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Fishing Ind

Weekend Box

to Pmt

3 July 1980 (2)

COVERING CONFIDENTIAL

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Prime Minister

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

mt

Pmt 4/7

MINISTER'S MEETING WITH MR GUNDELACH 1 JULY 1980

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

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

G R WATERS  
Principal Private Secretary

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

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

Present:

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

1. Introduction The purpose of the meeting was to outline the requirements of the United Kingdom in relation to the renegotiation of the Common Fisheries Policy. The meeting began in the Minister's room at the House of Commons at 1845, continued over dinner from 1930 and ended at 2145.
2. Miscellaneous issues Mr Gundelach took the opportunity of raising three agricultural points with the Minister. Firstly, he asked about the conditions under which the consumption of school milk would be subsidised. Mr Buchanan-Smith assured him that subsidy would be claimed only on the actual consumption of school milk. On that basis, Mr Gundelach said that he would be able to override the objections of his lawyers.
3. Mr Gundelach said that the Commission had now received the representations of the United Kingdom Government about low priced imports of strawberry pulp from Eastern Europe. He said that the Commission was inclined to take action and that he would be taking a decision shortly. Mr Buchanan-Smith welcomed this and asked that the Commission should consider taking similar action over cheap imports of raspberries.
4. Mr Gundelach explained that he faced difficulties in calculating and financing in 1981 the backlog of payments due to the whisky industry as production refunds since 1973. He could find the 40 maa needed for the payment of current production refunds but not the amount to pay for the backlog. In any case, his experts advised him that it would be inappropriate to calculate the amount due by reference to the export restitutions on malt alone. He asked whether the backlog once calculated, could be paid over a period. This might have presentational advantages, in that public opinion would find it odd that a large amount should be paid on whisky grants at a time when money was running out.
5. The Minister, who joined the discussion at this point, recalled that he had been promised a regulation on whisky refunds by December 1980. Mr Gundelach said that there would be a regulation, but he was proposing that the backlog of payments should be made over two years. The Minister said that an accommodation could no doubt be made. He would discuss the issue further with Mr Gundelach once the Commission had got further in working out the details, and after he had cleared the proposal with the Scotch Whisky industry.
6. The Minister told Mr Gundelach that the British tomato market had collapsed. Dutch imports had increased markedly and prices were 20% down. He drew to the attention of Mr Gundelach an article in the Sunday Telegraph of 29 June which reported that some growers were giving away their tomatoes. The Minister said that the crop was worth some £50m in the United Kingdom and that growers were facing intense competition from the Netherlands. The advantage of the exchange rate and of cheaper fuel for Dutch growers was said to amount to 7p per pound. Mr Gundelach replied that the Commission was proposing that gas prices and light fuel for hothouses should be equalised. He had succeeded in

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doing that in 1974. But the Dutch Minister of the day Mr Van der Stee, who<sup>91</sup> more reasonable than the present one. Mr Gundelach would write Mr Braks on the following day asking him to be reasonable, or to understand that the Commission would have to go to law.

7. Fish Quotas Turning to fisheries, Mr Gundelach began by explaining the Commission's approach to the calculation of quotas. The losses in third country waters had been considerable. The Commission's method of calculation showed that the biggest loser had been the United Kingdom. However, it was very difficult to see how these losses could be reflected in the quota allocations for the Member States. There was simply not enough cod available in the waters of the European Community. Both Germany and France would have to give up cod if the United Kingdom was to be compensated; and Denmark would be forced out of the North Sea into the Baltic. Even on saithe, France would have to take quite a bashing.
8. As for mackerel, Mr Gundelach pointed out that the United Kingdom had increased its catches considerably in the last year or so. If shares of the stock were based on the figures for 1975-1976, or even 1975-1978, the United Kingdom would not get as large a quota as it had caught in 1979/80. Therefore, even if the basic method of quota allocation was right compromises would have to be found.
9. The Minister suggested that compensation would have to offered in the form of other white fish because the cod stock had fallen so much. Mr Gundelach pointed out that both cod and saithe would be difficult to allocate though not haddock. Mr Buchanan-Smith suggested that a compromise ought to be possible between France and the United Kingdom because France was specially interested in saithe whereas the United Kingdom regarded cod, haddock and whiting as the important white fish. Mr Gundelach pointed out that the saithe stock was unfortunately not high. France would want to have actual fish now rather than the prospect of an increase in catches as stocks recovered. Mr Mason asked whether France should not take a longer term view as the United Kingdom could be more accommodating on saithe. Mr Gundelach answered that they would not; and nor would Denmark.
10. Mr Gundelach asked what percentages the United Kingdom expected to get of the main fish species, in either EC or United Kingdom waters. It would help him considerably to know what the United Kingdom wanted. Mr Buchanan-Smith said that the three white fish stocks, and herring and mackerel were the crucial ones. Without mackerel the United Kingdom would now have no fishing industry left. Mackerel was therefore of key political importance. Mr Gundelach said that he understood the importance of mackerel. He had seen that his method of calculating quotas would give the United Kingdom too much cod as far as other Member States were concerned and too little mackerel as far as the United Kingdom was concerned.
11. Mr Gundelach asked whether quotas should be set for herring ahead of the resumption of fishing for the stock. Clearly fishing for herring could not be allowed in the North Sea yet but the Dutch would reopen the question after he made proposals about herring quotas in July.
12. The Minister replied that the United Kingdom could not have a fishing agreement that left herring out. Mr Buchanan-Smith thought that herring ought to be included at an early stage. He believed that the British fishing industry would want to see it covered. The Minister argued that agreement would not actually be reached in July

