OCCASION FOR THE DANES TO MOUNT AN ALL-OUT ATTACK ON THE 1981 QUOTA PROPOSALS AND FOR THE FRENCH TO DEMAND A NORTH SEA HERRING TAC. NO CONCLUSIONS ON TACS, NOR ON MARKETING AND STRUCTURE WHICH GAVE RISE TO NO DIFFERENT POSITIONS FROM PREVIOUS DEBATES. MR BUCHANAN-SMITH DEMANDED ACTION BY THE COMMISSION UNDER EXISTING POWERS TO BAN IMPORTS UNDER THE REFERENCE PRICE. CONTOGEORGES SHOWED WILLING.

8. AFTER THE USUAL ELONGATED PAUSE THE PRESIDENCY PRODUCED AN OVERALL COMPROMISE PROPOSAL. ON ACCESS THIS :- (A) MAINTAINED THE NORTHERN SURVEILLANCE ZONE UNCHANGED (SHOWING THAT THEY WERE NOT EXPECTING THE FRENCH TO BE "HELPFUL"), (B) STIPULATED THAT THE POST-ACCESSION RIGHST TO BE UPHELD INSIDE THE 12 MILE ZONE WOULD BE THOSE FOUND BY THE COMMISSION TO BE NECESSARY FOR THE MEMBER STATES WITH RIGHTS TO FULFIL THEIR QUOTAS. THE COMPROMISE MADE NO DIFFERENCE TO THE LENGTH OF THE CONTINUING DEROGATION FROM THE EQUAL ACCESS POLICY (10 YEARS) OR TO THE TERMS OF THE RENEWAL CLAUSE.

9. IN ITS QUOTA SECTION THE COMPROMISE PROPOSAL INCREASED TACS AND REDISTRIBUTED THE TOTALS, MAKING MARGINAL CHANGES IN THE PERCENTAGES (NO UK GAINS). IN ITS THIRD SECTION THE COMPROMISE BROADLY REITERATED THE STRUCTURES AND MARKETING RESOLUTIONS ALREADY DISCUSSED AND ADVOCATED CONCLUSION OF OUTSTANDING THIRD COUNTRY AGREEMENTS (CANADA, FAROE AND NORWAY AFTER PARLIAMENTARY AVIS), A NEW MANDATE FOR AGREEMENTS WITH AFRICAN COUNTRIES, AND THE REFERENCE OF SENEGAL TO COREPER FOR CLOSER EXAMINATION. (THE LAST HAPPENS ANYWAY).

10. STAGE 3. IN THE TOUR DE TABLE THE FRENCH REJECTED THE ACCESS PROPOSAL AS REGRESSIVE AND STRONGLY CRITICISED THE WORKING METHODS OF THE DUTCH PRESIDENCY. MR WALKER SAID THAT THE COMPROMISE PROPOSAL WAS STILL UNSATISFACTORY BUT THAT IT COULD BE OPENED OUT FOR DISCUSSION. BRAKS CONCLUDED THAT HIS COMPROMISE WOULD NOT RUN. NINE DELEGATIONS WERE PREPARED TO CONSIDER IT, THE DANES WITH HESITATIONS, BUT FRANCE WOULD NOT. THIS ALSO COMPELLED HIM TO THE CONCLUSION THAT THE CFP NEGOTIATIONS COULD NOT BE COMPLETED AT THIS SESSION AND WOULD HAVE TO BE CONTINUED AT THE NEXT MEETING ON 6/7 APRIL. HE ADDED THAT THE EUROPEAN COUNCIL IN MAASTRICHT OCCURRED IN BETWEEN.

2
CONFIDENTIAL

11.

11. THIS CONCLUSION LED INTO STAGE FOUR, THE EXPECTED DISCUSSION OF A MINI-PACKAGE. ERTL (GERMANY) WHO HAD BEEN FRETTING AND FULMINATING THROUGHOUT THE DAY DEMANDED IMMEDIATE IMPLEMENTATION OF THE CANADA AGREEMENT AND THE DANES THE SAME FOR FAROE. ERTL, WITH HIS JUNIOR MINISTER ROHR ACCOMPANYING, PROPOSED THAT SINCE THE IMPORT SIDE OF THE CANADA AGREEMENT APPEARED TO GIVE THE UK DIFFICULTIES THE COUNCIL SHOULD DECIDE IN PRINCIPLE: (A) THE GRANT OF EXPORT REFUNDS ON 5,000 TONNES OF UK WHITEFISH GOING TO EASTERN EUROPE;

(B) AN INCREASE IN THE WITHDRAWAL PRICE OF HADDOCK AND COD;

(C) THE COMMISSION TO SECURE RESPECT FOR THE REFERENCE PRICE SYSTEM;

(D) GERMANY TO UNDERTAKE TO ABSORB ON ITS OWN MARKET THE BRUNT OF IMPORTS FROM CANADA. THIS LED TO A PROLONGED AND ON THE GERMAN SIDE ANGRY EXCHANGE ABOUT THE IMPORT ASSURANCES WHICH ERTL AND ROHR THOUGHT SHOULD SATISFY THE UK. WHEN THE CHAIRMAN OBSERVED THAT IT SEEMED TO BE AN ANGLO/GERMAN DISAGREEMENT HE DREW HIS SHARE OF THEIR WRATH. MR WALKER EXPLAINED THAT HE WAS MAKING NO PROPOSALS AND PUTTING FORWARD NO DEMANDS; THE GERMAN GOVERNMENT HAD ASKED HIM WHAT WERE THE MINIMUM IMPROVEMENTS IN MARKETING ORGANISATION AND IMPORT PROTECTION WHICH WOULD ENABLE HIM TO JUSTIFY LIFTING THE UK RESERVE ON THE CANADA AGREEMENT, AND HE HAD REPLIED FACTUALLY. BUT HE DID NOT EXPECT THE GERMAN AUTHORITIES OR OTHER MEMBERS OF THE COUNCIL TO BE ABLE TO AGREE.

12. THE GERMANS INSISTED ON ANOTHER TOUR DE TABLE AND WANTED THE COMMISSION TO UNDERTAKE TO BRING FORWARD PROPOSALS IN ACCORDANCE WITH THEIR SUGGESTIONS. CONTOGEOGRIS SAID THAT HE COULD GIVE NO UNDERTAKINGS. HE HAD TODAY RECEIVED FROM THE UK INFORMATION ABOUT THEIR SPECIFIC CONCERN. HE WOULD EXAMINE IT URGENTLY ALONG WITH THE GERMAN SUGGESTIONS AND MAKE HIS PROPOSALS ACCORDINGLY TO THE COMMISSION. HE COULD SAY NO MORE. FROM THE TOUR DE TABLE THE CHAIRMAN CONCLUDED THAT THERE WAS BENEVOLENCE TOWARDS THE ROHR SUGGESTIONS BUT THAT THEY DID NOT CORRESPOND TO THE REQUIREMENTS WHICH MR WALKER HAD LAID DOWN. ERTL BREATHED DARK THREATS ABOUT WHAT WOULD HAPPEN TO PEOPLE, BY WHICH HE APPARENTLY MEANT THE WHOLE OF THE COUNCIL AND THE COMMISSION, WHO DID NOT KEEP THEIR 30 MAY ENGAGEMENTS, ABOUT WHAT THE FEDERAL CABINET WOULD DECIDE TO DO ON 11 MARCH, AND ABOUT WHAT WOULD APPEAR IN THE GERMAN MEDIA.

13. THE DANES INFERRED THAT FOR THE UK THE BEST SOLUTION WAS NO SOLUTION, WHICH MR WALKER DISMISSED AS A DANISH INVENTION. ROHR REMARKED THAT A DECISION IN APRIL WAS NO GOOD TO THE GERMAN DEEP-SEA FLEET. CONCLUDING THE MEETING BRAKS SAID THAT HIS COMPROMISE PROPOSALS REMAINED ON THE TABLE FOR RESUMED DISCUSSION

3
CONFIDENTIAL

/AT

CONFIDENTIAL

AT THE NEXT MEETING. ALONG THE WAY TO HIS CONCLUSION HE SAID THAT REGULATION 2527/80 (TECHNICAL CONSERVATION MEASURES) WOULD BE EXTENDED FOR A FURTHER MONTH ON A PROPOSAL FROM THE COMMISSION.

FCO ADVANCE TO:

FCO - PS/SOFS, PS/PUS, PS/LPS, PIRNIE, HANNAY, DE FONBLANQUE,
POSTON

CAB - FRANKLIN, ELLIOTT, WENTWORTH

MAFF - PS/MIN, PS, MOS, KELSEY, MASON, PACKER, HOLMWOOD

DAFS - PS/SOFS, CORMACK, LAIDLAW, MUNRO

DANI - MORRISON

NO 10 - ALEXANDER

BUTLER

ADVANCED AS REQUESTED

FRAME FISHERIES
ECD(1)

COPIES TO
ADVANCE ADDRESSES

4
CONFIDENTIAL



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

fishing
limits

From the Minister's
Private Office

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

11 March 1981

Dear Nick,

COUNCIL OF FISHERIES MINISTERS: 10 MARCH 1981

--- 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 Mr Ingham; Mr Heyhoe (Leader of the House's Office); Mr Maclean (Whip's Office, Commons) Mr Pownall (Whip's Office, Lords); Mr Wright (Cabinet Office) and to private secretaries of the other Agricultural Ministers and members of the OD(E).

Yours sincerely
Kate

Miss V K Timms
Principal Private Secretary

COUNCIL OF MINISTERS (FISHERIES) : 10 MARCH 1981

1. With permission Mr Speaker, I wish to make a statement about the meeting of the EEC Council of Fisheries Ministers held in Brussels on 10 March. My rt hon Friend the Secretary of State for Scotland, my hon friend the Minister of State in my department and I represented the United Kingdom.

2. The Council had before it new Commission proposals on various issues including access. On this aspect they were very disappointing both regarding the 12 mile limit and the need for fishing plans outside 12 miles. I made it quite clear that they were wholly unacceptable to the United Kingdom.

3. Late in the evening the Dutch President produced a new compromise on access and on quotas. On quotas it differed little from the proposal already made by the Commission which I have acknowledged to be a basis for discussion: on access it represented some improvement on the Commission's proposals for the area inside 12 miles. However early on the morning of 11 March it became clear that agreement was not possible and the meeting was concluded.

4. The Council is scheduled to meet again on 6/7 April.

CONFIDENTIAL

10374 - 1

LINE THAT THE FRENCH HAD MADE REPEATED CONCESSIONS, BUT THAT THE UK WAS ALWAYS PRESENTING FRESH DEMANDS (EG FOR BOXES) AND WAS NOW TRYING TO SQUEEZE BOULOGNE OUT OF BUSINESS. THE BRITISH CASE WAS LITTLE UNDERSTOOD IN THE COMMUNITY THOUGH BRAKS HAD STRESSED TO HIM THE EXTENT OF UK CONCESSIONS. PRESIDENT GISCARD HAD TOLD HIM THAT IF AGREEMENT COULD NOT BE REACHED BY APRIL, NOTHING COULD BE DONE UNTIL AFTER THE ELECTION. HE WAS CONCERNED AT THE PROSPECT OF A PILE-UP OF UNRESOLVED COMMUNITY PROBLEMS. HIS IMPRESSION WAS THAT THE TWO SIDES WERE NOT VERY FAR APART. HE PROBED UNSUCCESSFULLY FOR SIGNS OF UK WILLINGNESS TO MAKE FURTHER MAJOR CONCESSIONS ON ACCESS. HE APPEARED, HOWEVER, TO CONCEDE THAT ANY LICENSING ARRANGEMENTS MUST EXERCISE SOME REAL CONTROL OVER FISHING, AND THAT ARTICLE 100 OFFERED THE ONLY ACCEPTABLE APPROACH TO HISTORIC RIGHTS. IN HIS TALKS WITH M. BARRE, HE WOULD LOOK FOR A SATISFACTORY FORMULA ON POST-1992 DEROGATION, AND HOPED ALSO TO GET AGREEMENT TO THE PRINCIPLE OF BOXES.

NEW ZEALAND BUTTER: MINI PACKAGE

4. I STRESSED HOW IMPORTANT IT WAS NOT TO ALLOW THE PACKAGE AGREED AT THE LAST AGRICULTURAL COUNCIL TO COME UNDONE: REACTIONS, BOTH IN NEW ZEALAND AND AUSTRALIA WOULD BE VERY SHARP. COULD NOT M. THORN SATISFY THE ITALIANS ON SUGAR? M. THORN SAID THAT SOMETHING MIGHT BE DONE ON QUOTAS. MR WALKER SAID THAT THE ITALIANS COULD HARDLY REFUSE IF OFFERED 5000 TONS MORE ON THEIR 'A' QUOTAS.

PRESS LINE

5. NEWS DEPARTMENT WILL BE TAKING THE FOLLOWING LINE, ON WHICH YOU SHOULD ALSO DRAW IF ASKED. THE VISIT WAS AN OPPORTUNITY TO EXCHANGE VIEWS ON PROGRESS ON FISHERIES BEFORE THE COUNCIL. WE MAKE CLEAR OUR WILLINGNESS AND DESIRE TO MAKE FURTHER PROGRESS AND HOPED THAT EVERYBODY WOULD PARTICIPATE IN A SIMILAR SPIRIT.

CARRINGTON

FRAME FISHERIES

ECD (I)

NEWS D

PS

2

CONFIDENTIAL

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

9 March 1981

Fisheries

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute, FCS/81/30 (undated), on this subject. She has commented that if we lift our objection to the Canadian agreement and the Faroes agreement without getting anything in return, the Government will once again be accused of giving in to our Community partners to their advantage and our own disadvantage. This will give additional ammunition to the anti-EEC elements in this country.

I am sending copies of this letter to Kate Timms (Ministry of Agriculture, Fisheries and Food), Godfrey Robson (Scottish Office), Roy Harrington (Northern Ireland Office) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

F.J. Richards, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

CONFIDENTIAL

MR. ALEXANDER

Common Fisheries Policy

The Prime Minister will wish to be aware of developments since yesterday's discussions in Cabinet.

2. Following a recent meeting with President Giscard, the President of the Commission, M. Thorn, has asked to see both Lord Carrington and M. François-Poncet before the Fisheries Council now postponed until Tuesday, 10th March. Lord Carrington, accompanied by the Minister of Agriculture and the Secretary of State for Scotland, will therefore be seeing M. Thorn together with Mr. Kontogeorgis at 9.00 am on Monday.

3. During the course of this week there has been a great deal of bilateral activity. And, during M. Thorn's absence on holiday, the Commission decided to make proposals on access which favour the French.

4. Until recently, the Commission seemed ready to make proposals based on the position prior to our accession to the Community. This would have entailed an exclusive 0-6 mile belt and more favourable arrangements for the United Kingdom in the 6-12 mile belt than those currently in force. Instead, it now appears that their proposal will be based on the more limited protection in the Accession Treaty, in particular Article 101. More seriously, they are apparently not making any proposals for preference beyond 12 miles, other than some surveillance of fishing activities. We are seeking preferential "boxes" in the Irish Sea and off Northern Scotland. Unless the Commission or the Dutch Presidency can be persuaded to come up with proposals much closer to our position, there will be no overall settlement on 10th March.

5. We shall then be pressed by the Germans and the Danes to lift our reserves on the Canada and Faroes agreements. As the discussion in Cabinet showed, there are arguments for and against maintaining the link. The Minister of Agriculture is still negotiating with the Germans about improvements in the marketing arrangements which, if the Council would agree to them,

If this goes ahead without our getting anything (2) in return we shall lose our Prime Minister & accused of giving in to our Community partners to their advantage and our disadvantage. It will give extra fuel to the anti EEC elements in the country - not

MS

CONFIDENTIAL

CONFIDENTIAL

(attached)

would give our industry enough relief from the current pressures on the market to mitigate their hostility towards additional Canadian imports. I understand that the Foreign and Commonwealth Secretary will be writing to the Minister of Agriculture suggesting that the balance of argument is in favour of allowing the Canadian agreement to go ahead, even if a fish package is not settled at the Council, provided that we get adequate assurances on marketing. He takes the view - I think probably rightly - that our continuing to block the Canadian agreement would not lead the Germans to bring pressure to bear on the French to move towards our position on access but would merely annoy the Germans and isolate us in the Community on the fisheries issue. He also takes the view - shared by the Secretary of State for Scotland - that we should not continue to block the Faroese agreement but try to get some improvements in its terms for this year, or at least for future years.

6. If there is no settlement of the CAP on 10th March, we shall need urgently to review our tactics. Our offer of bilateral talks with the French has not been taken up. This may mean that they are willing to negotiate fisheries on its merits, or more likely that they think they can isolate us on fish and that we will not make too much trouble on agriculture prices. It is open to us to make a link between fish and CAP prices, but Mr. Walker ought not to threaten to do so on Tuesday. But equally he should not rule it out e.g. by implying that the CAP negotiations will now have to be put off for several months. There will be an opportunity to consider our tactics on Thursday morning when OD is due to discuss the CAP price package.



(Robert Armstrong)

6th March 1981



FCS/81/30

SECRETARY OF STATE FOR AGRICULTURE, FISHERIES AND FOOD

②

Normie Reinder
I will inform you of Mr Walker's
response as soon as it is available.

Fisheries

1. There was some discussion of this at Cabinet yesterday on which I have been reflecting. We are all agreed that your objective at the Council on 10 March must be to get agreement on the whole CFP package. As you said, this is going to be difficult: I hope that our meeting on Monday with Thorn and Contogeros will take us forward.
2. There are two external issues which could go wrong if we do not get an overall agreement; EC/Faroes and EC/Canada.
3. I hope that whatever happens on other aspects, you will be able to lift the reserve on the EC/Faroes agreement. The arguments for doing so were set out in the letter from Ian Gilmour's office to No 10 of 20 February, which was copied to your office. I believe that the arguments set out there still apply and that, moreover, there are now further reasons which strengthen the case for lifting our reserve.
4. The first is that there have, as you know, been suggestions by the French and Germans at official level that if we do not lift our reserve on the Faroes, a link might be made with rolling forward the Norway agreement. I believe you would consider this to be a serious threat to our fishermen's interests.
5. There is also another consideration. That is the argument that our reserve has now taken a wider political
/dimension

GRS 420 A
CONFIDENTIAL
FRAME FISHERIES
FM COPENHAGEN 051546Z MAR 81
TO IMMEDIATE FCC
TELEGRAM NUMBER 56 OF 5 MARCH
INFO IMMEDIATE UKREP BRUSSELS
INFO SAVING REYKJAVIK

CONFIDENTIAL

7

MY TELNO 51: EC/FAROE

*So do the
Orderly
Shelard*

1. DURING A GENERAL TALK WITH THE PUS AT THE MFA YESTERDAY HE RAISED THE PROBLEM OVER THE FAROES FISHING AGREEMENT. AMBASSADOR JOERGENSEN COMMENTED THAT THE PRIME MINISTER'S REPLY TO MR ANKER JOERGENSEN'S LETTER HAD BEEN VERY NEGATIVE. IT HAD LOOKED AT THE QUESTION SOLELY AS A FISHING ISSUE. THE DANES SAW A POLITICAL DIMENSION WHICH, WHILE IT COULD NOT BE CLEARLY DEFINED, COULD HAVE SERIOUS RAMIFICATIONS. THERE WERE SIGNS THAT BOTH GREENLAND AND THE FAROES WANTED GREATER ECONOMIC INDEPENDENCE. THE DANES CONSIDERED THAT THE ICELANDERS WERE ALSO INTERESTED IN LINKING UP WITH THEIR TWO NEIGHBOURS, PERHAPS TO OFFER GREATER OPENINGS FOR SOVIET FISHERMEN IN THESE WATERS, WITH GREATER ECONOMIC LINKS WITH EAST EUROPE IN RETURN. THIS COULD GIVE AN ENTREE WHICH COULD UNDERMINE THE NATO PRESENCE IN ALL THREE COUNTRIES. HE ADMITTED, IN RESPOSE TO MY QUESTIONS, THAT HIS ARGUMENTS WERE BASED MORE ON THEORY THAN ON OBSERVED FACTS BUT HE EMPHASISED THAT THE DANES HAVE CLOSE CONTACTS WITH ICELANDERS, SUGGESTING THAT THESE BORE OUT WHAT HE SAID.

2. OTHER SENIOR MFA OFFICIALS HAVE PURSUED SIMILAR THEMES. THEY REFER TO BITTERNESS IN THE FAROES ABOUT OUR BLOCKING OF THE AGREEMENT WHICH HAS KEPT A SUBSTANTIAL NUMBER OF THEIR LARGER VESSELS TIED UP. ON FAROESE COOPERATION WITH EASTERN EUROPE THEY POINT TO NEGOTIATIONS HERE YESTERDAY WITH THE DDR TO ALLOW THE EAST GERMANS TO FISH BLUE WHITING IN FAROESE WATERS IN RETURN FOR COD FISHING OPPORTUNITIES AND EAST GERMAN PURCHASES OF FAROESE PROCESSED BLUE WHITING FOR HUMAN CONSUMPTION. (THE DANES ADMIT THAT THE EAST GERMAN AGREEMENT IS NOT NEW, BUT CLAIM THAT THE QUANTITIES NOW UNDER DISCUSSION ARE QUOTE SOMEWHAT INCREASED UNQUOTE.)

3. THEY ALSO ARGUE THAT DIMINISHING FISHING OPPORTUNITIES IN EC WATERS ONLY DRIVES THEM INTO OTHER POTENTIALLY MORE DAMAGING OPERATIONS: THEY INSTANCE THE RECENTLY DEVELOPED FAROESE FISHERY FOR SALMON (PARA 4 OF THE PM'S REPLY).

4. THE DANES ARE URGENTLY LOOKING INTO THE POSSIBILITY OF IMPROVED FAROESE ASSURANCES ABOUT THEIR TECHNICAL RESTRICTIONS, IN THE HOPE THAT THIS MIGHT PAVE THE WAY FOR A CHANGE IN OUR ATTITUDE. THEY EXPECT THEIR MINISTER TO MAKE A FURTHER APPEAL IN THE COUNCIL ON 9/10 MARCH FOR THE UK TO LIFT ITS RESERVE (THE FAROES AGREEMENT IS THE MAIN PROBLEM FOR DENMARK IN THE EXTERNAL FIELD).

CONFIDENTIAL

15.

CONFIDENTIAL

5. I AM BOUND TO ADD THAT BOTH THE DANISH GOVERNMENT AND THE OPPOSITION PARTIES (WHO ARE POLITICALLY CLOSER TO THE FAROESE ADMINISTRATION) WOULD GREATLY WELCOME IT IF THE FAROES AGREEMENT CAN BE CONCLUDED NEXT WEEK (THE SPANISH PRECEDENT HAS NOT BEEN MENTIONED TO US BUT HAS OF COURSE BEEN NOTED HERE). IN THE FAROE ISLANDS THEMSELVES, OUR HISTORICAL RELATIONSHIP MEANS THAT FEELINGS AS WELL AS POCKETS ARE HURT IF IT IS BRITAIN WHICH STOPS THE FLEET FROM FISHING.

