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OD(81) 6th Meeting

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CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

MINUTES of a Meeting held at
10 Downing Street on
THURSDAY 19 MARCH 1981 at 9.30 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the
Home Department

The Rt Hon Lord Carrington
Secretary of State for Foreign
and Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Francis Pym MP
Chancellor of the Duchy of
Lancaster and Paymaster General

The Rt Hon Lord Soames
Lord President of the Council

The Rt Hon John Nott MP
Secretary of State for Defence

The Rt Hon Sir Ian Gilmour MP
Lord Privy Seal

THE FOLLOWING WERE ALSO PRESENT

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

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr M D M Franklin
Mr D M Elliott

SUBJECT

RELATIONSHIP BETWEEN FISHERIES SETTLEMENT AND 1981 CAP PRICES

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European Council meeting and might put our 1982 budget refunds in jeopardy. The Government should therefore negotiate on the basis of the latest Commission proposals to protect the United Kingdom market in the hope that this would enable the reserve on the Canadian agreement to be lifted.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that there might be advantage in making a link between CAP prices and fish but experience had shown that it could be done only at the highest political level. The sequence of Councils in the next few weeks might offer the last chance of tying up such a deal. Since the French needed a decision on CAP prices before their Presidential elections, and since the outstanding elements of a fisheries settlement required them to make no substantive sacrifices it should be possible to use their need for the former to secure their agreement to the latter. Nevertheless the French had little to gain from the completion of the CFP negotiations, had doctrinal objections to the access provisions we wanted, and might prefer to sit back and wait for the derogations in the United Kingdom Accession Treaty to expire at the end of 1982. So far as the Canadian agreement was concerned, he shared the desire to avoid a continuing dispute with the Germans; but the Canadian agreement was advantageous to the German fishing industry and disadvantageous to the British. He had nevertheless agreed to a German request to state the minimum requirements to safeguard the British market in exchange for lifting the British reserve. He would consider whether it was possible to move towards the new Commission proposals, but could not recommend acceptance of any measures which would be rejected as inadequate by the industry.

In discussion there was general agreement that the Government could not expect Parliament or the industry to support the lifting of the United Kingdom reserve on the Canadian agreement unless marketing measures could be agreed by the Council that would safeguard the home market against an influx of fish imports from Canada and other countries. It was not acceptable that the Germans should, under the agreement, both gain access to Canadian waters and sell some of the resulting catch on the depressed British market, without any gain for the United Kingdom. The problem was in objective terms only a minor one for the Germans. It affected only a few boats, and the German Government had recently given some £6 million in aid to their fishing industry. The Federal Chancellor had nevertheless built it

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up into a major emotional issue, in which his personal prestige was now engaged. Britain's approach to the forthcoming discussion of the Commission proposals should be as constructive as possible, with the aim of taking some of the heat out of the dispute with the Germans before the European Council. In the absence of Monetary Compensatory Amounts for fish, the required increase in the withdrawal prices for the United Kingdom could involve higher prices in Germany and more fish being used for fertiliser manufacture.

In further discussion, it was suggested that, if Britain did not use this year's CAP price fixing negotiations as a lever to get agreement on fish, the opportunity might not recur again, given the approaching end of the access derogations. The French also had an interest in settling the CFP before Spain acceded to the Community. It was also clear that an early agreement on an overall fisheries package would remove the conflict with Germany over the Canadian agreement. It was accordingly argued that a fisheries settlement should be the first priority for the United Kingdom, and that if necessary it would be worth conceding something on CAP prices to achieve this objective. If the CFP could not be resolved before the end of 1982 and the French began fishing up to British shores this would create the most serious political and diplomatic problem. It could be explained to the French that it would be politically difficult for the United Kingdom to agree to higher CAP prices without an agreement on fish. If the United Kingdom blocked a decision on CAP prices, this might at least force the French to show their hand on fish.

THE PRIME MINISTER, summing up the discussion, said that the Committee agreed that the nearer we approached the expiry in December 1982 of the derogations on access in our Accession Treaty the harder it would be for the United Kingdom to get an acceptable settlement on a revised CFP. They therefore set a high priority on an early fisheries settlement, and noted that the current agricultural price fixing negotiation offered a potential lever of particular importance vis a vis the French. She would seek to probe the position with President Giscard in the margins of the 23-24 March European Council, with a view to using the ensuing Agriculture

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and Fisheries Council to bring about an early resolution of the fisheries problem. The Minister of Agriculture, in consultation with the Foreign and Commonwealth Secretary, should arrange for a speaking note to be provided for this purpose, taking account of the points made in the discussion. Meanwhile the United Kingdom should make no overt linkage between the two issues. The Committee agreed that Britain's reserve on the proposed fisheries agreement with Canada could not be lifted unless the Council could agree marketing measures that would provide the United Kingdom industry with the minimum defensible protection against imports of Canadian and other fish; the Minister of Agriculture should consider what that minimum was and whether there was any room for negotiating manoeuvre beyond the proposals already made. The Committee would review the position as necessary after the Maastricht European Council.

The Committee -

1. Took note, with approval, of the Prime Minister's summing up of their discussion.
2. Invited the Minister of Agriculture, Fisheries and Food, in consultation with the Foreign and Commonwealth Secretary, to arrange for a speaking note to be provided in accordance with the Prime Minister's summing up.
3. Invited the Minister of Agriculture, Fisheries and Food to be guided accordingly in forthcoming discussions of agricultural prices and the proposed European Community/Canada fisheries agreement.

Cabinet Office

20 March 1981