

Copied to
Fishing and P&C
Fishery Limits

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European Policy
Germans linked agreement
to Germany/Canada.
Then wanted it separately.

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.

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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.

A handwritten signature in dark ink, appearing to read 'R. Armstrong'.

Robert Armstrong

(signed on behalf of
Sir R. Armstrong).

18 March 1981