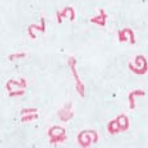
FCO PLEASE PASS SAVING TO REYKJAVIK

WARBURTON

REPEATED AS REQUESTED

FRAME FISHERIES
ECD(i)

-F-6 MAR 1981



2

CONFIDENTIAL



FCS/81/30

SECRETARY OF STATE FOR AGRICULTURE, FISHERIES AND FOOD

②
~~Rennie Reimster~~
 I will inform you of Mr Walker's
 response as soon as it is available.

Fisheries

1. There was some discussion of this at Cabinet yesterday on which I have been reflecting. We are all agreed that your objective at the Council on 10 March must be to get agreement on the whole CFP package. As you said, this is going to be difficult: I hope that our meeting on Monday with Thorn and Contogeros will take us forward.
2. There are two external issues which could go wrong if we do not get an overall agreement; EC/Faroes and EC/Canada.
3. I hope that whatever happens on other aspects, you will be able to lift the reserve on the EC/Faroes agreement. The arguments for doing so were set out in the letter from Ian Gilmour's office to No 10 of 20 February, which was copied to your office. I believe that the arguments set out there still apply and that, moreover, there are now further reasons which strengthen the case for lifting our reserve.
4. The first is that there have, as you know, been suggestions by the French and Germans at official level that if we do not lift our reserve on the Faroes, a link might be made with rolling forward the Norway agreement. I believe you would consider this to be a serious threat to our fishermen's interests.
5. There is also another consideration. That is the argument that our reserve has now taken a wider political

/dimension



6. There is also another consideration. That is the argument that our reserve has now taken a wider political dimension which could threaten our relations with the Danes. I would not wish at the moment to labour these arguments, but you will wish to be aware of the points made in Copenhagen Telno 56 of which, for ease of reference, I enclose a copy. I hope, therefore, that you can agree to lift our reserve on this agreement.

7. As for the EC/Canada agreement we are both, I think, conscious of the importance the Germans, including Chancellor Schmidt, attach to it. To contemplate giving way outside the framework of the CFP we should have to secure very firm assurances on marketing which would satisfy you and our industry that their interests were safeguarded. But if this could be done (and you are in touch with the Germans about it) I believe that we would now gain more than we would lose if a way could be found of lifting the reserve. And, if you have succeeded in the negotiation with the Germans on marketing, it is difficult to see how we could refuse to give way on Canada. If no deal is possible, then our reserve will have to be maintained.

8. I am sending copies of this minute to the Prime Minister and to the Secretaries of State for Scotland and Northern Ireland.

10

Fisheries Policy

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T33/81

00 251045Z
PARIS FROM LONDON
CONFIDENTIAL GOVERNMENTAL 0028
BT

*Subject copy:
Anglo-French Relations*

C O N F I D E N T I A L

MESSAGE FROM THE PRIME MINISTER TO PRESIDENT GISCARD

MY DEAR PRESIDENT,

AS YOU KNOW, I AM LEAVING LONDON TODAY FOR A THREE-DAY VISIT TO THE UNITED STATES DURING WHICH I SHALL BE SEEING PRESIDENT REAGAN AND THE LEADING MEMBERS OF HIS ADMINISTRATION, AS WELL AS DR. WALDHEIM IN NEW YORK. I THINK THAT YOU, CHANCELLOR SCHMIDT AND I HAVE A VERY GOOD UNDERSTANDING ON THE SUBJECTS WHICH ARE LIKELY TO ARISE. MY IMPRESSION IS THAT MR. REAGAN AND HIS TEAM ARE SOME WAY FROM HAVING MADE UP THEIR MIND ABOUT MANY OF THE IMPORTANT QUESTIONS. I BELIEVE ALSO THAT THEY ARE SINCERE IN SEEKING CLOSER CONSULTATION AND HARMONISATION OF POLICY WITH THEIR EUROPEAN ALLIES. THIS GIVES US IN EUROPE AN OPPORTUNITY OF WHICH I SHALL TRY TO MAKE THE BEST USE, AS I HAVE NO DOUBT JEAN FRANCOIS-PONCET IS DOING DURING HIS OWN VISIT THIS WEEK. IT MIGHT BE USEFUL FOR HIM TO EXCHANGE IMPRESSIONS LATER WITH PETER CARRINGTON, WHO WILL IN ANY CASE BE BRIEFING THE COMMUNITY AMBASSADORS IN WASHINGTON ON FRIDAY.

I WOULD ALSO LIKE TO TAKE THIS OPPORTUNITY TO CONFIRM TO YOU WHAT I SAID IN MY MESSAGE OF 18 FEBRUARY ABOUT THE FISHERIES QUESTION, THAT WE HOPE IT WILL BE POSSIBLE TO REACH AN AGREEMENT ON THIS AT THE NEXT MEETING OF THE COUNCIL ON 9-10 MARCH. WE, FOR OUR PART, WILL DO ALL WE CAN TO BRING THIS ABOUT.

I AM GLAD THAT A COMPROMISE HAS NOW BEEN REACHED ON ACCESS FOR NEW ZEALAND BUTTER. I ATTACH GREAT IMPORTANCE TO MAKING DECISIVE PROGRESS IN THE NEXT FEW WEEKS ON THE OTHER MAIN OUTSTANDING ISSUES OF COMMUNITY BUSINESS, AGRICULTURAL PRICES FOR 1981 AND FISHERIES. MY REPRESENTATIVE MR. MICHAEL FRANKLIN HAS EXPLAINED THESE VIEWS TO THE SECRETARY-GENERAL OF THE SGGI, M. PIERRE ACHARD. I AM NOT SUGGESTING THESE ISSUES BE LINKED. EACH MUST BE RESOLVED ON ITS MERITS. BUT I DO SEE REAL ADVANTAGE TO US ALL, AND TO THE COMMUNITY AS A WHOLE, IF THESE MATTERS CAN BE RESOLVED SPEEDILY AND WITHOUT UNDUE PUBLIC DISPUTE. SUCH DISPUTE WOULD BENEFIT NEITHER OF US IN THE LONG TERM.

YOURS SINCERELY

MARGARET THATCHER.

25 FEBRUARY 1981
BT

SENT AT 1053^z P.m.



Fishing Ind
Fisher

10 DOWNING STREET

From the Private Secretary

23 February 1981

Thank you for your letter of today's date enclosing the signed original of a letter to the Prime Minister from the Prime Minister of Denmark. I enclose for your files a copy of the Prime Minister's reply which was sent to Copenhagen for delivery on Saturday, 21 February.

M. O'D. B. ALEXANDER

His Excellency Mr. Tyge Dahlggaard.



1 encl.

55, SLOANE STREET,
LONDON, SW1X 9SR.

23 February 1981

THE AMBASSADOR

BY HAND

Dear Mr. Alexander,

729/81

Referring to our conversation on 19 February 1981 when, acting upon instruction, I delivered to you an advance copy of a letter dated 19 February 1981 to the Prime Minister from Mr. Anker Jørgensen, the Danish Prime Minister, concerning the draft agreement on fisheries between the EEC and the Faroe Islands, I take pleasure in forwarding to you the original letter from Mr. Anker Jørgensen.

Yours sincerely,

Tyge Dahlgaard

M.O.B. Alexander, Esq.
Private Secretary
Prime Minister's Office
10 Downing Street
London S.W.1



Copenhagen, February 19, 1981.

Dear Mrs. Thatcher,

In the course of the fisheries negotiations in Brussels the British government made reservation with respect to the draft agreement between the EEC and the Faroe Islands which has been negotiated by the Commission. I understand that the British reservation is due not to the substance of the draft agreement but to general considerations on inter-relationships in the community's internal and external fisheries policies which are hardly affected to any appreciable extent by an agreement with the Faroe Islands.

It has not been possible to establish, like in previous years, a temporary arrangement under which reciprocal fishing is permitted pending conclusion of the agreement.

This situation has faced the Faroe Islands with serious difficulties. The value of the agreement with the EEC deteriorates with every day that passes without the Faroese fishermen being able to start utilizing their access to fishing in waters of member states. For some important species, fishing is of a seasonal character.

I consider it important that the EEC, by delaying the conclusion of the agreement, should not weaken the cooperation with the Faroe Islands. Fishing is the fundamental basis of the economy of the Faroe Islands and makes them dependent on agreements with other countries.

The United Kingdom has in other instances taken a sympathetic view of the special problems which arise for small communities, among them New Zealand, to which relations with the EEC play a determinant role.

Relations between the United Kingdom and the Faroe Islands have always been close, created as they have been by geographical and other conditions. Preservation of the fishing cooperation between the United Kingdom and the Faroe Islands will contribute to consolidate the good neighbourly relations.

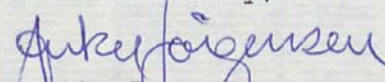
I would be grateful for your government's assistance in bringing about a speedy conclusion of the fishery agreement between the EEC and the Faroe Islands, or at least in establishing a temporary arrangement.

Postponement of the matter until the next meeting of the fishery ministers on March, 9-10, would imply a further serious delay.

I ask, therefore, that the british reservation, which is the sole obstacle to conclusion of the agreement, be revoked so that adoption may take place in connection with the council meeting next week of the ministers for agriculture.

Rt.Hon.Margaret Thatcher,MP,
Prime Minister

Yours sincerely,


Anker Jørgensen

CONFIDENTIAL



Fishing Industry

JS

10 DOWNING STREET

From the Private Secretary

20 February 1981

Dear Stephen,

EC/FAROEES

Thank you for your letter of 20 February. I enclose the signed text of a letter from the Prime Minister to the Prime Minister of Denmark. It is identical to the draft enclosed with your letter under reference.

I am sending copies of this letter to Kate Timms (MAFF), Godfrey Robson (Scottish Office) and David Wright (Cabinet Office).

Yours ever

Michael Alexander

S.J. Gomersall, Esq.,
Lord Privy Seal's Office.

JS

CONFIDENTIAL



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T.31/81

SUBJECT

10 DOWNING STREET

cc Danish Ambassador
23/2/81

THE PRIME MINISTER

20 February 1981

Dear Prime Minister,

Thank you for your letter of 19 February about the 1981 arrangements for reciprocal fishing between the Community and the Faroe Islands. I fully recognise the importance of the factors you mention in your letter, and the major part which fisheries play in the economic life of the Faroes.

The basis of our reservation on this agreement is, however, one of substance, and important to our own hard-pressed fishing communities. The quotas provisionally negotiated for 1981 by the Commission favour the Faroes as far as the accepted co-efficients for comparing quotas of different fish species are concerned, despite the explicit recognition in the EC/Faroes framework agreement that the fishing opportunities for the two parties should be balanced.

Perhaps even more important, however, is the fact that technical restrictions on fishing imposed by the Faroese authorities in Faroese waters have meant that for the past several years Community fishermen, especially United Kingdom fishermen, have not been able to catch their quotas, while comparable technical restrictions do not exist in United Kingdom waters (where most Faroese fishing takes place under the agreement).

Moreover, I should add that the United Kingdom Government is very disappointed that the Faroese have not accepted any

/specific limit

specific limit on their recently developed sea fishery for salmon in the recent negotiations. This is despite the emerging international consensus, reflected in the draft UNLOSC text, that the primary interest in salmon stocks lies rightfully with originating states. It is, of course, well established that many salmon caught off the Faroes originated from United Kingdom rivers.

I am afraid, therefore, that I cannot see how this matter can be brought to conclusion other than in the context of agreement on a revised CFP and I regret that this is likely to entail a delay until the Fisheries Council meets on 9/10 March.

I am sorry that I cannot give a more helpful reply. We remain determined, however, to reach an early settlement on the new Common Fisheries Policy. It is to be hoped that sufficient progress will be made at the next Council on matters of importance to all delegations to allow a satisfactory outcome on the Faroes issue.

Yours sincerely,

Margaret Thatcher

His Excellency Mr. Anker Joergensen

010 /
CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

20 February 1981

Dear Minister,

EC/FAROES

When we spoke earlier, you said you would like to submit to the Prime Minister a revised draft message to the Danish Prime Minister. I attach such a draft, which has been agreed with MAFF at official level.

I am copying this letter to the Private Secretaries at MAFF and the Scottish Office, and to David Wright (Cabinet Office).

*Yours ever
Sir John Gomersall*

S J Gomersall

M O'D B Alexander Esq
10 Downing Street

CONFIDENTIAL

CONFIDENTIAL

DRAFT LETTER FOR THE PRIME MINISTER
TO SEND TO THE DANISH PRIME MINISTER

Thank you for your letter of 19 February about the 1981 arrangements for reciprocal fishing between the Community and the Faroe Islands. I fully recognise the importance of the factors you mention in your letter, and the major part which fisheries play in the economic life of the Faroes.

/are concerned
The basis of our reservation on this agreement is, however, one of substance, and important to our own hard-pressed fishing communities. The quotas provisionally negotiated for 1981 by the Commission favour the Faroes as far as the accepted co-efficients for comparing quotas of different fish species, */*despite the explicit recognition in the EC/Faroes framework agreement that the fishing opportunities for the two parties should be balanced.


Perhaps even more important, however, is the fact that technical restrictions on fishing imposed by the Faroese authorities in Faroese waters have meant that for the past several years Community fishermen, especially United Kingdom fishermen, have not been able to catch their quotas, while comparable technical restrictions do not exist in United Kingdom waters (where most Faroese fishing takes place under the agreement).

Moreover, I should add that the United Kingdom Government is very disappointed that the Faroese have not accepted any specific limit on their recently developed sea fishery for salmon in the recent negotiations. This is despite the emerging international consensus, reflected in the draft UNLOSC text, that the primary interest in salmon stocks lies rightfully with originating states. It is, of course, well established that many salmon caught off the Faroes originated from United Kingdom rivers.

/agreement on a revised CFP
I am afraid therefore that I cannot see how this matter can be brought to conclusion other than in the context of */* and I regret that this is likely to entail a delay until the Fisheries Council meets on 9/10 March.

/I am

CONFIDENTIAL



CONFIDENTIAL

I am sorry that I cannot give a more helpful reply. We remain determined, however, to reach an early settlement on the new Common Fisheries Policy. It is to be hoped that sufficient progress will be made at the next Council on matters of importance to all delegations to allow a satisfactory outcome on the Faroes issue.

CONFIDENTIAL



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

From the Minister's Private Office

Michael Alexander Esq
Private Secretary
10 Downing Street
London SW1

20 February 1981

Dear Michael

Underneath
Thank you for your letter of 19 February to Kate Timms, and for the attached copy of the Danish Prime Minister's message to the Prime Minister.

--- I attach, as requested, a draft reply which, in the Minister's absence, has been approved by the Minister of State. Mr Buchanan-Smith has asked me to emphasise that acceptance of the EC/Faroes Agreement on its own, outside the context of agreement on a Common Fisheries Policy, would be deeply resented by British fishermen and could lead to serious political repercussions. He has also asked me to remind the Prime Minister, through you, that fishermen in Scotland - in whose waters most Faroese fishing would take place - are showing no signs of heeding their leaders' call to return to sea.

I am sending copies of this letter and enclosure to Francis Richards and David Wright.

Yours sincerely
David Jones

D E Jones
Assistant Private Secretary

DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO THE DANISH
PRIME MINISTER

Thank you for your letter of 19 February about the 1981 arrangements for reciprocal fishing between the Community and the Faroe Islands.

I should make it clear that the basis of the United Kingdom reservation on this agreement is not merely tactical but is concerned with the substance. One difficulty we have is that the quotas provisionally negotiated for 1981 by the Commission are decidedly biased in favour of the Faroes in terms of the accepted coefficients for comparing quotas of different fish species, despite the explicit recognition in the EEC/Faroes framework agreement that the fishing opportunities for the two parties should be balanced.

Perhaps even more important, however, is the fact that technical restrictions on fishing imposed by the Faroese authorities in Faroese waters have meant that for the past several years Community fishermen, especially United Kingdom fishermen, have not been able to catch their quotas. Since comparable technical restrictions do not exist in United Kingdom waters (where most Faroese fishing takes place under the agreement) the arrangements are, ~~in fact~~ in reality, even more unbalanced than a simple comparison^{of} the two sides' quotas would imply.

Moreover I should add that the United Kingdom government is very disappointed that the Faroese have refused to agree any specific limit on their recently developed sea fishery for salmon in the recent negotiations. This is despite the emerging international consensus reflected in the draft UNLOSC text, that the primary interest in

salmon stocks lies rightfully with originating states. It is, of course, well established that many salmon caught off the Faroes originated from United Kingdom rivers.

It follows that without the special factors to which you refer in your letter and to which of course I attach considerable weight, the United Kingdom would probably consider that there was no satisfactory basis for negotiating a fisheries agreement with the Faroes. Even taking account of these special factors the agreement causes us major difficulties, since if it were accepted we would have to explain to our own hard-pressed fishermen why we had accepted arrangements which were so markedly unfavourable to them.

I am afraid therefore that I cannot see how this matter can be forwarded other than in the fisheries context, and I regret that this is likely to entail a delay until the Fisheries Council meets on 9/10 March. However it is to be hoped that sufficient progress will be made then on matters of importance to all delegations to allow a satisfactory outcome on the Faroes issue.

GRS 360 A

CONFIDENTIAL

CONFIDENTIAL

FRAME FISHERIES

FM COPENHAGEN 201140Z FEB 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 47 OF 20 FEBRUARY

INFO IMMEDIATE UKREP BRUSSELS

TELECONS SPRECKLEY/RATFORD: CFP: FAROES AGREEMENT

1. BEYOND THE IMMEDIATE ECONOMIC DIFFICULTIES WHICH OUR BLOCKING OF THE FAROES AGREEMENT HAS CAUSED THE FAROES GOVERNMENT, AND TO WHICH THE DANISH PRIME MINISTER HAS REFERRED IN HIS LETTER YESTERDAY TO MRS THATCHER, YOU SHOULD BE AWARE OF THE BACKGROUND IN THE INTERNAL POLITICAL SITUATION IN THE FAROES FOLLOWING THE ACCESSION OF MR ELLEFSEN'S NEW ADMINISTRATION.

2. THE NEW FAROESE GOVERNMENT IS MORE FIRMLY IN FAVOUR OF THE MAINTENANCE OF THE UNION WITH DENMARK AND HAS CLOSE POLITICAL LINKS WITH THE DANISH LIBERAL PARTY, WITH WHICH ELLEFSEN SITS IN THE DANISH PARLIAMENT. THE FACT THAT ELLEFSEN ACQUIESCED IN A NEW AGREEMENT AT A LOWER LEVEL THAN IN THE PAST, AND THAT EVEN THAT IS NOW BLOCKED WITHOUT EVEN A TEMPORARY ARRANGEMENT, HAS LAID HIM OPEN TO ACCUSATIONS THAT HE IS TOO CONSCIOUS OF THE LINK WITH DENMARK TO PUT UP AN ADEQUATE DEFENCE OF PURELY FAROESE INTERESTS. IT WAS PARTICULARLY DAMAGING THAT, AFTER THE AGREEMENT WAS CLEARED HASTILY THROUGH THE LAGTING, THE FAROESE FISHING FLEET SET SAIL FOR FISHING GROUNDS AND HAD TO BE RECALLED WHEN NEGOTIATIONS BECAME DEADLOCKED IN BRUSSELS.

3. WE KNOW FROM LEADING MEMBERS OF THE DANISH LIBERAL PARTY THAT THEY HAD A LONG AND DIFFICULT MEETING WITH ELLEFSEN ON 18 FEBRUARY AT WHICH HE FORESHADOWED DIRE LONGER TERM CONSEQUENCES FOR THE UNION WITH DENMARK AND THE FAROES ATTITUDE TOWARDS NATO (THE MAJOR TRADE UNION WAS QUOTED AS URGING EVICTION OF EXISTING FACILITIES). ELLEFSEN FEARED THAT HIS PERIOD IN OFFICE WAS ALREADY DOOMED TO BE ONE IN WHICH TRADITIONAL POLICIES ON THESE MATTERS WOULD COME UNDER GREAT STRAIN. THERE MUST BE A RISK THAT IF SUCH A DEVELOPMENT WERE TO OCCUR WE WOULD BE SEEN AS HAVING IN SOME DEGREE BEEN INSTRUMENTAL IN IT: SOME LIBERAL POLITICIANS ARE ALREADY BLAMING US BUT THE HONORARY CONSUL TORSHAVN HAS TOLD ME THAT THE PRESS THERE HAS NOT YET DONE SO. THE DANISH PRIME MINISTER'S LETTER HAS, HOWEVER, BEEN REPORTED ON THE LOCAL RADIO ALTHOUGH NOT SO FAR IN COPENHAGEN.

CONFIDENTIAL

14. WE HAVE

CONFIDENTIAL

4. WE HAVE BEEN STRESSING THAT THE KEY TO THE PROBLEM LIES IN AN EARLY AGREEMENT ON THE CFP AS A WHOLE, THAT WE ARE NOT ALONE IN HAVING DIFFICULTIES ON SOME OF THE OUTSTANDING POINTS (NOT EXCLUDING THE DANES OWN PROSPECTIVE VETO ON QUOTAS) AND THAT WE HAVE INTRINSIC DIFFICULTY WITH THE FAROES AGREEMENT WHICH CAN ONLY BE RESOLVED IN A CONTEXT OF A SOLUTION ON THE CFP AS A WHOLE.

WARBURTON

FRAME FISHERIES

ECD (I)

2

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

20 February 1981

Dear Michael,

FISHERIES : EC/FAROEES

You have asked the Minister of Agriculture for a draft reply to the Danish Prime Minister's message about our lifting our reserve on the EC/Faroes fisheries agreement. The Lord Privy Seal believes for the following reasons that we should do so.

Although we have previously insisted that all external agreements should be included in the overall CPF package we have now consented to the conclusion of those with Norway and with Spain. We have never hitherto linked the annual Faroes agreements to the conclusion of a CFP package and to continue to do so now will be seen by many as a great deal more indefensible than the line we are taking over Canada. To consent now to the conclusion of the Faroes agreement would emphasise the substantive difficulties we have with the EC/Canada agreement, on which our reserve is at present being devalued by the belief in the Community that both the Canada and Faroes agreements are tactical. Furthermore, while, if we had given way on Faroes at the Foreign Affairs Council it might have looked as if our resolve was weakening, to do so after a personal appeal to the Prime Minister would show the lifting of our reserve in a rather different light.

We understand that the fisheries arguments for maintaining a reserve are much less clear cut than is the case with Canada. Although the majority of the fish taken by the Faroese is likely to come from UK waters and we do not get as much in return, if the agreement is

/not

M O'D B Alexander Esq
10 Downing Street



not soon concluded the Faroese might re-open it on the grounds that the mackerel season was almost over. If this happened there would be the risk that the eventual agreement would be worse for us than the present one. Moreover, we understand that the current wording on salmon is as good as we are going to get; it seems that it is in our interest to see the agreement enter into force quickly so that consultations on the Faroes salmon catch can begin.

