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From the Minister

25 June 1980

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PRIME MINISTER

REVISION OF THE COMMON FISHERIES POLICY

1. The Council of Fisheries Ministers on 16 June was relatively low-key. Decisions were taken on some minor matters and a more substantive meeting is expected on 21 July for which the Commission have undertaken to put forward proposals for the allocation of catch quotas between member states. The next few weeks will be a vital period for us on fisheries and you might like to have an assessment of how I see the position.
2. The Fisheries Text agreed by the Foreign Affairs Council on 30 May states that the revised CFP must be agreed before the end of the year and there was a general recognition in the Fisheries Council that negotiations will have to start in earnest in July. The others have already started to stake out their claims. The French and German Councils of Ministers have issued statements claiming that the 30 May text recognises equal access as a Community principle which, of course, it does not. The French Minister has claimed publicly that his Government will block the follow-up action on the budget if the CFP is not agreed. No doubt there is a large element of negotiating tactics in all this, but the French and also the Germans and Danes are likely to continue to take a tough line.
3. In this climate it will not be easy for the Commission to put forward new proposals that will be favourable to us; this is especially true of access on which we have no real support from the others. Gundelach will be making a tour of capitals sometime in the next few weeks: afterwards he

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will put forward new proposals which all will expect to form the firm basis for a solution and to which it will be very difficult to secure any major changes at a later stage. He has not yet accepted that these must cover access and I must therefore give him very soon a comprehensive outline of what would meet our overall needs. I set out below in broad terms a possible line but there are important constraints which we should bear in mind, both in terms of quotas, upon which we will be very demanding, and on the vital question of access.

4. In particular, as you know, the fishing industry is under very severe pressure as a result of the loss of distant water fishing opportunities over the last ten years, and more recently of the effect of the strength of sterling on import and hence UK market prices: at the same time very substantial increases have occurred in fishermen's costs. These are factors that we can do little to change, although you are aware (for example from the recent correspondence with Jim Prior) of the political pressures to which they give rise. We can, however, try to deal with the uncertainties affecting the industry which are compounded by the over-fishing of vital stocks, something which will continue until the common fisheries policy is settled. The fishing industry badly needs a CFP settlement and the more thoughtful leaders are beginning to appreciate the fact. Even so we might be justified in continuing to take a very tough line in the expectation that eventually the other member states will see reason.

5. However, there is the problem that I set out on ^{21.1.82} ✓ August last when my office sent yours our assessment of the legal position if the CFP remained unsettled. You may recall that this explained that essentially we face two major difficulties. The first is that the access derogations in the Treaty of Accession expire on 31 December 1982 and after that date 'equal access' or, to put it another way, 'access up to the beaches' will apply unless a contrary decision is taken. The others will know, therefore, that if no decision is taken on

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the CFP this year our negotiating position will progressively weaken as the 1982 deadline approaches.

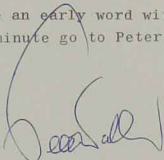
6. The second difficulty is that we face judgements in European Court cases in which the national conservation measures we have adopted over the last couple of years may be held to be illegal by the Court. Judgement in the first case is expected before the summer break. The views of the Advocate-General are already available and, unfortunately, are significantly more unfavourable than we had expected. If his views were to be supported by the Court we would probably have to abandon the national measure to which our fishermen attach most importance - the Norway pout box. Even the option of defying the Court would probably not avail us in this case. The Danes are likely to challenge the measure both by forcing us into mass arrests, bringing about a physical confrontation, and by instituting legal proceedings in our civil courts to claim damages. Moreover, it is probable that our own Courts would not enforce a national law held to be incompatible with Community law; we would therefore not be able to enforce penalties even if we did not repeal the measure. Our position in practical terms is therefore very much weaker than that of the French in the sheepmeat case. The industry will demand that a box be reintroduced which will only be possible by reaching agreement in the Community. Similar adverse consequences are likely to follow the other Court judgements. The overall effect of the Court's judgements will therefore also be to weaken our negotiating position.

7. The prospects are, therefore, decidedly bleak if we do not reach a conclusion fairly soon. I do, however, see one possible way forward. The number of large vessels in the United Kingdom fleet has already declined to such an extent that they no longer represent a major interest. Economic forces have meant that the number of deep sea vessels has halved between 1975 and 1979 and there have been substantial further reductions since. It is clear that the future lies progressively with the smaller vessels which are better able to cope with present day conditions. We cannot ride two horses at once and there is a strong case in political and economic

terms for recognising that our main objective should be to secure a good long term future for the inshore fleet. There are more than 7,000 vessels, albeit some of them very small and only used part-time, that compose our inshore fleet, whereas we are now down to only around 300 vessels of over 80ft and only 24 over 140ft. Naturally we should secure as many long distance fishing opportunities as is possible but it must be right for us to concentrate as our prime purpose ^{on} a secure future for inshore fishing.

? 8. We could, I believe, devise a plan on access, especially round Scotland and the other areas covered by the description 'north Britain' mentioned in Annex VII of the Hague Agreement for which the Fisheries Text envisaged special arrangements, which offered substantial advantages to the smaller vessels but was overtly less discriminatory than a simple flag preference. A plan on these lines would also commend itself more to the Commission than an overtly discriminatory one and I would hope that George Younger and I could persuade Gundelach to put it forward at the same time as quota proposals. In an eventual solution which favours the inshore industry we will have to consider substantial grants to help the deep sea fleet to adapt to the new circumstances. This would offer much the best chance of a satisfactory overall deal this year. I believe that most of the industry, especially that large part located in Scotland, could be brought to appreciate its advantages.

9. I suggest George Younger and I have an early word with you about these ideas. Copies of this minute go to Peter Carrington and Ian Gilmour.


PETER WALKER