

*H. Paul*

*Fishing*

MINISTER'S MEETING WITH THE FISHING INDUSTRY 3 JULY 1980

Present:

Minister		Mr Gibson	)	
Minister of State (C)		Mr Baird	)	
Minister of State (Scottish Office)		Mr Hay	)	
Mr Mason	}	Mr Middleton	}	SFF
Mr Holmwood		Mr McCall		
Mr Dawes		Mr Buchan		
Mr Waters				
Mr Cormack	}	Mr Dobbie - FOS		
Mr Alexander		Mr Parkes	)	
Mr Morrison (DANI)		Mr Laing	)	
		Mr Wood	)	BFF
		Mr Claridge	)	
		Mr Hellyer	)	
		Mr Mainprize	)	
		Mr Cox	)	
		Mr Grigg	)	NFFO
		Mr Atkins	)	
		Mr Crawford	)	

1. The Minister met representatives of the fishing industry today to assess the economic position of the industry. The Minister apologised for having to leave for Cabinet after half an hour but explained that his involvement in intensive bilateral discussions with other Community Fisheries Ministers prevented the meeting from being rearranged for another date. He proposed that officials should examine the detailed evidence with the organisations after having heard their views; and that thereafter the Secretary of State for Scotland and he would decide what action should be taken. He appealed to the fishing industry to understand that the Government was in no position to assist the industry to return to prosperity with the scale of subsidy demanded.

2. In discussion, representatives of the industry asserted that the figures already provided to the Minister spoke for themselves. There had been a severe downturn in profitability since March and the ending of the mackerel season. Imports and fuel costs had risen. Fishermen were deferring pay increases and accepting reductions in a short term expedient to keep ships at sea. The alarming indebtedness of the industry was increasing. Fish prices had fallen substantially. If they had stayed at 1979 levels, the industry could have got by; and would have done better if they had risen by 20% in line with inflation; but they had not. Restrictions should be imposed on imports. Costs were increasing while the market was contracting. There was now a dangerous dependence on mackerel.

3. Four reasons were given for regarding the fishing industry as a special case. Firstly, the negotiations on the Common Fisheries Policy had gone on for 4 years, in which time different countries had provided unequal aids and unequal fishing opportunities for their industries. Secondly, the fishing industry was an efficient and viable one, free of labour troubles, unlike the motorcar and other industries. Thirdly, the percentage of its

costs represented by oil was surpassed only in the horticultural industry. Fourthly, it had no control over its selling prices which were determined by international agreements.

4. The Minister expressed understanding for the problems of the fishing industry but pointed out that many other industries found themselves in similar circumstances. The Government had not the money to solve the troubles of all the industries that faced similar difficulties.

5. In response to Mr Buchanan-Smith, who deputised for the Minister for the remainder of the meeting, representatives of the industry made some further general points. They argued that other countries subsidised oil prices; that North Sea oil had disadvantaged the fishing industry by raising labour and accommodation prices; that the consequences would be serious if the banks foreclosed; that national resources would be handed to our competitors if the United Kingdom fleet was further diminished; that the way of life of the fishermen was peculiar and should be preserved; that the industry had shown that it needed money. The Ministers were asked to take action to stop imports and to maintain and increase the standard of living of fishermen in accordance with Article 39 of the Treaty of Rome. They were also asked to subject foreign landings to British port disciplines.

6. It was said that a Conservative Government had led the fishing industry into the dilemma and that a Conservative Government must now get it out. As two-thirds of the waters of the European Community lay around our coast, the United Kingdom must have the major share of the fish and a fleet to catch it. Fuel subsidies would not save the Scottish fishing fleet. The price of fish itself must be raised. Summing up this part of the meeting, Mr Buchanan-Smith said that the purpose was not to reach solutions but to assess the evidence of the industry. He and his officials would like to probe it before deciding, together with colleagues, what should be done. He next examined individual papers that had been presented by the fishing organisations.

7. In relation to the BFF paper, industry representatives explained that the projections of market prices took account of input costs as well as changes in patterns of fishing opportunities and consumer preferences. The figures were based on somewhat optimistic assessments. It was acknowledged that the first 3 months of the 6-month period April-September had largely influenced the total assessment. The figures include the cost of temporarily laying-up vessels though not to permanently doing so. The cash flow included revenue from the disposal of boats and the sale of frozen fish and inter-group borrowing. Mr Buchanan-Smith said that his officials would follow up the detail later and would appreciate having access to the projections of individual companies. As for the NFPO paper, industry representatives argued that the capital indebtedness was under-stated because the sample was based mainly on older vessels. The aim had been to get a representative picture of the

financial difficulties facing the fleet and the examples had been culled from a larger sample. The Hartlepool figures were said to be entirely representative of the fleet. Mr Buchanan-Smith asked for more information about those costs shown as "other costs".

8. Lord Mansfield said that he would ask Mr Cormack to discuss the detail of the SFF paper with its authors. The important point was to present the case in the very best light. He was assured that the SFF figures would stand scrutiny. He asked how far an improvement in the end prices of fish would avoid the need for subsidies on fuel and interest rates. It was explained that the question did not admit of a precise answer. He pointed out that interest relief would not help those who had not borrowed. He then left the meeting.

9. As for the FOS paper, industry representatives acknowledged that some boats in the very diverse inshore fleet were doing better than others but input costs had risen faster than end prices. Many vessel owners were going out of business while some were not carrying out essential maintenance. Market prices fluctuated wildly. Fishermen jostled with each other in their intense competition for remaining stocks. They could not cope with the unfair foreign competition that they faced, as they had said to the Government for years.

10. As for prospects, industry representatives thought that the outlook was bleak. While other countries increased their fishing activities, the British had lost out. Particular criticism was reserved for the cost of survey fees. Others argued that the official withdrawal prices and reference prices should be raised.

11. Finally, Mr Buchanan-Smith assured the meeting that officials would be pursuing points of detail on the evidence by telephone. Thereafter Ministers would consider what action should be taken. He could give no time limit by which a decision would be taken but the matter would be handled with due urgency.

Mr Mason +1

cc Miss Rabagliati  
Mr Steel  
Mr Sadowski  
Mrs Brock  
Mr Kelsey  
Mr Packer  
Mr Dawes  
Mr Holmwood  
PS/SS/Scotland  
PS/SS/Wales  
PS/SS/NI

Mr Alexander (No 10)  
PS/SOSFA  
Mr Cormack (DAFS)  
Mr Alexander (DAFS)  
Mr Morrison (DANI)  
Mr Franklin (Cabinet Office)

*G R Waters*

G R WATERS  
Principal Private Secretary  
3 July 1980

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