HM Embassy Copenhagen tell us that there is much anxiety in Danish Government circles about the effect which the continued failure to implement the agreement might have on the new Faroese Government, which is more to the right than its predecessor and firmly supports close relations with the West. We are being blamed for holding things up.

We are conscious that, if we were now to lift our reserve on EC/Faroes while maintaining the reserve on the EC/Canada agreement, there would be a risk of further upsetting the Germans. We could, however, point to the fact that the Faroes agreement has been going for some five years and provides reciprocal fishing opportunities, whereas the EC/Canada agreement is a new one providing fishing opportunities for one side (the Germans) balanced by access to markets (the UK) on the other. The latter agreement also has a direct effect on the internal market régime which must be an integral part of any revised CFP. We would certainly need to explain these points carefully to the Germans.

The Lord Privy Seal hopes, therefore, that serious consideration can be given to lifting the reserve on the Faroes agreement, as the Danes have asked. He believes that it would bring us negotiating benefits against little cost.

I am copying this letter to the Private Secretaries in the MAFF and Scottish Office and to David Wright (Cabinet Office).

Yours ever
S J Gomersall

S J Gomersall
Private Secretary to the
Lord Privy Seal



10 DOWNING STREET

BF 20/2/81

From the Private Secretary

19 February 1981

Message from the Danish Prime Minister

I enclose the text of a message to the Prime Minister from the Prime Minister of Denmark which the Danish Ambassador has just left with me.

In handing over his Prime Minister's message, Mr. Christensen stressed two points in particular. He said that the matter was one of great urgency for his Government. He hoped that an answer could be sent soon and that it would be of a kind to permit action to be taken at a meeting of the Agricultural Council on Monday, 23 February. Secondly, the Danish Government considered that the issues raised by the EEC agreement with the Faroe Islands were quite different from those involved in e.g. the agreement with Canada. British interests were not involved in the Faroe Islands agreement and the British reserve could therefore be lifted without any effect on this country or on our position in the broader arguments on fisheries' issues in progress within the Community.

I told Mr. Christensen that I was not in a position to comment in any way on his Prime Minister's message. All I could undertake to do was bring it to the Prime Minister's immediate attention and to ensure that a very early reply was sent. Mr. Christensen said he would ring me tomorrow to enquire about progress.

I should be grateful if you could let me have by mid afternoon tomorrow, 20 February, a draft reply which the Prime Minister might send to Mr. Joergensen. If you can meet this timetable it will enable the Prime Minister to approve the text before she leaves London early in the afternoon.

I am sending copies of this letter and its enclosure to Francis Richards (Foreign and Commonwealth Office) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Miss Kate Timms,
Ministry of Agriculture, Fisheries and Food.

SUBJECT

T 29/81

Copenhagen, 19 February 1981

PRIME MINISTER'S

PERSONAL MESSAGE

Dear Mrs. Thatcher,

SERIAL No. T. 29/81

In the course of the fisheries negotiations in Brussels the British Government made reservation with respect to the draft agreement between the EEC and the Faroe Islands which has been negotiated by the Commission. I understand that the British reservation is due not to the substance of the draft agreement but to general considerations on interrelationships in the Community's internal and external fisheries policies which are hardly affected to any appreciable extent by an agreement with the Faroe Islands.

It has not been possible to establish, like in previous years, a temporary arrangement under which reciprocal fishing is permitted pending conclusion of the agreement.

This situation has faced the Faroe Islands with serious difficulties. The value of the agreement with the EEC deteriorates with every day that passes without the Faroese fishermen being able to start utilizing their access to fishing in waters of Member States. For some important species, fishing is of a seasonal character.

I consider it important that the EEC, by delaying the conclusion of the agreement, should not weaken the cooperation with the Faroe Islands. Fishing is the fundamental basis of the economy of the Faroe Islands and makes them dependent on agreements with other countries.

The United Kingdom has in other instances taken a sympathetic view of the special problems which arise for small communities, among them New Zealand, to which relations with the EEC play a determinant role.

Relations between the United Kingdom and the Faroe Islands have always been close, created as they have been by geographical and other conditions. Preservation of the fishing cooperation between the United Kingdom and the Faroe Islands will contribute to consolidate the good neighbourly relations.

I would be grateful for your Government's assistance in bringing about a speedy conclusion of the fishery agreement between the EEC and the Faroe Islands, or at least in establishing a temporary arrangement.

The Rt.Hon. Margaret Thatcher MP
Prime Minister

Postponement of the matter until the next meeting of the Fishery Ministers on March 9-10 would imply a further serious delay. I ask, therefore, that the British reservation, which is the sole obstacle to conclusion of the agreement, be revoked so that adoption may take place in connection with the Council Meeting next week of the Ministers for Agriculture.

Yours sincerely,

signed Anker Jørgensen

Royal Danish Embassy
London



file

Frithy B/L
cc: MAFF
CO

10 DOWNING STREET

From the Private Secretary

18 February 1981

Message from President Giscard

Further to your letter to me of 17 February, I enclose the text of a message from the Prime Minister to President Giscard which was despatched to Paris at lunchtime today over the direct line.

I am sending copies of this letter and its attachment to Kate Timms (Ministry of Agriculture, Fisheries and Food) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Francis Richards, Esq.,
Foreign and Commonwealth Office

h

SUBJECT

*cc master
copy*

D@ 1445Z

Margaret

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T26/81

*Copy of message on France
July 79: Visits of Mrs Giscard
to UK*

Thatcher

00 181350Z
PARIS FROM LONDON
CONFIDENTIAL GOVERNMENTAL 0027
BT

C O N F I D E N T I A L
181350Z FEBRUARY 1981

TO: HIS EXCELLENCY MONSIEUR VALERY GISCARD D'ESTAING

MY DEAR PRESIDENT,

I AM GRATEFUL TO YOU BOTH FOR SENDING ME A COPY OF THE COMMON DECLARATION PUBLISHED AFTER YOUR MEETING WITH HELMUT SCHMIDT AND FOR YOUR SEPARATE MESSAGE ABOUT THE FISHERIES COUNCIL.

I REGRET THAT, IN THE EVENT, IT DID NOT PROVE POSSIBLE TO REACH AGREEMENT AT THE COUNCIL ON FISHERIES, BUT I AM GLAD THAT DISCUSSIONS ARE STILL CONTINUING, AND THAT THE COUNCIL IS DUE TO MEET AGAIN ON 9/10 MARCH. WE WISH TO SEE THE EARLIEST POSSIBLE AGREEMENT ON A COMMON FISHERIES POLICY, AND I CAN ASSURE YOU THAT WE SHALL CONTINUE TO WORK CONSTRUCTIVELY IN THE HOPE OF ACHIEVING THIS OBJECTIVE. WE HAVE BEEN CONSIDERING THE BEST WAY AHEAD AND HOPE TO BE IN A POSITION TO LET YOU KNOW SOON HOW OUR THOUGHTS ARE DEVELOPING.

YOURS SINCERELY

MARGARET THATCHER

NNNN
BT

NNNN

Confidential.

For transmission on the direct
line.

HIS EXCELLENCY MONSIEUR VALERY GISCARD d'ESTAING

My dear President,

I am grateful to you both for sending me a copy of the Common Declaration published after your meeting with Helmut Schmidt and for your separate message about the Fisheries Council.

I regret that, in the event, it did not prove possible to reach agreement at the Council on Fisheries, but I am glad that discussions are still continuing, and that the Council is due to meet again on 9/10 March. We wish to see the earliest possible agreement on a Common Fisheries Policy, and I can assure you that we shall continue to work constructively in the hope of achieving this objective. We have been considering the best way ahead and hope to be in a position to let you know soon how our thoughts are developing.

Yours sincerely

MARGARET THATCHER

Phd.
- 18/2



GR.
Type link for
transmission on direct
line.

Foreign and Commonwealth Office

London SW1A 2AH

17 February 1981

Print

Dear Michael,

Message from President Giscard

See France
July 79
V. B. Giscard
to UK

With your letter of 9 February you enclosed the text of a message from President Giscard to the Prime Minister about the Fisheries Council. We were also sent a copy of the separate message from the President with which he enclosed a copy of the communique put out at the end of the Franco/German summit.

As you know, in the event the Fisheries Council did not succeed in agreeing on a revised CFP but nor did it break down without hope of agreement; it is to meet again on 9/10 March. In the circumstances we believe that a short, low-key reply would be the most appropriate. Since the Prime Minister has now agreed, however, to approach the French, the message also refers to the possibility of an early contact.

Although President Giscard's message said that Chancellor Schmidt would be making a separate approach, we have not yet received one, although the German Ambassador did lobby Lord Carrington on 11 February to say the Germans very much hoped agreement could be reached at last week's Council and Herr von Dohnanyi telephoned the Lord Privy Seal in the afternoon of 13 February. The demarche by the French Ambassador to the FCO was in the event carried out by a member of his staff and introduced no new elements.

I am sending copies of this letter to Kate Timms (MAFF) and David Wright (Cabinet Office).

Yours ever,

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing St

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

PRIME MINISTER

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

His Excellency Monsieur Valery Giscard de'Estaing
President of the French Republic

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

I am grateful to you both for sending me a copy of the common declaration published after your meeting with Helmut Schmidt and for your separate message about the Fisheries Council.

I regret that, in the event, it did not prove possible to reach agreement at the Council on fisheries, but I am glad that discussions are still continuing and that the Council is due to meet again on 9/10 March. We wish to see the earliest possible agreement on a Common Fisheries Policy, and I can assure you that we shall continue to work constructively in the hope of achieving this objective. We have been considering the best way ahead and hope to be in a position to let you know soon how our ^{thoughts are} ~~thinking is~~ developing.

Enclosures—flag(s).....



PM/81/5

PRIME MINISTER

EC Strategy: Fisheries/CAP

1. As Peter Walker reported to Cabinet last Thursday, the prospects of an early settlement do not look good. The French have hardened their position on access and may well have decided that they cannot meet our demands - which involve restriction on some fishing rights to which they are currently entitled - at any rate this side of the Presidential election. Peter Walker has gone about as far as he can while still carrying the industry with us. The Germans are upset because we are blocking the agreement with Canada on which their deep sea fleet depends. There are already signs that the support we had from other member states in December may be starting to erode.
2. We still have no solution for New Zealand either. The French are almost certainly planning to use this as a lever to secure our agreement on agricultural prices.
3. The prospect is therefore of another bruising battle with the French. They will not want to concede on fish in the run up to the elections. But if nothing was agreed before the elections, we should be accused by our partners - however implausibly - of reneging on the 30 May settlement. This would be the worst possible curtain raiser to the budget restructuring negotiations. And we have the Presidency from 1 July.
4. Peter Walker and I would like to discuss with you and the Chancellor of the Exchequer whether there is any way of avoiding all this happening, with its inevitable effects on anti-European feeling here. The suggestion would be that we sound out the Elysee at official level saying something like this: we recognise your political

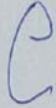
/problems



problems and in particular your wish to have this year's agricultural prices fixed before the election campaign. But if we are to show understanding of your difficulties, you must show understanding for ours. If we are to make an effort to be helpful over agricultural prices we believe it reasonable to ask you to settle speedily on fisheries and New Zealand butter. This would be a clear hint that we might be willing to do a deal but it would also be an implied threat.

5. We should then have to see what response from the French side was, and be careful not to make any concessions without seeing the colour of their money. Once we knew what their conditions were, we should need to consider what might or might not be acceptable to us, bearing in mind that, on agricultural prices, we have the ability to determine the effect on our own consumers and farmers through the green pound. The French reaction might be to say "no deal" or to put up impossible demands. If so we should have no option but to slog it out. We would, however, have put ourselves in a better position with the Germans and our other partners, by letting them know that we had at least made the offer.

6. I am copying this minute to the Chancellor of the Exchequer, the Minister of Agriculture, Fisheries and Food and Sir Robert Armstrong.


(CARRINGTON)

16 February 1981
Foreign and Commonwealth Office

CONFIDENTIAL

PRIME MINISTER

Common Fisheries Policy

The questions for discussion at your meeting with the Foreign and Commonwealth Secretary, the Chancellor and Mr. Walker tomorrow morning seem to be:-

- (a) Is there any prospect of a speedy settlement of the Common Fisheries Policy on its own?

The French may have decided that this is too difficult for them before their elections, although there were indications that the French industry would have been ready to settle in December. Is there any room for modifying our position, especially on the "boxes" outside 12 miles (to which the French objections now seem mainly to relate) without losing the support of our industry? Will further financial assistance act as a sweetener? The conclusion will probably be that Mr. Walker went about as far as he could in speaking to Mr. Hoeffel before the last Fisheries Council; although there seems to be no need to insist on extinguishing French traditional rights off the south-east coast.

- (b) If a fisheries settlement alone looks unlikely, what course should we follow?

Should we allow events to take their course or should we probe the possibilities of getting the French to settle on fisheries (and New Zealand butter) in return for commitments on agriculture? You will want to hear Lord Carrington on the tactical arguments.

- (c) If there is to be a probe, what are the consequences likely to be for -

- (i) the level of agricultural prices. It looks from the latest Franco-German summit as though their range is 8-10 per cent. We should shortly know the Commission's proposals. You will want to hear Mr. Walker on the needs of the industry and the

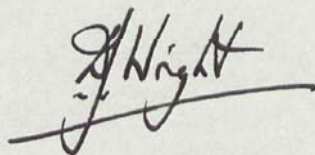
CONFIDENTIAL

CONFIDENTIAL

Chancellor on the general economic climate (1 per cent VAT ceiling does not look like being an effective constraint this year). No decisions needed at this point;

- (ii) MCA's. We are bound to be pressed, along with the Germans, to revalue, but we can probably decide ourselves how much we want to do in order to moderate the impact on food prices (and farm incomes) at home;
- (iii) other aspects of the agricultural settlement. Mr. Walker is worried that we shall be forced to accept increases in the co-responsibility levy. The Chancellor, on the other hand, may want price increases to be accompanied by stricter measures to cut surpluses e.g. the so-called super levy for milk. It will be difficult to settle these questions until negotiations in the Agriculture Council on the Commission's proposals have progressed.
- (d) If it is agreed that some approach to the French should be made, how and when should it be done.

Lord Carrington to M. Francois Poncet is one possibility, but may not be the best route: the French President and Prime Minister will have to be involved. This suggests me with M. Wahl, or Mr. Franklin with M. Achard. New Zealand butter is due to be discussed again in the Agriculture Council on 23rd February: should we wait for the outcome of that or approach the French beforehand to avoid positions hardening?



Robert Armstrong

*(approved by Sir R. Armstrong
and signed on his behalf)*

16th February 1981

Top Copy on
Netherlands:
PM's meeting with
Van Agt!
December 1980

Ref: A04248

PRIME MINISTER

Community Affairs

1. You might wish to give the Cabinet a brief account of the Community aspects of your talks with the Dutch Prime Minister in the The Hague on 6 February. Mr van Agt agreed with you on the need to keep the pressure up on the Commission to produce their restructuring proposals in good time for the June European Council; thought this year's CAP price increases should average 8-9 per cent with less for surplus products; and made clear his support for our position on the Common Fisheries Policy.
2. If he is back from Brussels, you will wish the Minister of Agriculture to report on the outcome of the Fisheries Council. If the outcome is unsatisfactory, you could say that you will discuss the next steps with the Ministers immediately concerned. The question of further finance for the United Kingdom fishing industry, raised at last week's Cabinet, is coming to E Committee on 4 March.*
3. Next week the Finance Council meets on 16 February and the Foreign Affairs Council on 17 February.

REA

Robert Armstrong

* now, according to the MAFF, the first possible date: they cannot talk to the industry until next week, and then will not be able to put proposals together and submit them to Ministers before you go to Washington.

12th February 1981

Fish.

✓
MS

STATEMENT ON THE MEETING OF THE COUNCIL OF FISHERIES MINISTERS,
9 TO 11 FEBRUARY 1981

With permission, Mr Speaker, I wish to make a statement about
the Council of Fisheries Ministers in Brussels on 9 to 11 February.

My Rt Hon Friend the Secretary of State for Scotland, my Hon
Friend the Minister of State in my Department and I represented
the United Kingdom at the meeting of the Council of Fisheries
Ministers which lasted from 9 to 11 February. In spite of
intensive and sustained negotiations, the Council failed to
reach agreement on a revised Common Fisheries Policy.
Discussions will be resumed on 9-10 March.

In the course of the three days, my Rt Hon Friend, Hon Friend
and I were able to have discussions with representatives of
the industry on the problems which they are currently
experiencing. The Government have already announced their
decision to bring forward the review of the fishing industry's
financial position. The Government have now fixed a meeting
with the industry for next Tuesday, 17 February.

The object of the meeting will be to receive from the industry
an analysis of their current financial position and to listen
to any constructive suggestions they wish to make. The analysis
and the suggestions will then be urgently considered by the
Government.

We also discussed the adverse effects of cheap fish imports,
and it has been agreed that a team of industry representatives

and Government officials will immediately examine all
~~_____~~
allegations of illegal and unfair imports of fish.
~~_____~~ ~~_____~~

During the Council meeting, we brought to the attention of
the Commission the fact that the system operating to prevent
cheap imports entering our market from third countries was
~~_____~~
not working effectively. We have obtained a firm undertaking
~~_____~~
from the Commissioner that he will urgently examine the
problem in order to make the system more effective. 11

OUT TELEGRAM

Fishing Industry
244

Classification and Caveats
CONFIDENTIAL

Precedence/Deskby
IMMEDIATE

ZCZC
GRS
CLASS
CAVEATS
DESKBY
FM FCO
PRE ADD
TEL NO

1 ZCZC
2 GRS
3 CONFIDENTIAL
4
5
6 FM FCO 111510Z FEB 81
7 IMMEDIATE UKREP BRUSSELS
8 TELEGRAM NUMBER
9 AND REPEATED FOR INFORMATION TO IMMEDIATE BONN
10 AND REPEATED FOR INFORMATION TO IMMEDIATE PARIS

Mr. Post
Mr. Minister
Mr. Rufus made it very clear that the approach here was 'for the record' & that it was from the French that movement was being asked.
Post

11
12 CFP : GERMAN APPROACH
13 1. The German Ambassador called on me on 11 February on
14 instructions from the FRG Cabinet. He stressed that identical
15 approaches were being made in Paris and London.
16 2. In the German view, present efforts to reach agreement on a
17 CFP were impaired by differences between the French and UK
18 positions on access to coastal waters. They very much hoped that
19 these could be resolved at the present Council and agreement
20 reached. This was a matter of the highest importance. Under
21 the 30 May Agreement, the CFP should have been settled by
22 31 December and ~~x~~ there were connections with other important
23 matters. If there was no agreement now, there would be further
24 difficulties over fish and connections might be feared with other
25 subjects. This would be in no-one's interest. The German

NNNN ends telegram	BLANK	Catchword Government
File number	Dept ECD(I)	Distribution FRAME FISHERIES ECD(I) cc. Cabinet Office Franklin Elliott Wentworth
Drafted by (Block capitals) J POSTON		MAFF: PS/Mr Walker, PS/Mr Buchanan-Smith Mason, Kelsey, Packer
Telephone number 233 5729		
Authorised for despatch		Scottish Office: PS/Mr Younger, Mr Cormack
Comcon reference	Time of despatch	

OUT TELEGRAM (CONT)

Classification and Caveats
CONFIDENTIAL

Page 2

<<<<

1 <<<<
 2 Government would be grateful if I would use my influence with
 3 the Minister of Agriculture in order that through UK and French
 4 concessions, a solution to the problem of access and, with it, ^{THE CFP COULD BE FOUND}
 5 ^{3. I REPLIED THAT WE WOULD} all agree on the need to reach agreement. No one was trying
 6 harder than us. In our view, we had made concessions all down
 7 the line but although we thought we had been on the brink of
 8 agreement with the French in December, at the last minute the
 9 French decided they could not go ahead. I then rehearsed recent
 10 events, including the Minister of Agriculture's meeting with
 11 M. Hoeffel and its aftermath. I stressed that we had demonstra-
 12 ted our readiness to make concessions where we could to reach
 13 an agreement but there came a point beyond which it would be
 14 impossible to justify an agreement or to present it successfully
 15 to the UK Parliament or fishing industry.
 16 4. As for the 30 May Agreement, I said that it was correct that
 17 all Member States had said they were going to try to reach an
 18 agreement on fisheries by 31 December. We were all gravely
 19 at fault in not doing so and I recognised that it caused pro-
 20 blems for the Germans with Canada. We were in no doubt, however,
 21 that the commitments in the 30 May Agreement on the Budget were
 22 not dependent on what happened elsewhere and we would feel most
 23 strongly that if a connection was made, our reaction would be
 24 extremely sharp. That said, the Germans should be in no doubt
 25 at all about our determination to work for an agreement on fish.
 26 We wanted an agreement but it must be a defensible one.
 27 5. Herr Ruhfus said that he had explained the UK domestic
 28 position to his Government. His approach now was because of the
 29 Cabinet instructions and the German fear that if there was no
 30 settlement, things would go beyond fish to a bigger package,
 31 including perhaps CAP prices. He added that press reports of
 32 a Franco/German ganging up on the UK were quite unfounded and
 33 many of the reported facts, too, were quite wrong. It was for
 34 instance derisory to suggest that a 12% agricultural price rise

///

//

!

NNNN ends
telegram

BLANK

Catchword

had

OUT TELEGRAM (CONT)

Classification and Caveats

CONFIDENTIAL

Page

3

<<<<

1 <<<<
 2 had been sought or agreed. After reiterating to the Ambassador
 3 our hope that it would be possible to reach a settlement on
 4 fisheries at this Council, I told him that I would ensure his
 5 Government's views were passed to the Minister of Agriculture
 6 in Brussels.
 7 7. UKREP please ensure this telegram is drawn to Mr Walker's
 8 attention.

10 CARRINGTON

12 NNNN

///

//

/

31
 32
 33
 34

NNNN ends
 telegram

BLANK

Catchword

CONFIDENTIAL

F.A. Smith
- 23/2 (1)

Ref. A04238

MR. ALEXANDER

Perhaps we should
want to hear what
P.W. has to say + Prime Minister
How they put
Agree to meet shortly with
colleagues to discuss all this?
Smith

If the Fisheries Council does not reach agreement at this week's meeting, we shall need to consider, pretty urgently, what to do next.

2. I suppose that we could do nothing, allow the fisheries question to hang fire until we get into the CAP price fixing negotiations, and then seek to use those negotiations to extract concessions from the French on fish. But this course seems to have considerable disadvantages. It might well not work. The French Government would not be able to yield to public blackmail just before their elections, and would be as reluctant as we should be to expose themselves to charges that they had sold out their fishermen for the benefit of their farmers. If they were prepared to contemplate doing so, the price they would demand could well be a higher price settlement than we could regard as acceptable. We should forfeit the support of those member states who have hitherto backed our argument that fisheries must be settled on their own, not as part of a package. Holding up the price fixing would hurt them all, and the only certain outcome would be a major Community row spilling over into our Presidency and the restructuring negotiations. The longer it goes on, the worse the position for our fishing industry and the closer we get to the expiry in December 1982 of the Treaty of Accession derogations on access. It must be questionable, too, whether we could hope to do an early deal on New Zealand butter with the French in these circumstances. Further deterioration in public support for the Community would be inevitable.

