



Pm's Office

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EC(FA) are considering
this whole issue on
Wednesday with a
view to an announcement
on Thursday or Friday.

Prime Minister

AID TO THE FISHING INDUSTRY

IL

I have seen George Younger's and Peter Walker's minutes to
you proposing £3 million of aid to the fishing industry, with
which Humphrey Atkins agrees. I note John Biffen's opposition
to the proposal. 14/3

2. We have an important and difficult task in the coming months in carrying the fishing industry with us in the negotiations for an acceptable settlement of the Common Fisheries Policy and through the alarms and anxieties which will be inevitable if, against our wishes, fisheries and the budget become linked. It is clear that there is widespread unease and economic difficulty in the industry. If £3 million has a significant effect in strengthening the industry's confidence in the Government and the future of their industry it seems a price well worth paying.

3. I also think it important that we take a longer term view of what can be done to help the fishing industry to adjust to changing conditions and to improve its performance. This includes the processing of fish; it cannot be good for our trading position that such a large proportion of fish caught in our waters is sold abroad untreated - including, I understand, a high proportion of the mackerel catch.

4. There is one specific European Community point. We would have to notify State Aids of the kind proposed to the Commission under Article 93.3 of the Treaty of Rome and would not be able to proceed until we had received the Commission's approval that they do not distort competition and are compatible with Article 92. Failure to comply with the procedure would risk European Court

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action against us which could be damaging at this juncture of the Common Fisheries negotiations. Since the procedure normally takes two months, we would need a major political push to get approval more quickly.

5. On the point raised in paragraph 4 of John Biffen's minute, we have never in fact objected to the French financing entirely by themselves a sheepmeat intervention system. This is not therefore a valid argument against national aid to the Fish Producers Organisation.

6. I am copying this minute to the recipients of the other correspondence.

1.47.

7 March 1980

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