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10 DOWNING STREET

From the Private Secretary

1 July 1980

Subject

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Fishing Ind

Dear Gail,

Revision of the Common Fisheries Policy

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

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

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

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

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

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

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

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

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

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

M. O'D. B. ALEXANDER