3. So it can be argued - and this is a point which Ministers will wish to discuss, if the Fisheries Council has not reached agreement today - that it is in our basic interest to get a CFP settlement quickly, and not to let this run until later in the year. If that view is taken, we have to find a way of shifting the French now.

4. One possibility would be to explore with them bilaterally and at once a wider deal which would cover New Zealand butter and CAP prices as well as fish. The advantage of proceeding in this way would be that we should have been seen to

CONFIDENTIAL

CONFIDENTIAL

take a positive initiative to try to resolve the problems and avoid confrontation. If the manoeuvre failed, we might still be able to place the onus for any continuing blockage firmly on the French, and provide the Germans with a reason (the Canadian Agreement) to switch their pressure back on to the French. If we succeeded in reaching an agreement on acceptable terms, we should have satisfied our own fishing and farming industries, and the New Zealanders, and we should have cleared the Community decks of three contentious issues before the restructuring negotiations begin under our Presidency. We should also have shown ourselves sensitive to President Giscard's electoral preoccupations.

5. Both sides would have to yield some ground for such a deal to be possible. A balanced package might include the following:-

- (i) French acceptance of a fisheries agreement on our access terms, but perhaps without some of the less important new restrictions on French fishing put to Monsieur Hoeffel by Mr. Walker last week.
- (ii) French acquiescence in a three-year deal for New Zealand butter (with provision for review).
- (iii) A British indication of readiness to accept CAP price increases in the region of 8-9 per cent (when we came to the price fixing negotiations, we could not hope to get agreement with the French below this, but we could couple with the price increase both a revaluation of the Green Pound which would enable us to moderate the impact on United Kingdom prices and some additional specific measures which would begin the process of getting surpluses under control).

No →

6. It must be doubtful whether such a package would be attainable. The French Government must think that 8-9 per cent is there for the asking: they know that the Commission's proposals are unlikely to be very much less than that, and that all their other partners are likely to settle for that, and they must think (they would certainly argue) that we are virtually committed by the 30th May settlement not to obstruct that. From their point of view, such a package would give quite a lot away and get not much in return. And once we had put an offer like 8-9 per cent to the French, even privately, we would give up any hope of ending up below

CONFIDENTIAL

CONFIDENTIAL

that level. We should still have the argument about the price increase in the price fixing negotiations; but we should in effect start from a floor of 8-9 per cent. On the other hand, we might not in practice be giving away anything except bargaining manoeuvre, if the eventual settlement is unlikely to come out any lower than that.

7. Moreover the French could interpret our initiative as a sign of weakness: they could conclude that we were so desperate to settle fisheries that we were prepared to sell out on New Zealand butter and on farm prices, and could thus be tempted to stand out for a package that would be unacceptable to us. We should then have weakened our bargaining position in the CAP price fixing negotiations.

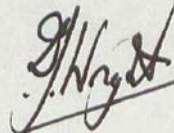
8. The only way I can see to minimise these risks is that we should attempt first to discover privately and at the highest level what are the real impediments on the French side to a settlement of fisheries, and where they might be prepared to give ground. For our part, we should have to be prepared to lay our political imperatives and room for manoeuvre equally frankly on the line. We could make it clear to the French Government that, if it is politically difficult for them to appear to sell out their fishermen, it is at least as difficult for us to sell ours out. We should at least be able to discover from such an approach whether there remained any possibility of the French settling fisheries ahead of the CAP price fixing negotiations, or perhaps whether the basis for a wider deal existed. That would in itself be an advance, given the conflicting indications out of Paris in the last few weeks.

9. Whether we were going to explore the possibility of a package deal (paragraphs 3-5 above) or to confine the approach to fisheries, the next step could be either private talks between the Foreign and Commonwealth Secretary and Monsieur Francois-Poncet or (perhaps more hopefully, since Monsieur Francois-Poncet has recently seemed to be the hardest of hard-liners) private talks between personal emissaries of the Prime Minister on the one hand and President Giscard on the other e. g. between myself and Monsieur Wahl or between Mr. Franklin and Monsieur Achard. Such talks could be proposed in the reply that the Prime Minister will want to send to President Giscard's message.

CONFIDENTIAL

CONFIDENTIAL

10. If today's meeting in Brussels does not come good, the Prime Minister will want to discuss these matters very soon with the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Minister of Agriculture, and perhaps with the Lord Privy Seal and the Secretary of State for Scotland as well.



ROBERT ARMSTRONG

*(approved by Sir R. Armstrong
and signed on his behalf)*

10th February, 1981

CONFIDENTIAL

ADVANCE COPIES

FRAME FISHERIES

39 XEROX COPIES

FCO

P.S.
PS/LORD PRIVY SEAL
PS/PUS
MR HANNAY
LORD BRIDGES

RESIDENT-CLERK

HD/ECD() (4)
HD/NEWS
HD/
HD/WED

PLUS FCO

Mr De Fontblanque
Mr P. R. Nic ECD(1)
ECD(1)

CABINET OFFICE

MR M D M FRANKLIN
MR D M ELLIOTT
MR WENTWORTH
MR RHODES

D.O.T. 1 VICTORIA STREET

H M TREASURY

SIR K COUZENS
MR ASHFORD

M.A.F.F.

PS/MINISTER
SIR B HAYES W'HALL PLACE
PS/MR BUCHANAN-SMITH

MR MASON)
MR J G KELSEY)
MR R J PACKER)
MR C R CANN)
MR ABBOTT)
MR A CAHN)
MR G BELCHAMBER)

FISHERIES DIVN
GT W'MINSTER HSE

PLUS OGDS

MR B BONE (N.I.O.) GOGGS
D.A.F.S. c/o SCOTTISH OFFICE;
PS/S OF S
MR CRAWLEY: MR CORMACK: MR LAIDLAW

D.A.N.I. MR MORRISON
W.O.A.D. MR G M JONES

~~NEIC DS~~
Mr Alexander

GRPS 460

CONFIDENTIAL

FRAME FISHERIES

DESKBY 091800Z

FM UKREP BRUSSELS 091615Z FEB 81

TO IMMEDIATE F C O

TELEGRAM NUMBER 403 OF 9 FEBRUARY 1981

INFO IMMEDIATE COPENHAGEN PARIS BONN

INFO SAVING BRUSSELS THE HAGUE ROME DUBLIN ATHENS

FISHERIES : FRANCO/GERMAN SUMMIT 5/6 FEBRUARY 1981

1. ROHR (STATE SECRETARY, MINISTRY OF AGRICULTURE) EXPLAINED TO THE MINISTER OF AGRICULTURE IN THE MARGINS OF THE FISHERIES COUNCIL HERE TODAY (9 FEBRUARY) THE BACKGROUND TO RECENT REPORTS ABOUT DISCUSSION ON FISH AT THE RECENT FRANCO/GERMAN SUMMIT.

2. ROHR SAID THAT IN THE MEETING BETWEEN DEPARTMENTAL MINISTERS AT THE SUMMIT THE FRENCH HAD SAID THAT CONTACTS WITH THE UNITED KINGDOM

Read in full

not

EARLIER IN THE WEEK HAD REVEALED THREE UNACCEPTABLE FACETS IN THEIR (THE UK) POSITION. FIRSTLY A NEW DEMAND HAD BEEN PRESENTED ABOUT THE ELIMINATION OF FRENCH HISTORIC RIGHTS OFF EAST ANGLIA; SECONDLY THE SO-CALLED 'WINDOW' IN THE 6-12 MILE BELT OFF WEST SCOTLAND HAD BEEN UNACCEPTABLE BECAUSE IT HAD 'NO FISH IN IT'; AND THIRDLY THE PREFERENCE AREAS IN NORTH SCOTLAND AND THE IRISH SEA WERE UNACCEPTABLE MAINLY BECAUSE THE BOAT SIZE LIMITATION WAS TOO LOW. FOR THEIR PART THE GERMANS HAD NOTED THE FRENCH POSITION BUT APPEALED TO THEM TO SETTLE THEIR DIFFERENCES WITH THE UK.

3. LATER, ROHR REPORTED, IN THE PLENARY SESSION CHANCELLOR SCHMIDT HAD RAISED FISH AND EXPRESSED THE HOPE THAT ALL CONCERNED WOULD WORK TOWARDS AN OVERALL SETTLEMENT AT THE FORTHCOMING COUNCIL. LATER STILL, EARLY IN THE PRESS CONFERENCE, GISCARD HAD RAISED FISH ON THE BASIS THAT BOTH SIDES HAD AGREED TO APPEAL TO THE UK TO ACCEPT A SOLUTION AT THE COUNCIL. MATTERS HAD THEREFORE BEEN TRANSFORMED SIGNIFICANTLY IN GISCARD'S PRESENTATION TO THE PRESS.

4. ROHR ADDED THAT HE HAD BEEN TELEPHONED BY THE FRENCH (ACHARD) AFTER FRIDAY NIGHT'S FRENCH MINISTERIAL DISCUSSION OF TACTICS FOR THE COUNCIL (UNDER BARRE'S CHAIRMANSHIP). ROHR HAD DETECTED A SUBSTANTIAL HARDENING OF THE FRENCH POSITION BY THEN.

5. ROHR INDICATED THAT HE WAS CONCERNED TO EXPLAIN WHAT HAD ACTUALLY HAPPENED IN ORDER TO PREVENT ANY MISUNDERSTANDING BETWEEN THE UK AND GERMAN SIDES.

6. MR WALKER EXPLAINED TO ROHR THE UK POSITION ON THE THREE SPECIFIC POINTS MADE BY THE FRENCH. IN HIS TALK WITH M. HOFFEL HE HAD NOT DEMANDED THE ABOLITION OF FRENCH HISTORIC RIGHTS OFF THE EAST COAST; HE HAD SIMPLY SUGGESTED THAT, SINCE THE QUANTITIES TAKEN BY FRENCH VESSELS THERE WERE VERY SMALL AND THE AREA POLITICALLY SENSITIVE FOR ENGLISH FISHERMEN, OFFICIALS SHOULD EXAMINE WHETHER THERE WAS ANY POSSIBILITY OF REACHING AN ACCOMMODATION WITH THE FRENCH WHICH WOULD NOT ADVERSELY AFFECT FRANCE'S INTEREST. THE WINDOW TENTATIVELY SUGGESTED FOR THE WEST OF SCOTLAND WAS VERY FAR FROM UNSIGNIFICANT; MORE THAN HALF THE SIGHTINGS OF FRENCH VESSELS IN THE ENTIRE WEST OF SCOTLAND AREA WERE WITHIN THE PROPOSED WINDOW. THE RESTRICTION ON VESSEL LENGTHS IN THE PROPOSED PREFERENCE AREAS HAD FAR MORE ADVERSE EFFECTS ON THE UK DEEP WATER PORTS THAN ON FRENCH FISHERMEN, BUT WAS ESSENTIAL FOR THE LOCAL COMMUNITIES DEPENDENT ON FISHING IN THOSE AREAS. ROHR SEEMED TO UNDERSTAND THESE POINTS AND REPEATED THAT THE FRENCH POSITION SEEMED TO HAVE BECOME MORE RIGID.

7. MR WALKER EXPLAINED THAT, ESPECIALLY, IN VIEW OF THE PRESENT POLITICALLY EXPLOSIVE POSITION OF THE FISHING INDUSTRY IN THE UNITED KINGDOM, HE WOULD SIMPLY NOT BE ABLE TO AGREE TO THE RATIFICATION OF THE EEC/CANADA AGREEMENT OUTSIDE A GENERAL SETTLEMENT. ROHR DID NOT COMMENT.

8. ROHR OFFERED HIS GOOD OFFICES WITH THE FRENCH WHEN THAT WOULD PROVE HELPFUL. HE COMMENTED THAT POLICY WAS OBVIOUSLY BEING SETTLED AT A VERY HIGH LEVEL IN THE FRENCH ADMINISTRATION BUT HE WAS UNABLE TO UNDERSTAND THEIR OBJECTIVES.

FCO ADVANCE TO:

FCO - PS/SOFS, PS/PUS, PS/LPS, PIRNIE, HANNAY, SPRECKLEY, DE FON-
BLANQUE

CAB - FRANKLIN, ELLIOTT, WENTWORTH

NO 10 - ALEXANDER

FCO PASS SAVING TO:

ROME DUBLIN ATHENS

BUTLER

NNNN



ECDOJ

cc PS
PS/LPS
Mr Hanway

file
att. Hanley
ops

10 DOWNING STREET

From the Private Secretary

9 February 1981

7
2 1/2

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL NO T22/81

Dear Francis,

Message from President Giscard

See above I attach the text of a message to the Prime Minister from President Giscard about today's meeting of the Fisheries Council which has just been received here.

I should be grateful if you would let me have, in due course, the text of a draft reply.

I am sending copies of this letter and enclosure to Kate Timms (MAFF) and David Wright (Cabinet Office).

Yours ever

Richard Alexander

Francis Richards, Esq.,
Foreign and Commonwealth Office.



BT

A MME MARGARET THATCHER
PREMIER MINISTRE DU ROYAUME UNI

10 DOWNING STREET - LONDRES.

DE M. VALERY GISCARD D'ESTAING

PRESIDENT DE LA REPUBLIQUE FRANCAISE.

PALAIS DE L'ELYSEE - PARIS.

PARIS, LE 9 FEVRIER 1981

MADAME LE PREMIER MINISTRE,

JE SOUHAITE ATTIRER PERSONNELLEMENT VOTRE ATTENTION SUR
L'IMPORTANCE QUE REVETENT, POUR NOS DEUX PAYS, LES QUESTIONS
COMMUNAUTAIRES DE LA PECHE, EVOQUEES AUJOURD'HUI ET DEMAIN
PAR LE CONSEIL DES MINISTRES DES COMMUNAUTES.

J'AI DEMANDE A L'AMBASSADEUR DE FRANCE A LONDRES D'EFFECTUER
UNE DEMARCHE, A CE SUJET, AUPRES DU FOREIGN OFFICE.

LES CONSULTATIONS FRANCO-ALLEMANDES DES 5 ET 6 FEVRIER M'ONT
PERMIS DE CONSTATER QUE LE CHANCELIER SCHMIDT, QUI VOUS APPRO-
CHERA DIRECTEMENT, PARTAGE LE SENTIMENT QUE CE PROBLEME
DEVAIT ETRE REGLE D'URGENCE, CONFORMEMENT AUX ENGAGEMENTS
QUI ONT ETE PRIS LE 30 MAI 1980.

JE VOUS PRIE D'AGREER, MADAME LE PREMIER MINISTRE, L'EXPRESSION
DE MA HAUTE CONSIDERATION.

VALERY GISCARD D'ESTAING.

BT

CONFIDENTIAL

GRS 520

CONFIDENTIAL

DESKBY UKREP BRUSSELS AND FCO 070900Z

FRAME FISHERIES

FM PARIS 061948Z FEB 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 89 OF 06 FEBRUARY 1981

INFO IMMEDIATE UKREP BRUSSELS

(This is from before the weekend.)

MY TELNO 76: FRENCH GOVERNMENT POSITION ON FISHERIES

1. ACHARD (SCGI) TELEPHONED MINISTER THIS EVENING WITH AN ACCOUNT OF THE FRENCH GOVERNMENT POSITION AS ADOPTED BY THEIR MINISTERS TODAY. HE SAID THAT A COMMUNICATION FROM THE FRENCH GOVERNMENT WOULD FOLLOW SHORTLY. HE SAID HE WAS NOT SURE EXACTLY WHEN OR AT WHAT LEVEL THIS WOULD BE. YOU WILL NOTE THAT THIS DIFFERS A LITTLE FROM WHAT PANAFIEU SAID (MY TELNO 88) TO THE EFFECT THAT BOTH THE CHANCELLOR AND THE PRESIDENT WOULD BE IN TOUCH WITH MRS THATCHER.
2. ACHARD BEGAN BY SAYING THAT HE THOUGHT AGREEMENT AT NEXT WEEK'S FISHERIES COUNCIL ON THE INTERNAL ASPECTS OF FISHERIES WAS EXTREMELY UNLIKELY. HE THOUGHT THERE WAS NO REASON WHY AGREEMENT SHOULD NOT BE POSSIBLE ON THE CANADIAN FISHERIES, WHICH WAS OF GREAT CONCERN TO THE GERMANS. BUT AS REGARDS THE INTERNAL REGIME, THE "NEW DEMANDS" PUT FORWARD BY MR WALKER TO M HOFFEL ON TUESDAY EVENING COULD NOT FORM THE BASIS OF A SETTLEMENT. ACHARD REHEARSED THE ELEMENTS WHICH THE FRENCH FOUND UNACCEPTABLE ON THE LINES OF PARAGRAPHS 2(A) (D) AND (F) OF MY TEL UNDER REFERENCE - NAMELY THE FISHING PLANS OFF THE SHETLANDS AND IN THE IRISH SEA; THE RESTRICTIONS ON FRENCH FISHING OFF EAST ANGLIA; AND THE NEW SUGGESTION THAT THE BRITISH IRISH SEA COAST SHOULD BE TREATED IN THE SAME WAY AS WESTERN SCOTLAND.
3. ACHARD SAID THAT THE FRENCH HAD MADE A CONSIDERABLE CONCESSION IN AGREEMENT TO DISCUSS AN EXTENSION FOR TEN YEARS OF THE DEROGATION IN RESPECT OF FISHING WITHIN TWELVE MILES AND TO LIMIT THE EXERCISE OF THEIR HISTORIC RIGHTS IN CERTAIN ZONES. THEY HAD FULLY CARRIED OUT THEIR PART OF THE MAY 30 BUDGET AGREEMENT AND THEY DID NOT FEEL THAT THE RESPONSE FROM THE UK IN RESPECT OF FISHERIES HAD BEEN OF THE SAME ORDER. PETRIE REPLIED THAT THE

CONFIDENTIAL

/ FRENCH POSITION

CONFIDENTIAL

FRENCH POSITION AS THUS DESCRIBED SEEMED ALMOST TOTALLY NEGATIVE AND TO IGNORE OR MISREPRESENT THE STEPS THAT THE BRITISH GOVERNMENT HAD MADE TO FIND A SOLUTION.

4. IN ANSWER TO A QUESTION, ACHARD AGREED THAT MR WALKER HAD INDICATED READINESS TO CONSIDER IMPROVED ARRANGEMENTS FOR THE FRENCH OFF THE WEST OF SCOTLAND BUT HE MAINTAINED THAT THIS WAS SUCH A SMALL AREA FOR FRENCH FISHERMEN TO CATCH THE BULK OF THEIR ALLOCATION THAT IT DID NOT CONSTITUTE A REAL CONCESSION.

5. FINALLY ACHARD REFERRED TO THE FACT THAT FRENCH AND BRITISH FISHERIES DIRECTORS WERE DUE TO MEET IN BRUSSELS ON MONDAY.

6. THE ABOVE ACCOUNT SUGGESTS THAT THE GUIDELINES WITHIN WHICH M. HOFFEL OPERATES REMAIN UNCHANGED, AND THAT THE FRENCH ARE HOPING THAT THEY WILL HAVE GERMAN BACKING IN BE-LABOURING THE UK BECAUSE OF THE FRG'S INTEREST IN HAVING THE CANADIAN AGREEMENT APPROVED WITHOUT DELAY.

7. RESIDENT CLERK PLEASE INFORM MASON OR PACKER, MAFF, A.S.A.P.

8. FCO PLEASE REPEAT TO OTHER EC POSTS IF REQUIRED.

FCO ADVANCE TO

FCO - HANNAY, SPRECKLEY, POSTON

CAB - FRANKLIN, WENTWORTH

MAFF - PS/MR WALKER, PS/MR BUCHANAN-SMITH, MASON, PACKER

DAFS - CORMACK, LAIDLAW

DANI - MORRISON

HIBBERT

[COPIES SENT TO NO 10 DOWNING STREET]
[ADVANCED AS REQUESTED]

FRAME FISHERIES

ECD(I)
SED

COPIES TO:

ADVANCE ADDRESSEES

GRS 27φ

CONFIDENTIAL

CONFIDENTIAL

FRAME FISHERIES

DESKBY φ7φ9φφZ

FM PARIS φ6194φZ

TO IMMEDIATE FCO

TELEGRAM NUMBER 88 OF 6 FEBRUARY 1981

INFO IMMEDIATE UKREP BRUSSELS (DESKBY φ7φ9φφZ) BONN BRUSSELS

COPENHAGEN DUBLIN THE HAGUE LUXEMBOURG ROME ATHENS

MY TELS NOS 82 AND 83: FRANCO - GERMAN SUMMIT.

You have had another brief message from Giscard this afternoon. It says nothing of significance (text attached).

FISHERIES

1. IN SPEAKING TO THE PRESS AFTER THE SUMMIT MEETING PRESIDENT GISCARD SPOKE OF "THE NEED FOR A RAPID EUROPEAN AGREEMENT" ON THE FISHERIES QUESTION. HE ADDED THAT HE HIMSELF AND CHANCELLOR SCHMIDT WOULD INTERVENE PERSONALLY WITH MRS THATCHER, WITH A VIEW TO RESOLVING THIS "IMPORTANT" PROBLEM AS SOON AS POSSIBLE.
2. PANAFIEU, ECONOMIC COUNSELLOR AT THE ELYSEE, HAS TOLD US THAT HERR ERTL TOOK THE INITIATIVE IN RAISING THIS QUESTION IN BILATERAL TALKS BETWEEN TECHNICAL MINISTERS, AND HIS COMMENTS WERE REINFORCED BY AN INTERVENTION BY CHANCELLOR SCHMIDT IN PLENARY. THE GERMANS HAD EXPRESSED GRAVE CONCERN AT THE LACK OF AGREEMENT ON THE CFP, BOTH BECAUSE OF ITS EFFECT ON THE FUNCTIONING OF THE COMMUNITY AND ALSO BECAUSE OF THE HOLD UP IN NEGOTIATIONS WITH CANADA. THE GERMANS CONSIDERED IT ESSENTIAL TO REACH AGREEMENT AT THE COUNCIL ON 9 FEBRUARY. FRENCH MINISTERS HAD SAID THAT THEY WERE EQUALLY ANXIOUS TO REACH AN EARLY SETTLEMENT BUT IT WAS ESSENTIAL THAT THE PROVISIONS OF THE TREATY OF ACCESSION SHOULD BE RESPECTED WITH REGARD TO ACCESS. BOTH PRESIDENT GISCARD AND CHANCELLOR SCHMIDT WOULD BE IN TOUCH WITH MRS THATCHER (IT WAS LEFT OPEN WHETHER BY TELEPHONE OR THROUGH DIPLOMATIC CHANNELS).
3. RESIDENT CLERK PLEASE INFORM MASON OR PACKER, MAFF ASAP.
4. FCO ADVANCE TO:
 - FCO. HANNAY, SPRECKLEY, POSTON.
 - CAB. FRANKLIN, WENTWORTH.
 - MAFF. PS/MR WALKER, PS/MR BUCHANAN SMITH, MASON, PACKER.
 - DAFS. CORMACK, LAIDLAW.
 - DANI. MORRISON.

