

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



From the Minister

CONFIDENTIAL

PRIME MINISTER

Prime Minister

You may wish to await
the Chief Secretary's views
before commenting.

14 October 1982

A. S. C. 15/10

We reported to Cabinet last week that it would be impossible to continue withholding aid to the fishing industry in the event of a failure of the negotiations on the Common Fisheries Policy scheduled to take place on 25/26 October. You will recall that permission was given by colleagues to provide aid in July in the event of our success in negotiations at that time.

Following the failure to reach agreement in July, we have continued to delay the provision of aid knowing that it would assist us in obtaining the industry's acquiescence in a settlement if it were announced at the time of a settlement.

We must, however, report that the financial situation of the industry is now serious. Confidential information from the Bank of England is that the Midland Bank are about to withdraw support to Consolidated Fisheries, of Grimsby, and that other major fishing companies are currently in what the Bank of England describes as "intensive care".

Last year we provided £25m worth of aid which just enabled the industry to break even, but in no way to reduce its very heavy bank borrowings. Although the industry had a better start this year than last, the current figures are not good, and we believe that costs in the industry will exceed aggregate earnings by between £15 and £20 million.

/We must, therefore, seek ...

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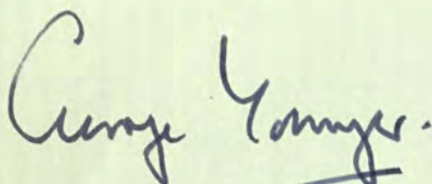
We must, therefore, seek approval to provide £15m on a repetition of the Fishing Vessel Temporary Support Scheme which we ran in 1981/82. Funds for this are available from the PES provision of just over £24m for 1982/83. We would announce the new aid measures immediately following the discussions on 25/26 October.

Like the Chief Secretary, we would like to spend money on basic restructuring but this would not serve to meet the immediate problems. Such investment in restructuring would be likely to be centred in the short run on Hull and Grimsby, and would not, therefore, assist us in the highly politically sensitive areas of Scotland and South West England. We would also hope as part of the final Community agreement to obtain the maximum benefit from Community funds for restructuring.

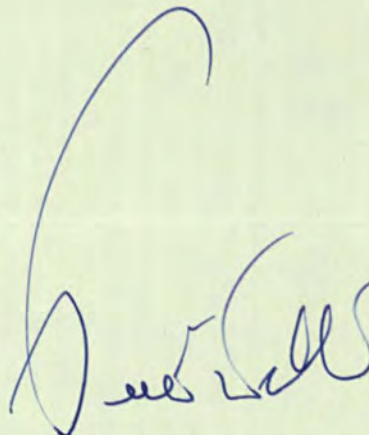
For the same reasons we do not think we should give undue weight to the fact that the Commission have now launched a legal challenge to our previous schemes, and might well take action against this one. We will in any case try to persuade the fisheries Commissioner that it would be wise for the Commission not to pursue their challenge in this case.

If the negotiations on 25/26 October are successful we will, of course, be complying with the agreement made with colleagues last July. If they are unsuccessful the depression in the fishing industry will be of such a degree that the measures will be very much needed.

✓ Copies of this minute go to the Foreign Secretary, the Attorney General, the Secretary of State for Wales, the Secretary of State for Northern Ireland, the Chief Secretary to the Treasury, and Sir Robert Armstrong, *and the Lord Advocate.*



GEORGE YOUNGER



PETER WALKER

CONFIDENTIAL

RM



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Fishing Ind

10 DOWNING STREET

From the Private Secretary

21 October, 1982

Dear Robert,

AID FOR THE FISHING INDUSTRY

The Prime Minister has seen the correspondence ending with the Chief Secretary's minute of 20 October. She agrees that £15 million of aid should be made available to the fishing industry in 1982/83 by way of operating subsidy, subject to the points made in paragraph 4 of the Chief Secretary's minute of 20 October.

I am copying this letter to Roger Bone (FCO), John Gieve (Chief Secretary's Office), Jim Nursaw (Attorney General's Office), Muir Russell (Scottish Office), Adam Peat (Welsh Office), Mike Hopkins (Northern Ireland Office), Christine Duncan (Lord Advocate's Office) and Richard Hatfield (Cabinet Office).

Yours ever

John Gieve

R Lowson, Esq.,
Ministry of Agriculture, Fisheries and Food

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Prime Minister

Agree that the aid should be made available, subject to the conditions laid down by the Chief Secretary?

PRIME MINISTER

A.J.C. 29/10.

Yes

AID FOR THE FISHING INDUSTRY

I have carefully considered a report by my officials following on the discussion they had with MAFF officials on Tuesday 19 October.

2. In all the circumstances I accept that £15 million of aid should be made available to the industry in 1982-83 by way of operating subsidy.

