

See Mr Franklin



From the Minister

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

(2)

Ronnie Penrice

This was delivered after  
Mr Jenkins had left!

*[Handwritten initials]*

19 October 1979

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- 22/4

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PRIME MINISTER

!!

I would like to bring to your attention a number of matters in connection with your forthcoming meeting with Roy Jenkins.

I am told by Commissioner Gundelach that Roy Jenkins has been briefed to protest to you about the continuation by the British Government of the Pout Box that prevents the Danish fishing industry from fishing for pout in our waters. The reason for the pout box is that the Danish industrial fishery not only extracted the pout, which is not a fish that people eat, but also along with it young fish of edible species, particularly haddock and whiting. Were these allowed to grow, they would be much more valuable and would help make good the reduction in our fishermen's catches caused by depletion of edible white fish stocks. The British fishing industry therefore consider the maintenance of control on the pout fishery to be of great importance in our conservation policy.

It is the Danes who have failed to provide important scientific information. We have expressed our willingness to sit down with them to exchange all scientific information and to ascertain if there is any way in which the pout can be extracted without damage to other species.

3 It is, in my view, a scandal within Denmark that the Commissioner openly criticised us and went so far as to state that if the Commission lost the Court action against us he would resign as Commissioner.

With regard to your discussions on the CAP, there is little doubt in my mind that the Commission's thinking and the thinking of those Member States who benefit from the CAP is to enter a phase where they avoid the discipline of hitting the budget ceiling by turning to raising money by means of levies.

/For example, if you ...



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For example, if you place a 5% levy on milk and put up the intervention price of milk by 5% they will argue that this is a price freeze, but of course the effect is substantial additional income to the Commission to be spent in other ways.

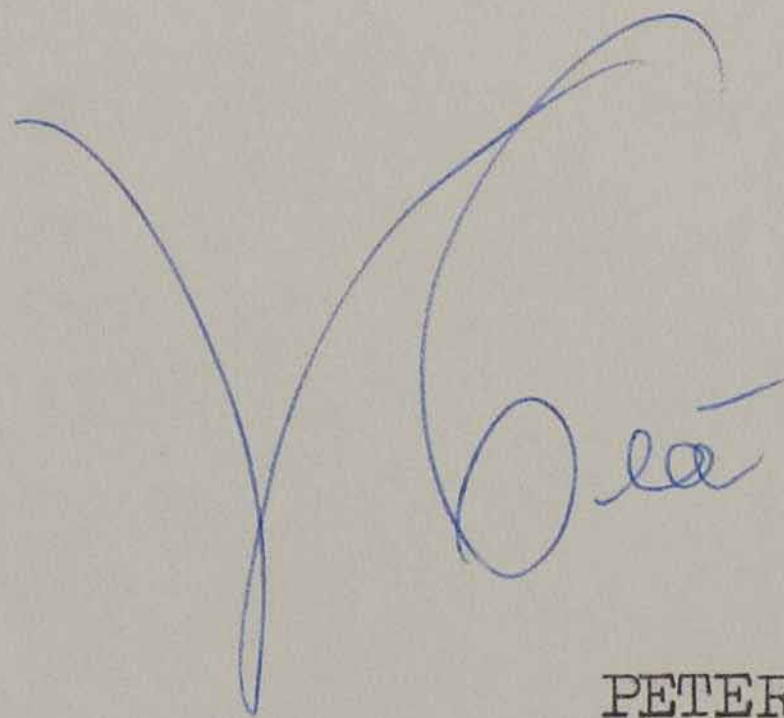
I am sending you an in-depth paper<sup>\*</sup> that was the basis of detailed discussions in my Department on the CAP and I must warn you that it is depressing as far as the consequences of price freezes and their effect upon diminishing surpluses are concerned.

Firstly there is the fact that the immediate reaction of a price freeze is to try and increase production, both by improving yields and taking on additional livestock, but even after this has proved to be ineffective, national aids come to the rescue of the farmers concerned for all the political purposes connected with small farmers, and I am absolutely certain that the majority of Member States, if not all of them, would, confronted with a price freeze, support their farmers in other ways. It is doubtless one of the explanations why the French are increasing their already vast agricultural budget by 15% in real terms in 1980.

I think, therefore, we have also to consider other methods of reducing the surpluses and although there is no single attractive method, such is the dimension of the problem that I think we must be prepared to look at other radical changes.

... I hope you will press Mr Jenkins very strongly upon the actions of the French with regard to sheepmeat and as yet the total inactivity of the Commission, including Roy Jenkins, in seeing that the law is respected. I attach to this minute marked paragraphs of the Court judgment which, if you have time to glance at, will show you how total is the rejection of the French position.

I hope you will say to Mr Jenkins that an announcement by the French that they will lift the ban some time in November is not good enough, because the lifting of the import ban towards the end of the year generally happens when French prices strengthen, and that he must obtain from them a clear confirmation that they will never again re-impose the ban or the levies that are placed upon our exports.



PETER WALKER

\* to follow.