HIBBERT.

[COPIES SENT TO NO 10 DOWNING ST]

FRAME FISHERIES
ECD (I)
SED

[ACTION TAKEN RE.PARA 3 & ADVANCED AS REQUESTED]

COPIES TO:
ADVANCE ADDRESSEES
CONFIDENTIAL

~~XXX~~ ADVANCE COPIES

FRAME FISHERIES

36 XEROX COPIES

FCO
P.S.
PS/LORD PRIVY SEAL
PS/PUS
MR HANNAY
LORD BRIDGES

RESIDENT CLERK
HD/ECD(1)(2)
HD/NEWS
HD/
HD/WED

PLUS FCO
Mr Pirnie ECD(1)
~~Mr~~ ALEXANDER PS/N-10 DS.

<u>CABINET OFFICE</u> MR M D M FRANKLIN MR D M ELLIOTT MR WENTWORTH MR RHODES	<u>D.O.T. 1 VICTORIA STREET</u>	<u>H M TREASURY</u> SIR K COUZENS MR ASHFORD
<u>M.A.F.F.</u> PS/MINISTER SIR B HAYES W'HALL PLACE PS/MR BUCHANAN-SMITH	MR MASON) MR J G KELSEY) MR R J PACKER) MR C R CANN) MR ABBOTT) MR A CAHN) MR G BELCHAMBER)	FISHERIES DIVN GT W'MINSTER HSE

PLUS OGDS
MR B BONE (N.I.O.) GOGGS
D.A.F.S. c/o SCOTTISH OFFICE;
PS/S OF S
MR CRAWLEY: MR CORMACK: MR LAIDLAW

D.A.N.I. MR MORRISON
W.O.A.D. MR G M JONES

GPS 150

CONFIDENTIAL
FRAME FISH
FM UKREP BRUSSELS 271545Z JAN 81
TO FLASH FCO
TELNO 241 OF 27 JANUARY
INFO IMMEDIATE PARIS AND BONN.

Sounds like a useful lever!
ms

COUNCIL OF MINISTERS (FISHERIES): INTERIM REPORT

1. THE COUNCIL OF MINISTERS (FISHERIES) CONCENTRATED DURING THE MORNING, AT THE INSISTENCE OF GERMANY, ON THE QUESTION OF AGREEMENTS WITH THIRD COUNTRIES, PARTICULARLY CANADA. THE UNITED KINGDOM (MR WALKER) MADE IT CLEAR THAT IN NO CIRCUMSTANCES COULD WE ACCEPT AN AGREEMENT WITH CANADA, WHICH OFFERED ONLY DISADVANTAGE TO OUR OWN FISHING INDUSTRY, ACCEPT IN THE CONTEXT OF AN OVERALL PACKAGE RESOLVING THE MAIN OUTSTANDING ISSUES OF THE CFP. ERTL, (GERMANY) DEMANDED AN IMMEDIATE AGREEMENT WITH CANADA, AND SAID THAT IF IT WAS BLOCKED THERE WOULD NOT BE ANOTHER PFENNIG FROM GERMANY TOWARDS THE COMMUNITY BUDGET. MR WALKER DECLINED TO ALTER HIS POSITION IN ANY WAY IN RESPONSE TO THIS THREAT.

THE COMMUNITY BUDGET. MR WALKER DECLINED TO ALTER HIS POSITION IN ANY WAY IN RESPONSE TO THIS THREAT.

FCO ADVANCE TO:

FCO - HANNAY, SPRECKLEY, PS/SOFS, PS/PUS, PS/LPS, PIRNIE

CAB - FRANKLIN

NO. 10 - ALEXANDER

NI COLL

NNNN

INT QSL ZZ PSE

THE COMMUNITY BUDGET. MR WALKER DECLINED TO ALTER HIS POSITION IN ANY WAY IN RESPONSE TO THIS THREAT.

FCO ADVANCE TO:

FCO - HANNAY, SPRECKLEY, PS/SOFS, PS/PUS, PS/LPS, PIRNIE

CAB - FRANKLIN

NO. 10 - ALEXANDER

NI COLL

NNNN

INT QSL ZZ PSE

Fishings Inv.

Foreign and Commonwealth Office

London SW1A 2AH

22 January 1981

*Mr. P... - 22/1**Dear Robert,*

The Foreign and Commonwealth Secretary was interested to read about the exchanges between Mr Walker and M. Mehaignerie recorded in your letter of 16 January. The latter's remarks about President Giscard's electoral concerns ring very true; we are sure that these lie behind French attitudes on almost everything at the moment.

What we are not so sure of is whether Giscard regards it as absolutely essential to have an agricultural price settlement at any cost before the election. It is arguable that if it looked as though the settlement was going to be at a level which might be criticised as being too low, or if the price which had to be paid for it in other fields could similarly be criticised as too high, Giscard might prefer not to have an agreement before the election. He is unlikely to want to agree to anything which might give Chirac a stick to beat him with. With the farmers he can point to the national aids instituted in December and payable in February/March, as compensation until a really satisfactory price package is agreed.

If things were to turn out this way, any fish/agricultural prices link could fall apart in our hands. On the other hand, it is too soon to conclude that the French will not make an early settlement on fish on terms acceptable to us. It is conceivable that Giscard may want this out of the way early on. Some of the noises the French are making in private at present are compatible with such an interpretation.

As you will see from Michael Palliser's letter of 19 January, setting out the objectives for the Prime Minister's visit to Washington, it was already in our mind

/to



to suggest that Mrs Thatcher should speak on the telephone to Chancellor Schmidt and President Giscard before her visit in order to dispel any misunderstandings in their minds about our purposes. Once the preparations for the visit to Washington are a little further advanced we will propose in more precise terms the line which the Prime Minister might take with each.

I am copying this letter to Michael Alexander, No 10.

Yours ever
G G H

(G G H Walden)
Private Secretary

Sir Robert Armstrong KCB CVO
Cabinet Office

Handwritten notes: "Fishing" and "hd" with a checkmark.

Sir Robert Armstrong

Common Fisheries Policy

The Prime Minister has seen and taken note of your minute to me of 16 January on this subject.

M. O'D. B. ALEXANDER

19 January, 1981.

Handwritten initials "KRB" with a checkmark.

John
M. O'D.B. Alexander, Esq.



CABINET OFFICE

With the compliments of
Sir Robert Armstrong KCB, CVO
Secretary of the Cabinet

*Discussed with Mr Walden
who will write to Sue
Wainwright.*

Ph...

70 Whitehall, London SW1A 2AS
Telephone: 01-233 8319

PERSONAL

CONFIDENTIAL



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO

Ref. A04001

16th January, 1981

The Minister of Agriculture had a private word with the Prime Minister after Cabinet yesterday morning, to report on a conversation which he had had over dinner the previous evening with Monsieur Mehaignerie. No-one else was present, other than Madame Mehaignerie and Mrs. Walker.

In this relaxed and informal atmosphere Mr. Walker had asked Monsieur Mehaignerie what lay behind the hard line which the French Government were taking on various matters in the European Community, and particularly on the fisheries negotiations. Monsieur Mehaignerie had made it clear that the President of the Republic was much concerned about the prospects for the Presidential election in May 1981. He had to be particularly concerned about the activities of Monsieur Chirac, the Leader of the Gaullist Party, who was no friend of the President. It was clear from what Monsieur Mehaignerie said that the President believed that his prospects of re-election would be considerably worsened if there was not before the election a settlement on CAP prices which French farmers regarded as satisfactory and Monsieur Chirac could not find too much fault with.

Mr. Walker said that he had made it clear to Monsieur Mehaignerie that a large increase in CAP prices would be very difficult for the British Government: we should find it particularly difficult to accept major increases in prices of products in surplus, or proposals for large co-responsibility levies. He hoped that he had put in Monsieur Mehaignerie's mind the thought that what the French wanted to achieve on agricultural prices would not be made easier and might even be made more difficult by French intransigence on fisheries.

Mr. Walker said that he had made it clear to Monsieur Mehaignerie that the Prime Minister and her colleagues had no wish to see a Socialist President elected in May: the implication being that, if there were things which we could do to help the President secure re-election, consistently with our own interests, such things were not excluded. Mr. Walker supposed that Monsieur Mehaignerie would report accordingly to the President of the Republic. He suggested that it might well be useful for the Prime Minister to have a private talk with the President at some stage before too long.

/In

G.G.H. Walden, Esq., CMG

PERSONAL

CONFIDENTIAL

PERSONAL CONFIDENTIAL

In discussion after Mr. Walker had left the Prime Minister was not disposed herself to make any overtures in these matters to the President. More thought would be required on how to play the hand in relation to the French Government between now and the Presidential elections. The Prime Minister agreed, however, that there might be advantage in her talking both to the President of the Republic and to the Federal German Chancellor before she went to Washington at the end of February, in order to reassure them that, while she was in no sense going to Washington as an interlocutor for them, she would have the European interests very much in mind.

I am sending a copy of this letter to Michael Alexander.

ROBERT ARMSTRONG

PERSONAL CONFIDENTIAL

Ref A04020

MR ALEXANDERCommon Fisheries Policy

The Council of Fisheries Ministers is due to meet on 26 January. The death of Mr Gundelach has made it less likely that the outstanding differences can be resolved at this meeting which will be Mr Kontogeorgis' introduction to fisheries questions. His Director General for Fisheries was in London earlier this week, and is visiting Dublin and Paris, but in the circumstances it is doubtful whether the Commission will be able to resolve the difficulties with the French over access. If no settlement can be reached on 26 January, a further Council meeting in February will probably be arranged. The Germans in particular will be pressing for early progress since, in the absence of an overall settlement, we have blocked negotiations with Canada. The Germans normally fish in Canadian waters during the first two months or so of the year.

2. Mr Hoeffel, the French Minister responsible for Fisheries, has assured our Ambassador in Paris that he is anxious to make progress, and when Mr Franklin saw his French opposite number in Paris at the end of last week, M Achard confirmed that they would like a settlement, although it would become increasingly difficult as the date of the Presidential election approached.

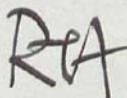
3. An early fisheries settlement on satisfactory terms would obviously suit us well. The support of the industry which Mr Walker secured in December may erode, and the urgency on the German side will disappear if the possibility of fishing off Canada this year is lost. If we cannot get the terms we want, it will be open to us to make a link with CAP prices and this is obviously very much in Mr Walker's mind. But this would mean agreeing to higher agricultural prices and foregoing other things which we might be able to extract from the French in exchange for our agreement on prices. Moreover, unless a private deal could be struck in advance, it would mean delaying the fisheries settlement until nearer the French elections. This would be bound to create political difficulties for Giscard. All this points to trying for an earlier settlement while we have all the other member states and the Commission on our side.

4. The difficulties with the French are twofold -

i. whereas we would like to have the 12-mile limit established for an indefinite period, the French argue that a derogation can only be temporary. The French are willing to accept a 10-year extension with another review clause. This would be acceptable to us, provided that the review procedure was such that we could veto any decision to change the derogation. The French are beginning to recognise their need to protect themselves against Spain and this may bring them round to accept something closer to our position. It may therefore be possible to find a satisfactory formulation;

ii. the French argue that historic rights cannot legally be entirely suppressed and, while their principal interest is off the south-west of England, they are insisting on limited access within 12 miles off the West coast of Scotland. Although their boats, mainly from Brittany, take the bulk of their fish off outside 12 miles they want continued access inside 12 miles but are prepared to see the catch limited or even reduced. It has been fundamental to our position that the 12-mile zone should be exclusive in the whole of the so-called Hague areas which includes the entire Scottish coast. It would not be possible to enforce a quantitative limitation although, if the principle were conceded, it could no doubt be enforced on the basis of a restriction of fishing effort. The most that we could contemplate would be a transitional period before the 12-mile became exclusive.

5. Mr Franklin will be meeting M Achard again on Tuesday, 20 January, to explain our position on lines agreed with the Minister of Agriculture. The prospects of resolving these differences do not appear to be very great but, for the reasons I have explained, we ought to explore the possibilities.



ROBERT ARMSTRONG

16 January 1981



From the Minister

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

Mini Minister

(2)

CONFIDENTIAL

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1A

Mr Walker mentioned this letter to you after Cabinet today. The exchange would seem to demonstrate that both sides have points. Given that the FCO & the NAFF are unable to agree, Walker doubts whether a decisive assault can be launched on the Opposition. Be that as it may, 15 January 1981. Mr Walker is evidently determined to try!

John Bone

15/1

REVISION OF THE COMMON FISHERIES POLICY

THE 'HAGUE AGREEMENT'

I have now seen the note forwarded by Ian Gilmour's private secretary in response to your request of 15 December. This seems to be directed mainly towards setting out the reasons that led the previous government to act as they did at the Hague. While this is useful I think we must conclude that much of their thinking was mistaken, and we must say as much vigorously at the right tactical moment. There are already signs that the bipartisan approach on fisheries is breaking down and we need to have ready marshalled arguments showing that many of our present difficulties on fisheries are the responsibility of the previous administration.

The main criticism of the previous government is perhaps that in paragraph 2(ii) of my memorandum, namely that they agreed to extend United Kingdom fishing limits - which action was of considerable benefit to all member states and which, therefore, should have had a significant 'leverage' in the Community - without securing a satisfactory settlement on the many other points of concern to our fishing industry. I note that the FCO paper does not touch on this point nor on those set out at (iv), (v) and (vii) of paragraph 2 of my note of 12 December.

Point (iv) of my note on the Irish preference is particularly instructive. As a direct consequence, the latest compromise proposals on quotas offer the Irish Republic 4.0% of the catching opportunities available to member states as compared to their historic average of well under 2%. These fish have to come from somewhere and much of it has to be given up by us notably, because of the local pattern of fishing, by the section of the United Kingdom industry located in Northern Ireland. The net

effect on the Northern Irish fishing industry of the 'preference' secured for Northern Ireland on the one hand and the Irish Republic on the other is therefore to grant them significantly smaller opportunities than they have enjoyed in recent years. It is not easy to explain to those concerned that a 'preference' results in a loss of opportunities nor why Northern Ireland should be penalised to favour the Republic and I can only regard the previous administration's action in accepting this situation as irresponsible.

I have the following other comments on the FCO paper:-

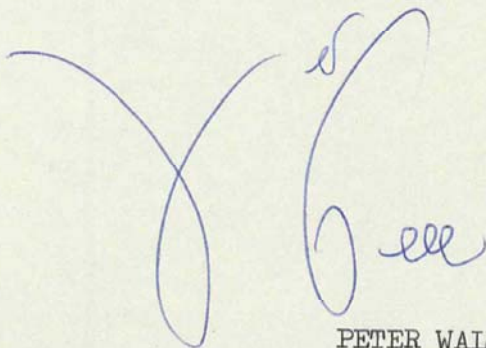
(a) of course there is no dispute that extant Community rules inhibited our freedom of action to limit or exclude EEC vessels from United Kingdom waters when extending our limits and I never claimed otherwise. However this does not explain why we did not use extension as a strong bargaining counter as I suggest in paragraph 2 above;

(b) it is not true that the 'Hague Agreement' established the 'principle' that member states should be responsible for enforcement of a CFP conservation regime within their own limits. This principle has always been assumed to be valid and so far as I am aware has never been questioned by anyone;

(c) Annex VI of the 'Agreement' did not give member states the right to adopt unilateral conservation measures. On the contrary it placed inhibitions on a right they already possessed (and exercised). As a direct consequence of its adoption United Kingdom conservation measures taken after the 'Hague', which could not possibly have been challenged otherwise, have been held to be unsatisfactory solely because we failed to fulfil properly the procedure set out in that Annex. Assertions about the legal position of conservation measures adopted between 31 December 1978 and 1 October 1980 are premature since their status is currently under review by the European Court. However it is quite clear already that we did not gain any extra freedom of manoeuvre because of the existence of Annex VI.

It follows that from a political point of view I am sure that at the right time we should make full use of the line advocated in my earlier note.

I am copying this letter to Sir Ian Gilmour and Sir Robert Armstrong.

A large, stylized handwritten signature in blue ink, consisting of a large loop on the left and a more complex, cursive-like structure on the right.

PETER WALKER

Fisheries Ltd



Foreign and Commonwealth Office

London SW1A 2AH

L. Smith

(4)

7 January 1981

Prime Minister

Dear Michael.

Mr Walker would seem to have rather overdone his case on the Hague Agreement. The real damage was done before we joined the Community.

Smith 7/1

COMMON FISHERIES POLICY

As requested in your letter of 15 December to Paul Lever, and agreed when we spoke subsequently, I enclose a note on the background to the introduction of the 200-mile fisheries limit in 1976, for which the Prime Minister has asked in the light of Mr Walker's letter of 12 December about the 'Hague Agreement'.

Page A

As you will see, the conclusion of the note is somewhat at variance with the suggestion in the note attached to Mr Walker's letter that the 'Hague Agreement' was almost entirely disadvantageous to our present negotiating position over the CFP. We would not necessarily dispute that it was one of the factors affecting the strength of our position, and it may be thought that there are presentational advantages in Mr Walker's line. But by far the most significant limitation on our freedom of action at the time of the move to 200-mile limits was that imposed by the 'equal access' provisions in the existing CFP concluded before UK accession: we could not have excluded EC fishing from the limits even if we had declared a 200-mile limit unilaterally.

The note also points to the advantageous aspects of the agreement, namely the establishment of the principle of Member States'

/responsibility

M O'D B Alexander Esq
10 Downing Street

CONFIDENTIAL



responsibility for enforcement, the right to continue to operate ~~mult~~^{un}ilateral conservation measures in the absence of an agreed Community régime, and its contribution to the eventual ending of Eastern European fishing in Community waters.

I am copying this letter to Kate Timms (MAFF) and David Wright (Cabinet Office).

*Yours ever
Stephen Gomersall.*

S J Gomersall

CONFIDENTIAL

CONFIDENTIAL

THE UK 200-MILE FISHERIES LIMIT

Background

1. 200-mile limits were claimed by some South American countries as early as the 1950s, but were not accepted. By the mid-1970s, however, a considerable number of states had adopted or were on the point of adopting 200-mile limits, and opinion at the United Nations Conference on the Law of the Sea (UNLOSC) was generally in favour of such limits. The UK announced as early as July 1974 its willingness to consider such a move. Our view remained, however, that any move to 200-mile limits should take place as part of a general agreement reached at UNLOSC.

2. By 1976 a number of countries, mostly South American but also Iceland, had unilaterally adopted 200-mile fisheries limits without waiting for agreement in UNLOSC, while several more countries with important fisheries in the North Sea and North Atlantic, such as Norway, Canada, the US and the Faroes (the last are outside the European Community for fisheries purposes) had indicated their intention to move to 200-mile limits early in 1977.

3. This development caused a major problem for the UK. The only rules governing fishing in the important waters around Britain outside our 12-mile limit were those of the North-East Atlantic Fisheries Convention. Most of the countries fishing in 'our' waters were parties to this Convention, but it provided very limited powers of enforcement; a vessel found fishing in defiance of NEAFC conservation measures could only be reported to the authorities of the flag state with a request to take action. This had already led to an unsatisfactory free-for-all in the waters around the UK, which had already been seriously over-fished. With the imminent move to 200-mile fishery limits by many other North Atlantic states, and the consequent exclusion of other countries' fishing fleets from those limits, the problem threatened to get out of hand, as more and more foreign fishermen moved to our own largely unprotected fishing grounds.

4. In consequence, the UK decided that it could no longer afford to await the adoption of a Convention by UNLOSC (which was moving very slowly) before moving to a 200-mile fisheries limit. While we could have moved to 200 miles unilaterally, it was for policy reasons
/thought

thought preferable to act within a Community framework. (The European Commission had itself been canvassing a general EC move to 200-mile limits since at least late 1975.) It was thought that our hand would be strengthened against those third countries (such as the USSR) which we wanted eventually to exclude from our waters altogether if we took action as part of a general Community move. A further consideration was that general Community acceptance of 200-mile fisheries limits would strengthen our position in the Common Fisheries Policy (CFP) negotiations, particularly on access where we were arguing - in the face of opposition from most of the Community except the Irish Republic - for preference for UK fishermen well beyond the existing 12-mile limits.

5. The UK therefore played a leading part in securing Community agreement on a move to 200-mile fisheries limits (though it remained our position, not contested by other Member States, that the act of extension remained the legislative responsibility of individual Member States; there could be no question of the extension being made by the Community as such). At the Foreign Affairs Council on 27 July 1976 a Declaration of Intent to establish 200-mile limits from 1 January 1977 was adopted. The firm decision to extend as from 1 January 1977 was not taken until the meeting of Community Foreign Ministers at The Hague on 30 October: the decision formed part of a Resolution which subsequently became known as the 'Hague Agreement'.

6. Meanwhile, the UK had resolved, and British Ministers had stated publicly, that it would extend to 200 miles as from 1 January 1977 irrespective of what the Community decided and had made contingency legislative preparations for this. The Fishery Limits Act 1976 giving effect to the extension was enacted on 22 December 1976 and came into effect on 1 January 1977. The Act was followed up by Orders designating a number of third countries, as well as all Community Member States, as being entitled for the time being to continue fishing within the UK 200-mile limit, and provided for the application within that limit, on a 3-month interim basis, of existing NEAFC Conservation rules.

Community Aspects

7. The principal limitation on our freedom of action over fisheries limits imposed by our membership of the Community was the /existing

CONFIDENTIAL

existing CFP regulation, No EEC 2141/70, which had been hastily agreed by the Six in 1970 in preparation for the accession negotiations with the UK, Ireland, Denmark and Norway. This provided for equal access to all waters within the fisheries jurisdiction of Member States. This effectively formed the acquis communautaire in the fisheries context. Articles 100-103 of the Accession Treaty provided inter alia for derogations from the principle of equal access within Member States' 12-mile fisheries limits until 31 December 1982, and for the establishment of a Community conservation regime by the end of 1978 (ie 6 years after accession). Regulation EEC 2141/70 refers simply to waters under the sovereignty or within the jurisdiction of Member States, and so applies whatever the limits of that jurisdiction are: the UK was thus not free to enact measures excluding or otherwise discriminating against Community fishing vessels between the old 12-mile and a new 200-mile limits. We have always contested the view of other Member States, notably France and Germany, that the principle of equal access is also enshrined in Article 7 of the EEC Treaty, which prohibits discrimination against other Member States on grounds of nationality; and it could be argued that the Commission's long-held view, that the imposition of national quotas as part of a revised CFP does not violate the principle of non-discrimination, supports our case. Nevertheless, there is no doubt that a unilateral extension to 200 miles involving discriminatory measures against other Member States would have led to actions against the UK in the European Court for violations of the CFP regulation which would have been difficult to contest. This is why even when announcing our readiness to extend unilaterally on 1 January 1977 if the Community as a whole did not decide to do so, the UK made it clear that any measures taken would be in accordance with our Treaty and CFP obligations; it also shows that whether we had extended as part of a Community decision or unilaterally we would not have been able to take steps to exclude or otherwise restrict Community fishing within our new limits outside the original 12-mile belt.