3. I underline the point mentioned by the Secretary of State for Scotland and the Minister of Agriculture Fisheries and Food, that the Commission have launched a legal challenge to the two previous schemes under Article 93(2) of the Treaty of Rome. I consider that the initial announcement to Parliament should make this clear. I am content with the form of words that Treasury and MAFF officials have drafted to cover this point.

4. My agreement to the proposed aid is also subject to the following points:

(a) there is no question of further temporary assistance being made available to the fishing industry during the course of 1982-83. If the discussions at the Fisheries Council are wholly successful the proposed assistance would cover the position envisaged in July. If negotiations are unsuccessful, payments will be made over a number of months and certainly while that is being done no further assistance should be provided.

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(b) If agreement to a CFP is long delayed it must be understood that there is no necessary implication that further assistance be made available to the industry in 1983-84.

(c) Officials should consult as soon as possible on the implications of either partial or full CFP agreement regarding the future size and composition of the UK fishing fleet.

5. Copies of this minute go to the Foreign Secretary, the Attorney General, the Secretaries of State for Scotland, Wales and Northern Ireland, the Minister of Agriculture Fisheries and Food, the Lord Advocate and Sir Robert Armstrong.

L.B.

LEON BRITTAN
20 October 1982

Fishing Tnd : Fishery Limits Policy Pt-5

2 OCT 1982



COMMERCIAL
LONDON



Prime Minister

Prime Minister

[Handwritten initials]

We shall await the Chief Secretary's views but should get them in the next 48 hours.

A.J.C. 19/10.

AID FOR THE FISHING INDUSTRY

I am writing to add my support to the letters of 14 October from Peter Walker and George Younger and to that of 18 October from Nick Edwards.

2. The Northern Ireland fleet, in common with its GB counterparts, is faced with serious economic difficulties and I am sure that our prime objective must be to meet the immediate economic need to keep the fleet intact and ready to meet the challenge of 1983.

3. Although I much prefer a system of subsidy based on 'days at sea', which would have the effect of precluding a number of boats which in past months have been kept fishing solely to qualify for any subsidy, in the interests of speed and to avoid complexity, I concur with Peter Walker's view that an early announcement is desirable and paramount.

4. I am copying this minute to the Foreign Secretary, the Attorney General, the Secretaries of State for Scotland and Wales, the Minister of Agriculture, Fisheries and Food, the Lord Advocate and Sir Robert Armstrong.

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[Handwritten initials]

JAMES PRIOR
(Signed on behalf of
the Secretary of State
in his absence)

19 October 1982

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Fishery limits



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Prime Minute

The Chief Secretary's comments are expected soon.

A.J.C. 4/10.

Handwritten signature

PRIME MINISTER

AID FOR THE FISHING INDUSTRY

I am writing to add my support to the minute of 14 October from Peter Walker and George Younger.

Like the rest of the UK the situation facing the Welsh fishing industry has become so serious that further direct aid is necessary irrespective of the outcome of the Common Fisheries Policy negotiations scheduled for 25/26 October. The alternative of basic restructuring would be as unhelpful in Wales as in Scotland and South West England.

/ I am sending copies of this minute to the Foreign Secretary, the Attorney General, the Minister of Agriculture, the Secretary of State for Scotland, the Secretary of State for Northern Ireland, the Chief Secretary to the Treasury, the Lord Advocate and Sir Robert Armstrong.

Handwritten signature

18 October 1982

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R N E

Fishing Incl.
Aid.



18 OCT 1982

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Fishing Ind



PRIME MINISTER

N. B. P. R.

M 19 / 10.

AID FOR THE FISHING INDUSTRY

with ASC? -

I appreciate the need to reach an urgent decision on the proposal contained in the letter of 14 October to you from the Secretary of State for Scotland and the Minister of Agriculture, Fisheries and Food.

2. There are a number of points that I would like my officials to explore with MAFF officials before I comment (this discussion has been arranged for the morning of Tuesday 19 October).

*B/F 1
CST 4/10*

3. I will obviously let you have my comments as soon thereafter as I can.

4. Copies of this minute go to the Foreign Secretary, the Attorney General, the Secretaries of State for Scotland, Wales and Northern Ireland, the Minister of Agriculture, Fisheries and Food, the Lord Advocate and Sir Robert Armstrong.

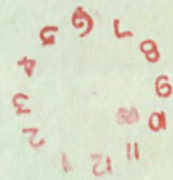
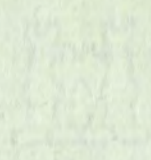
LEON BRITTAN

[Approved by the Chief Secretary and signed in his absence]

FISHING INDUSTRY : P.T.S AID TO FISHING INDUSTRY.



COMPANION



18 OCT 1982