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

#### Conservation

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

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

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

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

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

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

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

20. The Minister said that this was totally different from the information that he had had from Ambassador Ruhfus. His impression is that Mr Ertl had no influence at the moment, his State Secretary (Rohr) seemed to be acting independently. He noted that the Free Democratic Party had just rejected Mr Ertl's advice on agriculture.

21. Returning to the substance, and stressing the confidentiality of the exchange, the Minister said that the United Kingdom had come to the conclusion that the only way of providing satisfactory access was through limiting the size of vessel that could fish in our waters. That solution would be very hard to sell in the United Kingdom and the timing would be very important. He would have to start by demanding something quite different but the ultimate safeguard for the dependent communities must lie in some limitation of vessel size. Mr Gundelach replied that he had always believed this to be so. The notion had previously been accepted by the Germans and the French had not objected to it. They might be more hesitant now, but the solution would have the merit that it would be easier to defend in terms of EC dogma.

22. The Minister again emphasised that it would be very difficult to defend this shift away from the position that his predecessor had taken having regard to the pledges that had been given at the last Election. Mr Gundelach commented that vessel size limitation was a negotiable form of discrimination whereas the other demands were not. Mr Mason added that the solution would be saleable only if the United Kingdom got acceptable quotas as well.

23. The Minister warned that the British industry would not take great delight in that solution. However it would be bad for Europe if it failed to agree on a common policy for fisheries, which lent itself to common regulation perhaps more easily than agriculture did.

24. Mr Buchanan-Smith noted that Denmark would face difficulties over the settlement of the Common Fisheries Policy because the Danes would have to give up industrial fisheries. Mr Gundelach said that they would not do so until after the European Court of Justice had pronounced. The Minister added that Denmark knew that we were prepared to help over the pout box and that we understood the position that they were taking in relation to the European Court.

25. Mr Gundelach said that he would advise the Danes when he saw the Danish Government on 7 July, that they must seek a sensible arrangement. He would encourage the Danes to resume discussion with the British and would call the parties together himself if necessary. This was no time for fooling around. He would see the Prime Minister of Denmark himself if necessary. Mr Buchanan-Smith said that Ministers would take the same line with the Danish Ambassador who they would see on July 10. The regulation of the industrial fishery for Norway pout was of critical importance.

26. Mr Gundelach asked how the British Government would tackle the negotiations on access. Mr Buchanan-Smith replied that we could not close the deal until we know what quotas we would get. Our industry would be very suspicious of piecemeal settlement of the Common Fisheries Policy. He had not pressed the question of access at the last Council, except in so far as was needed to reassure the industry.

27. Mr Gundelach said that he found himself in considerable difficulty on access. He had already made proposals in relation to the 12-mile zone, the phasing out of historic rights and the

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

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

#### UK Quota Aims

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

#### Registrations

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

#### Relations with France

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

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

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

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

#### Spain

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

#### Further Bilaterals on Fish

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

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

G R Waters

G R WATERS  
Principal Private Secretary  
2<sup>nd</sup> July 1980

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