The 'Hague Agreement'

8. As well as confirming the decision to extend to 200-mile fisheries limits, the Commission proposals under consideration by Foreign Ministers on 30 October 1976 contained detailed mandates

/for

CONFIDENTIAL

CONFIDENTIAL

for negotiations with third countries, and proposals for the internal CFP regime. Mainly because of the UK's urgent need for progress on the negotiations with third countries, particularly Iceland, we agreed to the second element of the proposals. It is debatable whether by so doing we admitted the competence of the Community for third country negotiations, since there was strong argument at the time that such competence already formed part of the acquis communautaire deriving from the existing CFP. We made it clear, however, that the UK could not accept in toto the proposals for the internal regime, particularly where they conflicted with UK views on access; the UK made clear in a statement for the Council minutes annexed to the 'Hague Agreement' that the UK agreement to the resolution did not mean that HMG had 'in any way modified their view on the width and scope of the coastal bands which should be incorporated in a revised CFP'.

9. Some important principles were established in what was agreed in the 'Hague Agreement' which have been advantageous to the UK. The principle that Member States should be responsible for enforcement of a CFP conservation regime within their own fisheries limits is a case in point; a CFP would be very much more difficult to sell to the UK industry without this provision. Annex VI to the 'Agreement' also gave Member States the right to adopt conservation measures unilaterally on an interim basis until there was agreement on a Community conservation regime. In the event, the Community conservation regulation was not established until 1 October 1980, ie well after the expiry of the time allowed in the Accession Treaty. Finally, the Community extension to 200-mile limits agreed at The Hague, together with the Commission's assumption of responsibility for third-country negotiations, provided a framework under which it proved possible to end Soviet and other East European fishing in our waters; (the Soviet Union, GDR and Poland were designated under the Fishery Limits Act 1976 as entitled to fish within UK limits on an interim basis for three months from 1 January 1977, pending their response to an invitation from the Commission to enter into negotiations about future reciprocal fishing arrangements: in the event they did not respond and no agreements were reached). The exclusion of the East Europeans was an extremely delicate task which could have been more difficult had we had to negotiate bilaterally with the Soviet Union.

/Conclusion

CONFIDENTIAL

CONFIDENTIAL

Conclusion

10. It would have been legally possible for the UK unilaterally to declare a 200-mile fisheries limit from 1 January 1977, and we were prepared to do so if necessary. It would not have been possible, however, to exclude EC fishermen from the new limit. For this and other policy reasons, it was considered preferable to concert action on a Community basis, and this was achieved in the 'Hague Agreement' of 30 October 1976. There were advantageous aspects of the Agreement. The limitations on our freedom of action within the waters under our jurisdiction, whatever their extent, derived mainly from the acquis communautaire, in the form of the existing CFP with its prohibition on discriminatory measures against other Member States: the extent to which further damage was done to our position by acceptance of the 'Hague Agreement' must at best remain debatable.

EUROPEAN COMMUNITY DEPT (INTERNAL)

2 January 1981

CONFIDENTIAL



A 03888

CONFIDENTIAL

MR ALEXANDER

Fr. Hunt - 23/12/80

COMMON FISHERIES POLICY

No collective ministerial discussion is planned for the time being, but officials of the Departments principally concerned met yesterday and you may care to have the attached record of the discussion.

WRIGHT

23rd December 1980

CONFIDENTIAL

Tf 02451

NOTE OF MEETING IN CABINET OFFICE ON 22 DECEMBER 1980

FOLLOW UP TO FISHERIES COUNCIL OF 15/17 DECEMBER

Those present:

Mr M D M Franklin	(Chairman)
The Lord Bridges	(FCO)
Mr D Hannay	(FCO)
Mr H Hogger	(FCO)
Mr W Mason	(MAFF)
Mr J Cormack	(DAFS)
Mr S Wentworth	(Secretary)

The meeting considered the reasons for the failure of the Fisheries Council on 15/17 December to reach a conclusion, the present negotiating possibilities and the appropriate next steps.

MR MASON said that bilateral contacts with the French prior to the Council had been productive and on a positive note until about a week before the Council when the first signs of a hardening of the French position on access had been evident. But it was during the second day of the Council that it became clear that the French after consulting Paris were not prepared to discuss access seriously.

In discussion it was suggested that the abrupt shift in the French approach to the negotiations might suggest that they were consciously aiming to establish a package deal going beyond fisheries. On the other hand it was argued that there had been no suggestion of any links by the French at or since the Council and there were indications that they wished to continue negotiating. It was possible that there had been a late recognition in Paris of some of the political implications of a fisheries agreement (eg for fishermen in Brittany) and they were simply unprepared at that time to bring it to a conclusion. This did ^{not} rule out the possibility of a package emerging even if it had not been consciously intended by the French from the start.

In further discussion three outstanding difficulties in solving the access issue
/were

CONFIDENTIAL

CONFIDENTIAL

- 2 -

were identified .

- (i) Arrangements within the 12 mile limit in Scottish waters. Whereas the French had earlier concentrated on the need for access in the South West, they were now insisting on maintaining their historic rights off the West of Scotland though they were not necessarily pressing for the same arrangements as in the South West. They were prepared to see the amount of fishing limited. In our view the Brittany fishermen could take their traditional catch outside 12 miles. There would be the strongest political objection to allowing fishing of even limited quantities by inside 12 miles.
- (ii) Arrangements outside the 12 mile limit. The degree of difficulty in reaching a satisfactory arrangement with the French was less clear. M Francois Poncet had mentioned the loss of rights in the Irish Hague areas, where the same fishermen as those who fished off the West of Scotland were involved.
- (iii) On duration of the arrangements it was felt that if the problem of historic rights could be settled it should be possible to reach a satisfactory formulation and period which met the French concerns while securing our position.

THE CHAIRMAN, summing up the discussion said that there was some uncertainty over the motives behind the French unwillingness to reach an agreement at the December Fisheries Council: but it could not yet be concluded that they were unwilling to agree fisheries alone which would be the most desirable outcome for the UK. However, we had already made important concessions on access and if we could not secure our minimum requirements it might be necessary to consider a linkage with agriculture prices. He would be having one of his regular contacts with M Achard early in January and would use that occasion to explore the French position further. In the meantime, we had replied to the Luxembourg Presidency's approach about possible resumption of negotiations.

The meeting -

took note with approval of the Chairman's summing up.

Distribution

Those present
Mr Elliott Mr Rhodes

Cabinet Office

23 December 1980

CONFIDENTIAL



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

From the Minister's
Private Office

Nick Sanders Esq
Private Secretary
10 Downing Street
London SW1

18 December 1980

PA (CF
A14)
MS

Dear Nick

COUNCIL OF FISHERIES MINISTERS: 15-17 DECEMBER 1980

--- I attach a copy of the statement which Mr Walker*
hopes to make to the House tomorrow (together
with the statement on the Agriculture Council).
I would be grateful for immediate clearance.

I am copying this letter to Godfrey Robson;
Robin Birch (Leader of the House's office);
Murdo Maclean (Whip's Office, Commons);
Mr Pownall (Whip's Office, Lords); David Wright
(Cabinet Office) and to private secretaries to
the other Agricultural Ministers and members
of the OD(E).

Yours sincerely
Kate

KATE TIMMS
Principal Private
Secretary

* You will now be aware that the statement is
being made by the Secretary of State for
Scotland, and the statement has been revised
to take that into account.

today

STATEMENT - COUNCIL OF MINISTERS (FISHERIES)

My Rt Hon Friend the Minister of Agriculture, Fisheries and Food, my Hon Friend the Minister of State in that Department and I represented the United Kingdom at the meeting of the EEC Council of Fisheries Ministers which covered the three days of 15, 16 and 17 December. My Rt Hon Friend the Minister of Agriculture, Fisheries and Food, who conducted the main negotiations throughout the Fisheries Council, regrets that he is unable to make this statement, but he is representing the United Kingdom at the Council of Agriculture Ministers in Brussels today dealing with the vital questions of access for New Zealand butter in 1981 and the Community sugar régime.

The Council considered quotas and access throughout the first two days. My Rt Hon Friend the Minister of Agriculture and I insisted that the two were totally linked and we were unwilling to agree to any figures on quotas until a satisfactory solution was found to the vital question of access. It was agreed by the Presidency that these two matters should be linked together. My Rt Hon Friend and I very much regret that in the early hours of 17 December it became apparent to the Commission and the Presidency that the inflexible attitude of the French delegation on the question of access would not allow ^{the Commission} them to put forward generally acceptable proposals on that aspect. They therefore decided not to put forward proposals on access or on quotas and, accordingly, no decisions were taken on these points. ¶ The House will recall that my Rt Hon Friend the Minister of Agriculture, Fisheries and Food had previously urged the

Dictated by Kate Timms from MAFF

.... the Commission to prepare a paper on control so that for the first time the Commission would have the resources and the power to see that all member countries complied with the regulations concerning conservation and quotas. We are pleased to say that at this meeting the Commission tabled such a paper which is in total accord with our suggestion; they have in mind setting up an independent inspectorate of 40 persons who would systematically see that in future all member states equitably enforced the regulations agreed to.

My rt hon Friend the Minister of Agriculture, Fisheries and Food and I would like to express our gratitude to the fishing industry, whose leaders were present at Brussels, and who were in close consultation with us throughout the entire negotiation. The Government and the industry were in total agreement as to both negotiating tactics and the overall settlement which would be acceptable to our industry and to the Government. There is no doubt that the unity of attitude between Government and industry throughout the negotiations greatly strengthened our negotiating position, and we are sure will continue to do so until a satisfactory final agreement is reached; this we hope will be as soon as possible in 1981.



CC MAFF
CO

HS

Fishing Ltd

10 DOWNING STREET

From the Private Secretary

15 December 1980

BF 30-12-80

Common Fisheries Policy

You will have seen a copy of the Minister of Agriculture's letter of 12 December to the Prime Minister about the Hague Agreement. The Prime Minister has read the note enclosed with Mr. Walker's letter and has asked for a further note on the present position on the 200 mile limit. She would like to know more about the background to the introduction of the 200 mile limit, when this took place and how its introduction interacted with the terms of the Treaty of Rome. Did the Treaty, for instance, impair our freedom of action when the negotiations related to the introduction of the 200 mile limit took place?

I am sending copies of this letter to Kate Timms (Ministry of Agriculture, Fisheries and Food) and David Wright (Cabinet Office).

MA

Paul Lever, Esq.,
Foreign and Commonwealth Office.

MS

A

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON S.W.1



From the Minister

Prime Minister

(2)

May I have -

12 December 1980

Ambs 12/11

note on the unilateral position

PRIME MINISTER

on the 200 miles - when the changes
to 200 miles were made and whether

the same must

anybody in the Treaty -
of Rome imposed on
unilateral changes not

COMMON FISHERIES POLICY

When we met on 4 December to discuss our negotiating position for the meeting of the Fisheries Council on 15/16 December, I made the point that one factor affecting the strength of our position in the negotiations was the Hague Agreement entered into by the previous Government. I undertook to let you have a note on the terms of the Agreement. This I now attach; it is I think self-explanatory. Perhaps I should add that the Hague Agreement has not so far been published, although it is possible that parts of the Agreement, ie those which do not contain confidential negotiating mandates, may be published in due course.

I am sending copies of this minute and note to Peter Carrington, George Younger and to Sir Robert Armstrong in the Cabinet Office.

PETER WALKER

THE 'HAGUE' AGREEMENT

1. The Government's task of securing a fair settlement has been made very much more difficult by the decisions taken by the then Government in 1976 on the extension of fishery limits from 12 to 200 miles.

2. Among the points decided, or not decided, at the Hague were the following:-

(i) it was agreed that the fishery limits of all member States would be extended to 200 miles. However, there was no special advantage in this since at the time we had freedom to act nationally. More importantly we implicitly accepted that fishery limits would only be extended in future after reaching agreement with the other member States;

(ii) no bankable safeguards in terms of quotas, access or conservation were secured for the British fishing industry about the future Community fisheries policy needed to deal with the new situation of 200 mile fishing limits. In other words incomplete decisions were taken which limited our future freedom of action and which either could not be or were not followed up properly;

(iii) new restrictions were introduced on our national freedom to take necessary conservation measures. It was agreed that in future Commission approval would be sought for all such measures and that even the residual national right to take action would be terminated after certain Community decisions had been taken. As a result, national measures which the previous Government themselves regarded as vital have been held to be unsatisfactory by the European Court;

(iv) a commitment was given to the effect that catches taken by the Irish Republic should be doubled from the 1975 level without any certainty that this would not damage the interests of United Kingdom fishermen, particularly those in disadvantaged regions like Northern Ireland which compete directly with Irish Republic fishermen. This has greatly weakened our negotiating hand in the quota discussions in Brussels;

(v) a vague commitment was secured designed to protect the interests of local fishing communities in an area defined as the "northern parts of the United Kingdom" but this definition necessarily excludes many

of our most important fishing areas; in any event the commitment for the Irish Republic was cast in more specific terms;

(vi) competence was conceded to the European Commission on the control of negotiations with third countries. We therefore lost the ability to use in negotiation the large amounts of fish found in our waters for the primary benefit of our own industry;

(vii) it was envisaged that rights might be conceded in the North Sea to third countries in exchange for benefits in the Baltic but not the other way round. In other words it was explicitly envisaged that concessions be made from stocks of interest to our own hard-pressed industry in exchange for rights from which they could not benefit.

RESTRICTED



Fishing hd

Foreign and Commonwealth Office
London SW1

12 December 1980

NRSP 67

Phm

Dear John,

COMMON FISHERIES POLICY - STRUCTURES

I have seen a copy of Peter Walker's letter of 8 December about contingency PES provision for expenditure under the structures package likely to form part of the CFP.

I fully support his views on the importance of a satisfactory agreement on structures in the context of presenting a CFP settlement to the UK industry. This is particularly important at a time when the Government is working hard to promote public understanding of the positive aspects of Community membership. The gap between the UK fishing industry's demands and the maximum we are likely to get under a CFP settlement, to which Peter refers, means that unless it is very carefully handled, this issue could mark a severe setback to our efforts.

I therefore very much hope that you will be able to agree in principle that additional PES provision will be available to cover the requirements outlined by Peter Walker in his letter.

I am copying this letter to the Prime Minister and to Peter Walker, George Younger, Humphrey Atkins and Nicholas Edwards.

yes ✓
lan

The Rt Hon John Biffen MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
London SW1P 3HE

RESTRICTED



Robbie Lind

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon John Biffen MP
Chief Secretary to the Treasury
HM Treasury
Parliament Street
LONDON
SW1P 3HE

NBON

Ph...

11 December 1980

Dear John,

COMMON FISHERIES POLICY - EC STRUCTURE PROPOSALS

I have seen Peter Walker's letter to you of 8 December about the need for additional PES cover if we are to be able to implement the structures element in a CFP settlement.

I very much agree with what he has said about the importance of being able to present the whole of any CFP settlement in the most favourable and positive light to the industry and to Parliament. Although there are elements in the structures package which we would prefer to see deleted or scaled down, and we shall be seeking to do so, the package as a whole will be of considerable significance in persuading the industry that the settlement can be accepted as a reasonably fair outcome. It is crucial that we should be in a position to convince the industry of this as soon as a settlement is reached.

I should perhaps make it clear that the figures mentioned in Peter's letter have been calculated on a UK basis and that my officials too have been involved in discussion with yours.

I need hardly add that the reaction of the fishing industry to any settlement is of vital importance to the Government's political standing in north-east Scotland and in other areas where fishing is regionally of major economic importance.

I am copying this letter to the Prime Minister and to Peter Walker, Peter Carrington, Humphrey Atkins and Nicholas Edwards.

Yours wsr,

George

RESTRICTED



Fishp Ltd

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Peter Walker MBE MP
Minister of Agriculture
Fisheries & Food
Ministry of Agriculture
Fisheries & Food
Whitehall Place
London SW1A 2HH

10 December 1980

Dear Peter,

CFP - STRUCTURES

in your dip

Thank you for your letter of 8 December.

As you can imagine, I am very reluctant to see any increase in programmes which have been so recently agreed within the PES. I recognise, however, that the PES provisions for the Fisheries Departments were settled on the clear understanding that, depending on the progress of the CFP negotiations, additional expenditure on restructuring or on the kind of short-term aid schemes which were introduced this year, might be unavoidable.

Against this background, I am prepared to accept the increases proposed in your letter if there is a settlement of the CFP next week on the lines you presently envisage, and if there is no way in which the expenditure in the UK resulting from our participation in the structural package can be absorbed within your existing provision.

I am copying this letter to the Prime Minister, Peter Carrington, George Younger, Humphrey Atkins and Nicholas Edwards.

John Biffen

JOHN BIFFEN

RESTRICTED

200
12



From the Minister

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON S.W.1

Rowl

Prime Minister

m(2)

RESTRICTED

The Rt Hon John Biffen MP
Chief Secretary to the Treasury
HM Treasury
Parliament Street
London SW1P 3HE

to note figures overleaf

Regin
MAP to note
MODBA to note

8 December 1980

Prime Minister again

Has Mr. Biffen
checked?

Yes: see
attached letter. The sums are considerable.

CFP - STRUCTURES

In my letter of 28 August I referred specifically to the need to fund expenditure on the structural measures which must form part of the CFP package and in your reply of 8 September you noted the real risk that I would need to exceed my existing PES provision. You went on to say that to the extent this proved to be the case you would, if I was unable at the time to find other offsetting savings, be prepared to consider a claim on the contingency reserve.

Matters are now coming to a head. There is a very real probability that the CFP negotiations will be completed at the Council meeting which begins on 15 December. As far as the structures part of the package is concerned we have a situation where, even if all the Commission's proposals are adopted, we should be able to secure a return from the Community budget which is greater than our contribution. But there are among the 11 separate items making up the package a number which are of no real interest to us and I shall clearly do all I can to secure their deletion if this is possible without jeopardising our wider negotiating objectives.

I need to give most careful consideration to the presentation both to Parliament and to the industry of the outcome of the negotiations of the full range of matters covered by the Common Fisheries Policy. It has always been clear that we cannot meet the unrealistic demands which the industry has been encouraged to maintain over the last 5 years in respect of quotas and access. Whilst we have been able to persuade the industry to be more realistic and we have ourselves managed to move the Community towards a more favourable settlement, there remains a gap between what the industry want and what we can hope to get. It is therefore essential to be able to include structural measures in the package and to make them available to the UK industry if we are to have any hope of satisfying the industry.

I should emphasize that the main structural measures are essential if we are to encourage the fishing industries of the Community to adjust their effort to their fishing opportunities. This was reflected in the agreement by the European Council earlier this year that the CFP package should include structural measures. I would add that such measures are particularly necessary in the UK. We will have to make provision for structural aid for our industry whether or not there is a Community scheme.

My officials have been over the figures with yours. Because of uncertainty about the precise outcome of the negotiations in Brussels and because discussion with our own industry here is incomplete we cannot at this stage be entirely precise about the implications for the programmes of the Fisheries Departments of implementing all or some of the proposed measures in the UK. It is however evident that, as we both earlier foresaw, our existing PES cover will not be adequate to meet all the expenditure which will need to be undertaken. Our present best estimate is that we might need additional cover, expressed in 1980 Survey prices, of up to £15 million for 1981-82, £11.5 million for 1982-83 and £9.5 million for 1983-84. Some part of this would be funded by a reduction in our net contribution to the Community budget.

As I have indicated above, there would have been a need for additional expenditure on restructuring in the UK in any case. The alternative would be to continue providing short-term aid of the kind we had to introduce this year and this would be much more expensive and to no useful effect. There can be no doubt that restructuring measures of the kind now proposed are the right solution. This is not therefore a case of additional expenditure in the UK which would not have arisen had there been no Community-financed scheme.

I shall of course do all I can to keep the final bid to a minimum consistent with taking the measures needed to meet the situation which our industry will face. I should however be grateful for your assurance at this stage that in principle additional provision will be available in our PES programmes up to the level I have indicated so that I can strike the right positive note in the statement which I shall have to make to the industry and in the House after the next Council if a settlement is reached.

I am copying this letter to the Prime Minister and to Peter Carrington, George Younger, Humphrey Atkins and Nicholas Edwards.

Peter Walker

PETER WALKER

9 DEC 1980

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

CONFIDENTIAL



ne B
Copied to Master set.
Fishing Ind

10 DOWNING STREET

From the Private Secretary

4 December 1980

Common Fisheries Policy

The Prime Minister held a meeting this morning to discuss our negotiating position for the forthcoming meeting of the Fisheries Council on 15/16 December. The Foreign and Commonwealth Secretary, the Minister of Agriculture, the Secretary of State for Scotland, the Minister of State, MAFF and Mr. Franklin were present.

The Minister of Agriculture described the position now reached in the Common Fisheries Policy negotiations. The agreements reached on conservation and control were, broadly speaking, acceptable to the industry. On quotas the latest Presidency proposals envisaged a United Kingdom allocation of 35.2% of the total catch. This compared with a Commission proposal of 32.5% and was about equal to the catch which the industry had been achieving since the loss of the Icelandic fishing grounds. A slight further increase might be achieved, at the expense of the Danes, in the course of further negotiations but no substantial change could now be expected. It was not yet clear what we would achieve on access. But if we got something close to what we were now demanding, it should meet the main requirements of the industry.

In the ensuing discussion the following points were made:

- (a) Britain's negotiating position had all along been very weak, not only as a result of the agreements reached during our negotiations for entry but also as a result of the 1976 Hague Agreement. (Mr. Walker agreed to produce a note for the Prime Minister on the latter.) In the absence of a new agreement, our Community partners would have the right to fish up to the beaches as from January 1983;
- (b) the industry had been carried along with the present negotiations to an unprecedented degree. The owners of the distant water fleet would no doubt complain whatever the outcome of the negotiations. Their ambitions were quite unrealisable and it was clear that they were primarily interested in compensation. But the rest of the industry - the inshore owners and the Scottish fishermen - were likely to welcome the end to uncertainty which an agreement would bring. They were becoming increasingly realistic about the prospects;

/ (c)

CONFIDENTIAL

DS

- (c) more had been achieved in those areas where agreement had already been reached than could reasonably have been foreseen. The outcome in the other areas also seemed likely to be unexpectedly favourable;
- (d) although there was no provision in next year's Community Budget for compensation, there was room within it for compensation to the extent of perhaps 100 meua. The total compensation envisaged for compensation over the next five years was of the order of 450 meua;
- (e) when the crunch came in the negotiations, the industry might well ask to see the Prime Minister. The line which she took with them would of course be of great importance.

The Prime Minister said that she recognised that a package of the kind described by the Minister of Agriculture was probably the most that could be attained. She was nonetheless worried about its likely reception. It could strengthen the hand of the anti-European lobby and of the Scottish Nationalists. It would therefore be essential to ensure that the industry went along with the outcome of the negotiations. She agreed that the Government should be aiming for a reaction from the leaders of the industry to the effect that "we do not like the agreement but the alternative, i.e. no agreement, is worse and we therefore recommend acceptance". The Government would need to be able to demonstrate clearly that no more could possibly have been attained and that the negotiations had been conducted and concluded on their own merits rather than as part of some larger deal.

