

FISHERIES

The Minister of Agriculture rang this afternoon from Brussels to give some additonal background on today's negotiations in Brussels. He said that the outcome had been satisfactory to the extent that the French were now firmly identified in the eyes both of his Ministerial colleagues and of the Press as the guilty party. The contradiction between the negotiating posture of M. Hoeffel and President Giscard's publicly-stated willingness to seek a solution was apparent to all.

Mr. Walker said that M. Hoeffel had again told him that, the French would not be able to do anything until after the election. The Commission have apparently said that the French had made it clear to them that they are prepared to negotiate on access and to accept the concept of boxes off Scotland but that they could not hope to get a settlement past their industry in the run-up to the election.

The Germans were, once again, critical of our position. However, the responsible German Minister, Rohr, told Mr. Walker that the Federal Government now regarded the present episode as "over" and were anxious to work together with us from now on.

Mr. Walker said that he had remained in close touch with the industry and they were content with the position now reached.

Mr. Walker will be in London on Monday morning. I think it would be helpful if you could see him to discuss today's events as well as the line to be taken next week. We have arranged a meeting for 1000 and have invited the Secretary of State for Scotland and the Lord Privy Seal.

/I may be

*mf*



I may be doing him an injustice, but I have the impression that Mr. Walker may be preparing the ground to argue, either on Monday or later, that there is now a sufficiently good prospect of progress on fish to justify our allowing an agricultural price agreement to be concluded if it is generally acceptable to us.

If you wish to speak to Mr. Walker before Monday morning, he will be reachable on 0905 773309 throughout the weekend. I doubt whether there is, in fact, anything that cannot wait until Monday morning.

*Rm*

I now attach a note prepared by Mr. Franklin for Monday's meeting.

27 March 1981

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MR ALEXANDER

Community Negotiations on Fisheries and Agriculture

The Prime Minister is seeing the Minister of Agriculture, the Secretary of State for Scotland and the Lord Privy Seal on Monday morning to take stock of the negotiating situation after the Fisheries Council today. Mr Walker will be able to report on the text agreed by the Council and the attitude of the fishing industry. E Committee has agreed that the further aid to the fishing industry of £25m should be announced on Monday.

2. The question for decision is how Mr Walker should now play the hand in the Agriculture Council. He may be inclined to argue that the fishing industry is content with the commitment to an early settlement and that he should now go ahead and settle agricultural prices and the economy measures on their merits. However this would leave us with no assurance that the French would settle fish on acceptable terms even after the Presidential elections. The Foreign and Commonwealth Secretary before leaving for the Far East, took the view that, while it would be a mistake to make any explicit link between the CFP and CAP prices, we should nevertheless ensure that, if fish had not been settled, no decisions on agriculture should be taken next week. He considered that this situation could best be achieved by sticking out for -

- (a) the super levy on milk and other items in the economies package (as the Prime Minister made clear in Maastricht); and
- (b) the German formula limiting the rise in agricultural spending to a rate markedly lower than the growth of own resources (strongly supported by the Chancellor but not favoured by Mr Walker).

OD recognised that the super levy was probably unnegotiable; nor are we likely to get the budgetary commitment except in the context of budgetary restructuring. But both are perfectly credible points to stick on if we are going to press the French harder on fish.

3. If it is agreed that we should not settle agriculture next week (unless by some miracle both our conditions were satisfied and all the other elements

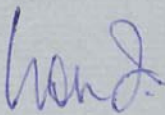


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fell into place), Ministers would then have the choice of -

- (a) making it clear to the French that we need a fisheries settlement before we will settle agricultural prices. This is the only certain way of getting fisheries settled quickly, but will provoke a major crisis with all our partners, and risk upsetting our own farmers as well. We could not avoid the link becoming overt;
- (b) telling the French that we need to know the terms on which fisheries will be settled (after their elections) before we can settle agriculture but that we would not insist on the one preceding the other. It would be difficult to keep such a deal secret, and to some extent we would have to take the French on trust. But it would be less damaging to our relations with the rest of Community than course (a). ~~If we~~ If we offered it to the French and they refused, course (a) would still be open to us. It would need private bilaterals with the French;
- (c) resting on the Fisheries Council and hoping that early settlement on agriculture prices would create the right climate to resolve fish on terms satisfactory to us in June.

4. It would not be necessary to decide which course to take on Monday morning. The Prime Minister might invite the Lord Privy Seal to put a paper to OD for decision after the Agriculture Council. In the meantime we should say nothing more to the French.



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27 March 1981