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

Miss Kate Timms,
Ministry of Agriculture, Fisheries and Food.

CONFIDENTIAL

Fiship Land

Ref. A03733

Ernie Smith

MR. ALEXANDER

Smith MS

Common Fisheries Policy

The Minister of Agriculture and the Secretary of State for Scotland are to see the Prime Minister and the Foreign and Commonwealth Secretary at Mr. Walker's request to discuss the political aspects and the negotiating position for the forthcoming meeting of the Fisheries Council on 15th-16th December at which the crunch negotiations on the Common Fisheries Policy (CFP) are likely to take place.

2. When the Prime Minister last met Fisheries Ministers on 1st July, she agreed that we should concentrate in negotiations on securing the best deal possible for inshore fishermen while seeking compensation from the restructuring proposals for the losses the distant water fleet would unavoidably suffer. The negotiation should lead to an outcome acceptable to the industry as a whole.

3. The 30th May agreement included an agreement that the CFP would be implemented at the latest on 1st January 1981. Agreement on the CFP will have to cover:

- (a) Conservation
- (b) Control and enforcement measures
- (c) Quotas
- (d) Access
- (e) Structural reform

Conservation and control have now been settled on terms acceptable to United Kingdom interests. Mr. Walker, who has been having intensive bilateral discussions with Gundelach and with the French Minister, will no doubt wish to explain the prospects for a satisfactory conclusion on quota allocation and access and the way in which the structural measures will meet the needs of the distant water fleet.

4. On quotas the latest Presidency proposals would involve a United Kingdom allocation of 35.2 per cent for the seven main species of fish (compared with 32.5 per cent in the Commission proposals). This would just about match the

CONFIDENTIAL

CONFIDENTIAL



average percentage share we have achieved over the last five years, though on a smaller tonnage because the total Community catch has declined. It would be 2 per cent less than the average share for the last ten years due to the loss of distant water catches. The French are particularly unhappy with their quota under the Presidency proposals, but there may be some further scope for improving both their allocation (and perhaps that of the Germans and ourselves) at the expense of the Danes. The original Commission proposal gave them too much compensation for industry by-catches. Mr. Gundelach has been in Copenhagen this week.

5. Our main concern in negotiations on access has been to safeguard the interests of our inshore fishermen, while accommodating as far as possible the historic rights of the French and to a lesser extent the Dutch and Germans within 12 miles. Mr. Walker has been exploring with the French Fisheries Minister the basis for a mutually acceptable compromise which by helping the French on access enables them to give us support on quotas. But we may have to accept wording which reaffirms the principle of "equal conditions of access" in exchange for a derogation of indefinite duration. Access arrangements outside 12 miles will be based on boat size as Mr. Walker explained at the July meeting.

6. On structures both the scrapping and modernisation grants in the proposed package should be of benefit to the United Kingdom fishing industry. It may be necessary to include some other less welcome items in the package (such as assistance for artificial reefs) in order to satisfy the Italians and others. But the Germans, with our support, are trying to cut down the cost of such peripheral items. How far the United Kingdom would be a net beneficiary will depend both on this and on the percentage contribution granted by the Community.

7. The Prime Minister may wish to concentrate on the following questions:-

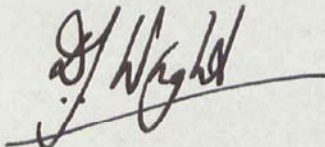
- (i) What scope is there for further improvements in our quota share? Can French and German interests be satisfied at the same time, and is there a risk of the Danes refusing the whole package?
- (ii) What concessions will we have to make on access to meet the historic rights of the French and other member states? How will the interests of United Kingdom fishermen be protected in the long term both inside and outside the 12-mile limit?

CONFIDENTIAL

CONFIDENTIAL

(iii) Can the cost implications of the structural proposals be clarified? Will the benefit to the United Kingdom industry be sufficient to satisfy our distant water industry?

8. Finally, the Prime Minister might wish to ask Mr. Walker how he proposes to keep the industry in touch with progress in the final stages of the negotiations and what the arrangements will be for presenting the finally agreed package to them and for ensuring it receives favourable publicity. If there is not to be further collective Ministerial discussion, he will need to report the position to Cabinet.



ROBERT ARMSTRONG

*(approved by Sir R. Armstrong
and signed on his behalf)*

3rd December, 1980

CONFIDENTIAL

RESTRICTED



Philip King

*Phil
① MODRA to see
② PA
MS
28/11*

Foreign and Commonwealth Office
London SW1

25 November 1980

The Peter,

FISHERIES DEBATE : 26 NOVEMBER 1980

Thank you for your letter of 21 November to Peter Carrington setting out the Motion you propose for this debate and the way you intend to handle the outstanding documents recommended for debate by the Scrutiny Committee.

I am happy for you to proceed as you propose. The debate comes at a potentially awkward moment in view of the delicate stage reached in the CFP negotiations, and I suppose there is a risk of an amendment being introduced attempting to lay down undesirably specific (and ambitious) quota targets or other negotiating objectives. At the same time, it provides a useful opportunity to explain to the House where the negotiations now stand, and to record for the benefit of our negotiating partners the strength of Parliamentary and domestic feeling on fisheries matters in this country.

I am copying this letter to colleagues on OD(E) and L, and to Humphrey Atkins and Sir Robert Armstrong.

*your ✓
la*

The Rt Hon Peter Walker MBE MP
Minister of Agriculture, Fisheries & Food
Whitehall Place
London SW1

RESTRICTED



Fishing Ltd

10 DOWNING STREET

From the Private Secretary

Mr. Alexander
Prime Minister

Ans

cf.
seen by 26/11

Re: Meeting to discuss Program of
Fisheries Negotiations

This meeting has got to take
place before December 8/9.

The only mutually convenient
time I can find is 0900
on Thursday 4th — a Cabinet
day.

Agree?

Yes no

cf.

25/11



10 DOWNING STREET

From the Private Secretary

24 November, 1980.

The Prime Minister has seen your Minister's letter to her of 20 November. She agrees that a meeting of your Minister, the Foreign and Commonwealth Secretary, and the Secretary of State for Scotland to discuss progress in the fisheries negotiations would be useful. We shall be getting in touch with your office to arrange a time.

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

Mrs. Kate Timms,
Ministry of Agriculture, Fisheries and Food.

019
CONFIDENTIAL

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON S.W.1



From the Minister

Prime Minister

Clearly a meeting with
Messrs Camplin, Walker &
Younger would be useful.
— Aspa?

A good one,

20 November 1980

Paul
- WX

PRIME MINISTER

At the meeting of the Council of Fisheries Ministers in Brussels earlier this week, some progress was made on the basis of a Presidency compromise which raised the proposed quota allocation of the seven main species of fish for the United Kingdom from 32.5 per cent to a much more reasonable level of 35.2 per cent. We should be able to hold on to this allocation and it is just possible that we can improve it. At the same time it was generally acknowledged that a settlement of the access question must also be part of the package. At Commissioner Gundelach's request, we are providing papers suggesting lines of approach to access and to methods of enforcement. We are in a fairly strong central position. The Danes are under the heaviest pressure, since they were most strongly favoured in the Commission's earlier illustrative proposals. Their position has gradually deteriorated and Commissioner Gundelach is finding it increasingly difficult to protect them against the arguments of equity advanced by the French, Germans and ourselves.

We have already achieved a satisfactory position on conservation measures and the basic principles of control, matters which have now largely been settled. If we can get a quota allocation of about 35 per cent, we shall match our share of the landings over the last five years and should obtain this share on a lasting basis. There is also a prospect of preferential access on a reasonably favourable basis, bearing in mind that other Member States have fishing rights which have been enshrined in Treaties and conventions since the 1960's.

It is true that this whole package would not meet the needs of the distant water fleet - they have been the prime movers in asking for another £70 million from public funds - but I have always recognised that there is no way in current circumstances

CONFIDENTIAL

CONFIDENTIAL

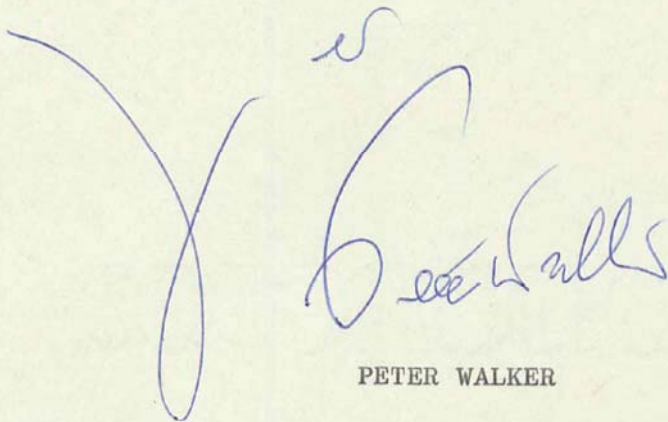
of saving them from the pressures caused by the loss of distant water fishing opportunities and the increases in fuel costs which have reduced their economic viability.

The Council meeting has been suspended for a short period and will be resumed either in some ten days' time or in mid-December. It is now clear that we are approaching the climax of the negotiation and I would welcome a half hour of your time to discuss with you ~~and~~ Peter Carrington the political aspects and our negotiating position.

+ George Younger

George Younger

I am sending copies of this minute ~~both~~ to Peter Carrington and to Sir Robert Armstrong.

A large, stylized handwritten signature in blue ink, appearing to read 'Peter Walker'. The signature is written in a cursive, flowing style with a large loop at the end.

PETER WALKER

CONFIDENTIAL



From the Minister's
Private Office

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

Dear Nick,

COUNCIL OF FISHERIES MINISTERS: 17-18 NOVEMBER 1980

--- I attach a copy of the statement which Mr Walker hopes to make in reply to a Written Parliamentary Question tomorrow. I would be grateful for immediate clearance.

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

Yours sincerely,
Kate

Miss V K Timms
Principal
Private Secretary

Fishing Ind

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

Paul ~~MODRA~~ to see

PA

I've cleared it
already MS

20 November 1980

MS

20/n

COUNCIL OF MINISTERS (FISHERIES): 17/18 NOVEMBER 1980

Question

"To ask the Minister of Agriculture, Fisheries and Food if he will make a statement about the meeting of the EEC Council of Fisheries Ministers on 17 and 18 November."

Answer

"The Council considered briefly a report from the committee of senior officials which had been discussing the allocation of quotas between Member States. Most time was spent in bilateral discussions between the Member States mainly concerned. Although some progress was made in these discussions the President concluded that a final solution was not immediately in sight and he therefore suspended the meeting on the basis that it will be recalled in a few days' time following further discussions he and the Commission expect to have with the Member States."



CONFIDENTIAL

Ref. A03393

MR. ALEXANDER

Common Fisheries Policy

Mr. Walker will no doubt be reporting to Cabinet tomorrow on the most recent meeting of the Fisheries Council but the Prime Minister may wish to know where matters stand. She will recall that, as part of the 30th May Agreement, the Community is committed to reaching agreement on a Common Fisheries Policy (CFP) by the end of the year. Agreement will have to cover:

- (a) conservation
- (b) quotas
- (c) access
- (d) structural reform
- (e) control.

2. Of these elements, a conservation package was agreed at the Council on 29th September (subject to their extension beyond 20th December in the context of an overall agreement on the CFP). Quota allocations and access will be the most contentious issues. Intensive efforts are to be made to settle quotas at the November Council. The question of access both inside and outside 12 miles has been discussed informally, particularly with the French (who have a new Fisheries Minister who has had one bilateral meeting with Mr. Walker) but is not yet on the Council agenda. A complex series of proposed structural measures (including, for example, grants for modernisation of vessels) to bring the capacity of the industry into line with fishing opportunities are still under discussion and may not be resolved in all their details by the end of the year. Discussion of control measures is well advanced and should provide for satisfactory enforcement both by Member States and the Commission.



CONFIDENTIAL

3. The Fisheries Ministers have continued to keep in close touch with the leaders of the industry. It is possible that they may seek an interview with the Prime Minister, and they have suggested to Mr. Walker that there might be advantage in escalating discussions to the level of the European Council. He has pointed out to them the dangers of involving President Giscard (who faces an election early in 1981) and Chancellor Schmidt (who represents a fishing constituency) in this way. It would not be desirable to encourage substantive discussion in the European Council, although we should not (for tactical reasons) appear to be refusing the possibility of any discussion of the subject at the meeting on 1st-2nd December. The Prime Minister will want to make our requirements clear to Chancellor Schmidt, but this would be best done privately when she goes to Bonn. We must hope that negotiations can be conducted in the Fisheries Council in such a way that the European Council can note satisfactory progress and urge the Fisheries Ministers to complete their negotiations on schedule.

(Robert Armstrong)

(approved by Sir R Armstrong
and signed on his behalf.)

29th October, 1980

Fishing Ind

CONFIDENTIAL

Ref. A03122

PRIME MINISTER

Cabinet: Community Affairs

If not already covered under the Foreign Affairs item, you might wish to inform the Cabinet of any major Community points that arose in your discussions with President Giscard during the 19th September Anglo-French Summit.

2. You might wish to invite the Chancellor of the Exchequer to report on the outcome of the 23rd September Budget Council, which established the 1981 draft Community Budget. Satisfactory provision was made for the United Kingdom's supplementary measures, but Franco-German insistence on cutting back non-obligatory expenditure to make room for agriculture within the 1 per cent ceiling produced increases in the Regional and Social Fund that will barely be adequate to discharge existing commitments. The Commission dissociated themselves from the Council's action; the Budget now goes to the European Parliament.

3. The Minister of Agriculture might be invited to report on the 29th September Fisheries and 30th September Agriculture Councils, both of which scored notable successes. The Fisheries Council agreed a comprehensive conservation Regulation and endorsed the new pout box negotiated between the United Kingdom and Denmark. The Agriculture Council reached agreement on the introduction of the new sheepmeat regime later this month and the French lifted their reserve on the arrangements for imports of New Zealand butter for the rest of 1980.

4. The Foreign Affairs Council meets next week on 7th October when we shall try to settle the outstanding points on the regulations to give effect to the 30th May budget settlement.

ROBERT ARMSTRONG

(Robert Armstrong)

1st October, 1980

CONFIDENTIAL

CONFIDENTIAL

Fish Policy
Fishing Ind.

-2-

EXTRACT FROM MEETING NOTE P.M. AND FRENCH P.M. AT MATIGNON
19 SEPT 1980.

Fisheries

The Prime Minister said that Mr. Walker and M. le Theule were making progress in their discussions which seemed to be going well. We would do all we could to reach an agreement, and if things faltered, it would not be the United Kingdom who were responsible. Our fishermen needed an agreement urgently. But she wanted to make it absolutely clear that there was no linkage between a settlement of the fisheries issue and any of the other problems now facing the Community. The agreement of 30 May provided for fisheries to be dealt with in parallel with the application of decisions in other areas. If suggestions of linkage were raised now, it would cause considerable difficulties.

M. Barre said that he very much hoped that agreement on fisheries would be reached by the end of the year. The first step was for the British and French fisheries ministers to reach agreement and then to get our partners, and in particular the Germans, to accept it. He was anxious to avoid any source of friction inside the Community over the next few months, and if the fisheries problem could be solved this would create a better climate generally. He thought it should be possible for the European Council in December to adopt regulations on both the implementation of the 30 May budget agreement and on fisheries, without expressing any linkage between them but taking account of parallel solutions for these problems.

The Prime Minister reiterated that there must be no linkage imported into the fisheries issue where none existed now. She was approaching the matter in the same spirit as M. Barre. There had undoubtedly been friction in the past, and she did not want there to be any more. Any problems between Britain and France must be smoothed away.

/30 May Budgetary Agreement

CONFIDENTIAL

CONFIDENTIAL



FILE

MS
Fishing
cc FCO
50
CO

10 DOWNING STREET

From the Private Secretary

18 September 1980

Fisheries: Norway Pout Box

The Prime Minister has seen and taken note of the Minister of Agriculture's minute to her of 12 September setting out the results of Mr. Buchanan-Smith's negotiations on 10 September with the Danish Minister on the Norway Pout Box.

I am sending copies of this letter to George Walden (F.C.O.), Godfrey Robson (Scottish Office) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

G. R. Waters, Esq.,
Ministry of Agriculture, Fisheries and Food.

CONFIDENTIAL

MS



CONFIDENTIAL

Top copy on
Eno's May 1979
Enlargement of EC

PRIME MINISTER

Community Affairs

You may wish to mention under this item the forthcoming Anglo-French Summit.

2. The Lord Privy Seal might be invited to report on the outcome of the 15th-16th September Foreign Affairs Council. The Council made some progress towards settling the Regulation for implementing our supplementary measures, but no agreement was reached on approval procedures which will come up again at the October Council. No decision was reached on pre-accession aid for Portugal. Because of the restrictive position taken by the French only a minimal mandate was agreed for the opening of negotiations on Zimbabwe's accession to the Lome Convention.

3. The Minister of Agriculture might wish to report on his talks on fisheries matters with M. Le Theule, his French counterpart, on 12th September. There are signs of some give on the French side on a 12-mile exclusive zone. He may also mention that if the French continue to block the deal agreed at the July Agriculture Council for New Zealand butter imports in 1980 he will press for an early Council to be convened to resolve this question.

4. There will be an informal meeting of Community Finance Ministers on 20th-21st September and a Budget Council on 23rd September.

Zimbabwe - ^{Quote.}
Sugar - Beef -
Rice - end must be on

(Robert Armstrong)

17th September 1980

CONFIDENTIAL

PN has approved.

Le. Punt

MR. ALEXANDER

Fisheries: Norway Pout Box

The Minister of Agriculture's minute of 12th September to the Prime Minister records the terms of his agreement with the Danes on the area ("pout box") in the Northern North Sea in which fishing for Norway pout (a fish used exclusively for industrial purposes such as fishmeal) will continue to be prohibited to prevent by-catches of immature edible species which would reduce opportunities for United Kingdom fishermen. The basis for the settlement is shown in Annex II to his minute, and the existing pout box is shown in Annex I.

2. In July, the European Court ruled that the existing pout box (a United Kingdom national conservation measure) is illegal. Consequently, if no Community conservation measure can be agreed by the beginning of October, we shall be unable to enforce our national measure in our courts. What has emerged from negotiations with the Danes is more favourable to us than what the Commission have been willing to propose in the past but not as extensive as our national conservation measure. We have secured agreement to a fairly large area east of the meridian being included in the box at the expense of a fairly narrow area west of the meridian being excluded. The Commission have said that they will propose whatever we and the Danes agree as a community conservation issue.

3. The Norway pout box issue, a long standing dispute with the Danes, needs to be resolved as part of any final CFP package, which the Community is pledged to achieve by 1st January. It will be useful if this element can be agreed at the Fisheries Council on 29th September. The Minister has negotiated what appears to be the best settlement available. With the 1st October deadline approaching and no means of implementing a national measure, it seems wise for the Minister to have accepted what was on offer. The fishing industry, particularly in Scotland, will not think the deal totally satisfactory, particularly in respect of the small area west of the meridian, but we understand that the Secretary of State for

CONFIDENTIAL

CONFIDENTIAL

Scotland agrees with the proposal. The Prime Minister might therefore give her approval. If she does, we need to notify the Commission by tomorrow at the latest.

4. I attach a draft minute for you to send to the Minister of Agriculture's Private Secretary.

REA

(Robert Armstrong)

17th September 1980

-2-

CONFIDENTIAL



CONFIDENTIAL

DRAFT MINUTE FROM MR. ALEXANDER TO THE
PRIVATE SECRETARY TO THE MINISTER OF AGRICULTURE

Fisheries: Norway Pout Box

The Prime Minister has seen your Minister's minute of 12th September about the Norway pout box and accepts that we should settle with the Danes on the basis of the area shown in Annex II of his minute. She agrees that there should be a joint United Kingdom/Danish approach to the Commission in time for the agreement to be ratified at the Fisheries Council on 29th September.

conqueror

CONFIDENTIAL

CONFIDENTIAL

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



From the Minister

Prime Minister

(2)

Mr Walker reports an agreement reached with the Danes by Mr Buchanan-Smith. Mr Walker regards the outcome as satisfactory but evidently anticipates a good deal of criticism

12 September 1980

PRIME MINISTER

MS

15/5

FISHERIES

NORWAY POUT BOX

One of the most intractable problems in the Common Fisheries Policy negotiations is our dispute with the Danes over the 'Norway Pout Box'. I am writing to let you know of the results of a discussion which, with the agreement of George Younger, Alick Buchanan-Smith had on 10 September with the Danish Minister on this issue.

2. The background is that Norway pout is an inedible species of fish caught mainly by Danish fishermen in the Northern North Sea for conversion into fishmeal. As a by-catch in the fishery substantial quantities of immature fish of species used for human consumption are caught to the detriment of fishermen interested in the latter species who, in the Northern North Sea, are mainly British from the east coast of Scotland and from north east England. The previous Administration in 1977 introduced nationally a ban on the pout fishery in a part of the Northern North Sea partly to protect the stocks of human consumption species and partly as a weapon in their policy of confrontation in the Community; subsequently in 1978 they substantially increased the area in which the ban operated by providing for an eastward extension during the winter months. Our present national measure is summarised in the map at Annex I. The 'Pout Box' is highly regarded by the UK industry which benefits from its effects on the human consumption fishery and is relatively unaffected by its effects on the pout fishery. The Danish industry being more interested in the industrial fishery, takes the opposite view.

3. The Commission have claimed that our national measure was incompatible with Community law and have proceeded against us on this (and other) issues in the European Court. The Court's judgement given in July in effect supported the Commission, finding our 1978 measure to be defective in Community law both in terms of

CONFIDENTIAL

CONFIDENTIAL

the procedure by which it was adopted and, more disappointingly, in substance. Our legal advice is that as a consequence we will certainly not be able to enforce a box east of the meridian from 1 October because United Kingdom Courts would refuse to convict offenders on the basis that our measure was ultra vires.

4. An acceptable box is an essential component of a revised Common Fisheries Policy for our industry and it is vital to agree one before 1 October so that the immature fish of human consumption species can be adequately protected after that date. To proceed with another national measure would be certain to run us into trouble again in the Court and put a stop to any hope of progress on a revised Common Fisheries Policy. The only hope of progress is to reach agreement with the Danes; accordingly, with the Commission's knowledge, we have had bilateral discussions with them over the last few weeks. Gundelach has said that he is prepared to propose as a Council regulation anything that is acceptable to both the Danes and ourselves. An agreement should be able to be ratified at the Fisheries Council on 29 September and be effective by 1 October.

5. The map at Annex II illustrates the box that Alick agreed on Wednesday with the Danes. This protects most of the areas in which by-catches in the pout fishery are especially high and also has the advantage of operating throughout its range for the whole year (unlike our present Order) and of containing a small new area directly east of the Shetlands which is presentationally attractive. Its disadvantage is that we have had to concede that pout fishing be allowed in areas in the north of the box where it is currently banned; this is regrettable especially in respect of the areas to the west of the meridian. Nevertheless, our scientists have shown that the box in Annex II has very real advantages in terms of conservation and is much better in this respect than the box extending eastwards to 0° only which is all the Commission have hitherto been willing to propose. The Danes have made it clear that they are prepared to go no further; and if need be they are prepared simply to wait until 1 October when they know perfectly well that we will be unable to enforce a box east of the meridian. Not only would this make us look foolish but the resulting fracas would be bound to damage the prospects for a settlement later this autumn. In all the circumstances I am sure that it is right to settle for the box at Annex II and I have agreed that we should approach the Commission jointly with the Danes to inform them accordingly.

6. The more clear-sighted leaders of the industry (whom I shall inform of the position next week) are likely to appreciate that we have secured rather more on this issue than might have been expected given the weakness of our hand. But the economic position of much of the industry is so precarious that we can, realistically,

CONFIDENTIAL

only expect criticism for anything that does not match their demands fully. However, they would be certain to be more critical if there were effectively no box east of the meridian from 1 October.

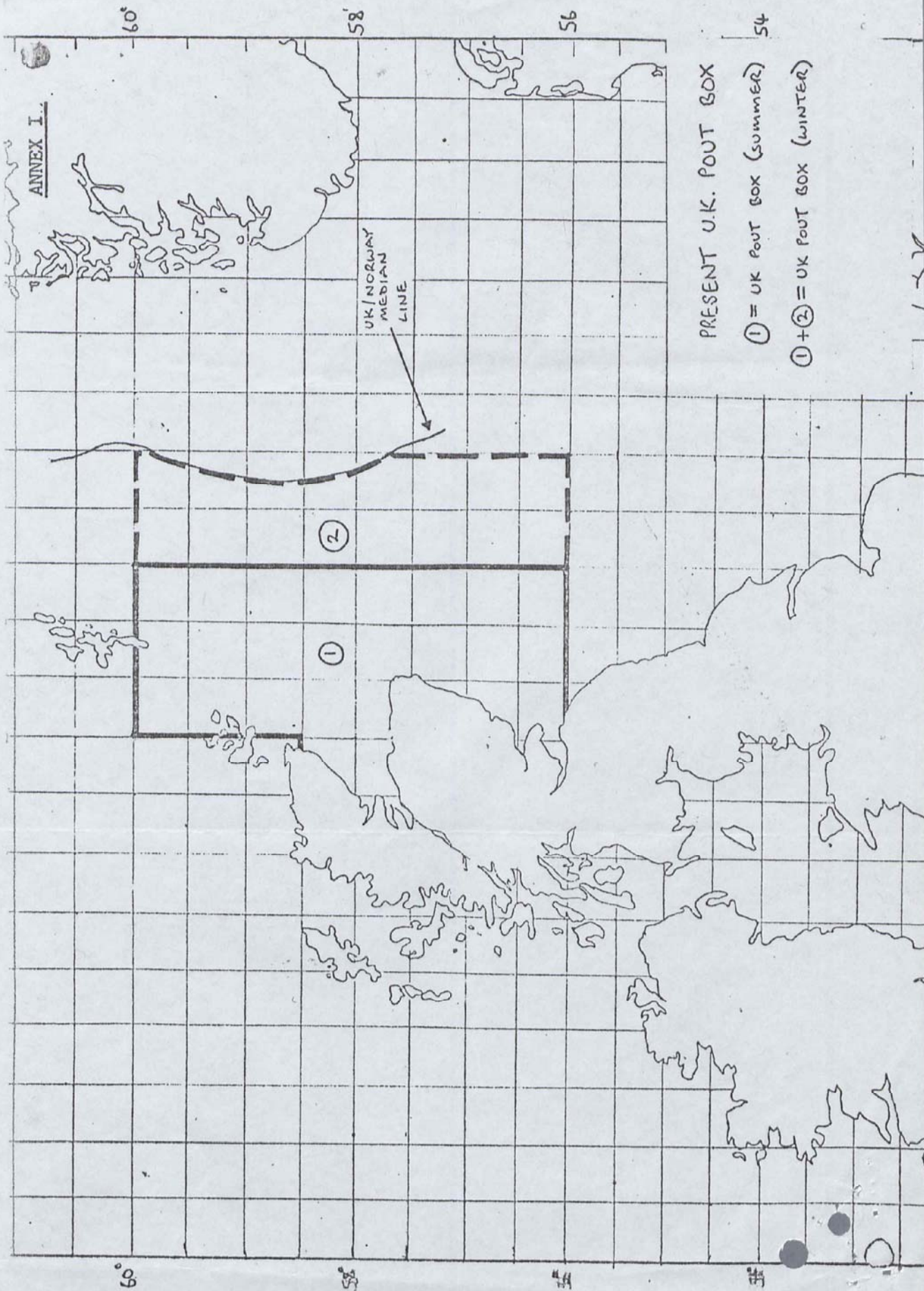
7. I believe that George Younger, for whom this is an especially sensitive issue, broadly agrees with this assessment.

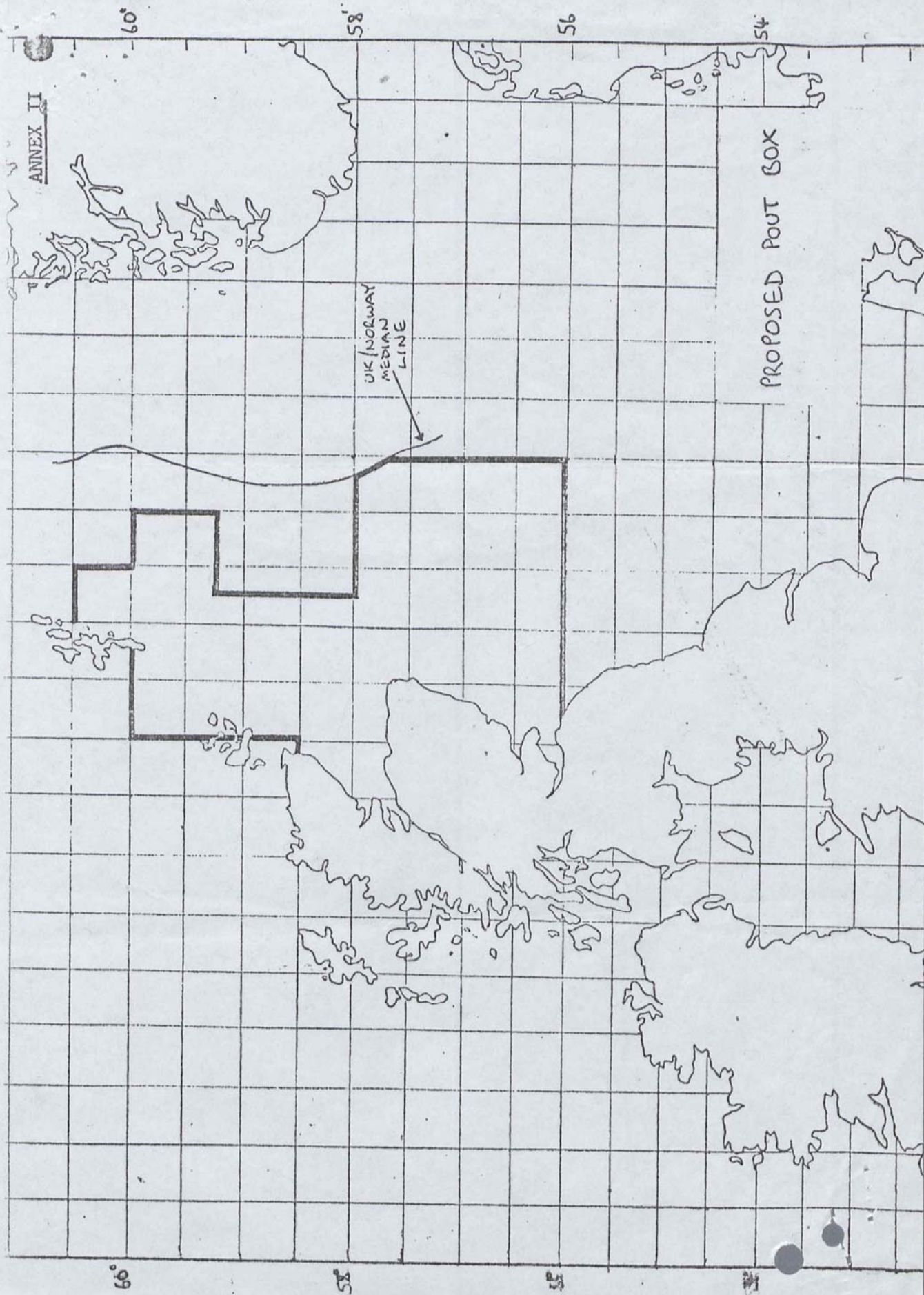
8. I am copying this to Peter Carrington, Ian Gilmour, George Younger and Sir Robert Armstrong.

D.E. Jones

for PETER WALKER
Approved by the Minister
and signed in his absence

CONFIDENTIAL





MINISTRY OF AGRICULTURE
FISHERIES AND FOOD



WITH COMPLIMENTS

F. S. Smith

WHITEHALL PLACE,
LONDON. SW1A 2HH

MINISTER OF STATE (COMMONS)'S MEETING WITH COMMISSIONER GUNDELACH:
9 SEPTEMBER 1980

Present: Mr Buchanan-Smith Mr Gundelach
 Mr Mason Mr Baumann
 Mr Packer
 Mr Laidlaw (DAFS)
 Miss Rabagliati

1. Mr Gundelach visited London on 9 September 1980 for talks with British Agriculture Ministers. This note records his discussions with Mr Buchanan-Smith; subsequent discussions over Dinner with Mr Walker and Mr Buchanan-Smith are being recorded separately.

2. Preliminaries

Mr Gundelach commented that the French were being particularly tricky at present on both agriculture and fisheries fronts. He would be visiting Paris on 16 September when he hoped to be able to form a clearer impression of their Government's intentions; but he personally detected a split in the French Government between those who favoured deferring major decisions until after next year's elections (these included Mr Mehaignerie) and those who were anxious to see progress made now. He thought that le Theule basically fell into the latter camp but that he had been badly shaken by the events of the past month or so; however, he would be meeting le Theule in Brussels the following day and might be able to learn more. At Mr Buchanan-Smith's request he promised to telephone either Mr Buchanan-Smith or Mr Walker on Thursday to report the outcome of his talks. He also revealed that he would be visiting Copenhagen on 12 September.

3. Norway Pout Box

Mr Buchanan-Smith reported that at official level progress had been made between the UK and Denmark on the question of the pout box. He thought there was scope for settlement but emphasised the importance of the box to the British fishing industry and the political difficulties consequent on any settlement which did not maintain its integrity and effectiveness. This would be seen by the fishing community as a test of the Government's political will. Mr Gundelach said that he had the impression that the Danes also were hopeful of a solution but that he was worried about the possibility that they may seek a quid pro quo on mackerel quotas. He had pointed out to them that any changes to the quotas would involve all member states, while the pout box was essentially a matter for the UK and Denmark; and that in any case until quotas had been settled there was nothing to be traded. Mr Buchanan-Smith said that the UK was similarly opposed to any solution which involved concessions on mackerel. So far as the pout box itself was concerned

the UK's main problem with the compromise currently on the table was in the concession west of the Meridian, which was very important to the industry. Mr Gundelach agreed with him that if agreement could be reached between the UK and Denmark it should be enshrined in a Community regulation; he would not commit himself on the possibility of this being outside the context of the Conservation Regulation for the sake of early implementation, though he said that his intention was that technical conservation measures should be settled at the September meeting of the Council of Ministers. He agreed, however, that if the Copenhagen talks failed to result in agreement, the only solution would be for the Commission to consider a national measure proposed by the UK.

4. On the Conservation Regulation generally, he said that it was his intention to seek agreement at all costs at the September meeting, even if this meant a long, hard negotiation. However, he anticipated difficulties stemming from the lack of any form of agreement between the French and the Irish on the introduction of new mesh sizes. Mr Buchanan-Smith commented that it would be inadvisable to introduce new measures on beam trawling in that Regulation, given that the scientific report which the Commission had commissioned was due shortly and would be making precise recommendations. Mr Gundelach appeared to take note.

5. Quotas

Mr Gundelach said that he intended to discuss quotas in depth at the October Council. Mr Buchanan-Smith emphasised that the UK had certain difficulties with the proposals currently on the table - some on the mechanics of the calculation, on which his officials had already written to the Commission, others of principle: specifically the inadequate account which was taken in the proposals of third country losses (notably the arbitrary halving of such losses); the excessive weight given to the bycatch in industrial fisheries; and the weight given to catches in excess of NEAFC recommendations. Moreover the UK was opposed to any proposal which gave preference to one herring area at the expense of another, and finally, would be unable to agree to any quota proposal which did not include figures for herring.

6. Mr Gundelach acknowledged that certain elements in the current proposals were arbitrary. He said that when discussing figures for 1980 the real object of discussion was 1981, and he hoped that discussions later this year would concentrate on that. However, he thought that to discuss percentage quotas in the Council was not practical. Mr Buchanan-Smith pointed out that any discussion for 1981 would have to be in percentage terms since the TAC for 1981 would not be known in time for a discussion of substantive figures. Mr Mason reminded Mr Gundelach of the need for any quota agreement to have staying power, and Mr Gundelach agreed with him. As regarded TACs, he said that he hoped to be able to propose TACs for some stocks in October. Mr Buchanan-Smith said

it would be most inadvisable to get TACs involved in the quota discussions; and suggested that before the new quota figures were presented there would be advantage in officials discussing the arithmetic. Mr Gundelach agreed that a technical group might be convened to discuss these aspects.

7. Access

Mr Buchanan-Smith asked Mr Gundelach what timetable he envisaged for the discussion on access, and whether the next discussion would be based on specific proposals or on a more general proposition. Mr Gundelach was not easily drawn, though he acknowledged that yet another general discussion would not be particularly productive. Mr Buchanan-Smith said that in the UK view access had to be considered at two levels - inside and outside the 12 mile limit. He pointed out that it was already well known that the UK was committed at the highest level to a satisfactory solution on this basis. Within 12 miles exclusive access was important. Mr Gundelach pointed out that within that zone the French needed security for their historic rights, and that this was not a particular problem for many other member states. Mr Buchanan-Smith emphasised the difficulty of making concessions to the French without allowing everyone else in too. The British industry was anxious for no concessions to be made. For others concessions were essential. He acknowledged the need for movement in some direction, but emphasised that any concessions made must not be of general application. Mr Mason reminded Mr Gundelach that it was beginning to emerge that the Irish and Italians were also anxious to secure 12 mile exclusive zones for all member states. He believed that only the French and the Netherlands would be opposed to such a proposal. Mr Gundelach reckoned that this would be a breaking point for the French. However, he thought that a 12 mile exclusive zone - possibly with specific concessions negotiated between individual member states - would be a very nice clean solution. Mr Buchanan-Smith said that this might be one way out of the problem. He then went on to say that there was still a problem in the zone beyond 12 miles, where the UK's principal problem was to preserve the interests of individual communities dependent on fishing. One possibility might be to restrict fishing in certain defined areas on a non-discriminatory criterion such as vessel size. He had floated this idea with the Irish, the Dutch, and the Germans and would welcome the opportunity to discuss this further with the Commission. Mr Gundelach said that he too had been thinking on similar lines and had even floated the idea with the French, who were not unreceptive. He thought it would be helpful if Mr Buchanan-Smith were to pursue his ideas with them.

8. The meeting then adjourned to Lancaster House for Dinner with Mr Walker.

JR
Jane Rabagliati
11 September 1980

Distribution overleaf

Distribution

Mr Waters
Mr Steel
Mr Sadowski
Mrs Brock
Mr Kelsey
Mr Mason
Mr Packer
Mr Holmwood
Mr Cann
PS/SoS Scotland
PS/Lord Mansfield
Mr Laidlaw (DAFS)
✓ Mr Alexander (10 Downing Street)
Mr Elliott (Cabinet Office)
PS/Lord Privy Seal
Mr Arthur (FCO)

610

Prime Minister

Reference

To glance : the Grimsby fishermen believe they are being discriminated against in favour of Hull.

NOTE OF A MEETING BETWEEN THE MINISTER AND A DELEGATION FROM GRIMSBY - 4 SEPTEMBER 1980

R. 10/9

Present:-

The Minister of Agriculture, Fisheries & Food
Mr Mason)
Mr Holmwood) MAFF
Mr Waters)

MP

Austin Mitchell MP
Mr MacInness - Grimsby Fishing Vessel Owners' Association
Mr Palfreman - Secretary of Grimsby FVOA
Mr Harrison - Grimsby Landing Company
Mr Smith - representing the lumpers
Mr Coulbeck - President, Grimsby Fish Merchants Association
Mr Beeken - Secretary, Fish Industries Committee
Mr Walkley - Skipper
Mr Bovill - Leader of the Grimsby Council
Mr Ward - Town Clerk and Chief Executive

1. Mr Mitchell thanked the Minister for agreeing to see the delegation at short notice. Many Grimsby interests were represented and they would speak for themselves.
2. For the owners, Mr Palfreman said that he recognised the extent of the aid that the Government had granted to the fishing industry already. However, Grimsby had been shocked that Hull should get an inner city grant after the Prime Minister had met city representatives. The diversion of trade to Hull would reduce the revenues of Grimsby. At the least, Grimsby felt that it should have been consulted. Secondly, the owners were aggrieved at the action of the British Transport Docks Board in raising charges without regard to market circumstances. Thirdly, the owners considered that the casual labour system at Hull undermined their position in Grimsby. Fourthly, he offered the support of Grimsby owners for non-quantitative conservation measures. Mr MacInness added that there was room for only one port on the Humber. Grimsby had the better infra-structure and should therefore be that one.
3. The Minister replied that Ministers would be faced with an invidious choice if they had to decide between Hull and Grimsby as the sole Humber port. In his view, local enterprise would produce a better decision than a remote politician could make on the basis of inadequate briefs. The Government had not decided that Hull should be favoured above Grimsby. The DOE grant to Hull had not resulted from the visit of the Prime Minister.

4. For the Grimsby Landing Company, Mr Harrison said that Grimsby could not compete with Hull because the Hull dock workers were assisted by the National Docks Labour Board. Grimsby could not raise its charges to cover the costs of a full blown dock labour scheme because ships would then prefer to use Hull. For the dock workers, Mr Smith said that men should not be expected to work one night and to register for unemployment benefit the next. For the share fishermen, Mr Walkley lamented the fact that fishermen could end up in debt after taking the trouble to fish. A militant feeling was spreading amongst fishermen on this score. They did not want grants and subsidies but they did expect a fair living.

5. For the merchants, Mr Coulbeck agreed that there should be only one port on the Humber. If assistance was given to Hull, it changed the terms of competition for Grimsby. He believed that fish meal processing was an integral part of the industry but said that the processors could not afford to pay the economic price demanded by British fishermen. His Company was not helped by the £90,000 increase in its gas bill, which would in total amount to £0.5 million. The turnover of his firm was but £5 million. The Government would surcharge British Gas for excess profits and thus exact a grossly unfair levy from his struggling firm.

6. In a brief exchange about industrial fishing, Mr Coulbeck explained that the Grimsby processors consumed all the waste fish available in Grimsby and supplemented these supplies with imports. The prices currently offered to British fishermen would need to be raised to £60 a tonne to attract their interest. The Danes could accept lower prices because they were using larger boats. To take advantage of the opportunities for industrial fishing that would emerge from the re-negotiated CFP, Grimsby would need to build bigger boats than the 50 tonne ones now used.

7. For the Grimsby Council, Mr Bovill said that he was concerned at the impact that a down-turn for the fishing industry was having on the local economy. He would like to think that the Minister would support the Council if it applied afresh for urban aid for the fish docks. The Minister said that the Ministry could provide only an objective commentary to DOE which would take the decision on an application. It was usually left to the local authorities to decide how to use funds made available in that way. However, it might be useful if the Council cleared any passage in respect of the fishing industry with his officials.

8. The Minister noted the extent to which Grimsby was still dependent on the fishing industry. Mr Ward, for the Council, recalled that the Manpower Services Commission had found that 12,000 jobs out of 72,000 in an area which included Cleethorpes,

Immingham and the Humber Bank, as well as Grimsby, depended on fishing. The male unemployment rate was 11%. The Council therefore feared the consequences of a collapse of the fishing industry. Mr MacInness underlined that the industry was being kept going by bank overdrafts (over £ $\frac{1}{4}$ million) and Government aid. By January, it could well be in need of aid again.

9. The Minister explained that the recently announced aid would be made available in a lump sum. That should bring timely relief to the fishermen. He thought that a small change in fish prices would make a great difference to the prosperity of the industry. There was much uncertainty ahead, but he would negotiate the best possible deal on the CFP. It had to be recognised that the shape of the deal was not in the hands solely of the British Government or even of the European Commission but in those of the nine Member States. Ultimately a decision would have to be taken whether to reject or accept the deal that had been negotiated.

10. There would be popular acclaim to be won by a politician who rejected a deal; but rejection would be no good if all the British seas were open to EC fishermen in January 1983. He thought there was a good prospect of reaching a deal in the next few months, after all the intensive preparation that Ministers had put in, which would offer a better secure future to British fishermen than ever before. It would provide a firm foundation from which changes could not be made without the agreement of the United Kingdom.

11. The Minister recalled that the first aid scheme amounting to £3 million had represented the wishes of the industry. Some thought that some of that money had been wasted but it was what the industry had asked for. Indeed it was more, for they had doubled their initial bid in discussion with the Opposition. Mr Mitchell and Mr MacInness disputed the Minister's account of these events. Mr MacInness queried the Minister's figure of £37 million of aid available this year. Some of this represented grants towards boat building.

12. Finally, several miscellaneous points were made. It was agreed that the strong pound was causing difficulties, to counteract which the Official Withdrawal Prices (OWPs) should be changed. It was recognised that the level of the OWPs would have to take account of the requirements of the processing industries and of employment and other factors. It was noted that factories, of the sort for which the Grimsby Council said that it had allowed planning permission recently, involving the import of semi-processed fish, could result in a further loss of jobs in the British processing industry. Grimsby needed the right commercial environment to survive.

13. The Minister promised to send the minutes of the meeting to the Prime Minister, who was closely interested in the fishing industry; and to the Secretaries of State for Employment, Transport, Energy and the Environment in view of their responsibilities in relation to the points raised. The Minister offered to see the delegation again after the CFP negotiations had made progress.

28 SEP 1980

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

G R Waters

G R WATERS
Principal Private Secretary
5 September 1980

Mr Holmwood + 1

- cc Miss Rabagliati
- Mr Steel
- Mr Sadowski
- Mrs Brock
- Mr Kelsey
- Mr Mason
- Mr Dawes
- Mr Packer
- Mr Pattison - No 10
- PS/SS Environment
- PS/SS Employment
- PS/M Transport
- PS/SS Energy
- PS/SS Scotland

PART 3. ends:-

CST to PM 15-8-80.

PART 4. begins:-

Mtg Record; MAH and Grimsby j. Lermen 4/9