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10 DOWNING STREET

SUBJECT.

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McC. Fishing Industry: Aid to
Fishing Ind: PK H.

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From the Private Secretary

30 March 1981

Dear Sir,

Agricultural Prices and the Fisheries Agreement

The Prime Minister held a meeting this morning to discuss the outcome of the meeting of the Fisheries Council on Friday 27 March and its consequences for this week's meeting of the Agricultural Council. The Minister of Agriculture, the Lord Privy Seal, the Secretary of State for Scotland and Mr. Franklin were present.

The Minister of Agriculture briefed the Prime Minister on his meeting with M. Hoeffel at Northolt on 26 March and on the subsequent meeting of the Fisheries Council. He said that the net result of the discussions had been to make it clear to all that the blame for the absence of progress towards a Common Fisheries Policy lay with France. There were however some signs that the French might be inclined to make a serious effort to reach agreement after the Presidential elections in May. One incentive for them to do so was the prospect of Spanish accession to the Community. Had they been intent on resisting any agreement, it would have been natural for them on Friday to have emphasised their position of principle on the question of access. They had not done so. On the other hand it was argued that this last point might equally be explained by a desire on the part of the French to avoid provoking an unyielding stand on our part in the agricultural price discussions.

In a more general discussion of tactics at the Agricultural Council, the Prime Minister said that we should go hard for everything we wanted. If we achieved all our requirements i.e. on both prices and economies, we could not hold up an agreement.

It was pointed out that there was little if any chance of this eventuality arising. It was, for instance, virtually inconceivable that we would get agreement on a super levy. Both the Germans and the French were strongly opposed to this. The Prime Minister said that in these circumstances agreement should not be concluded this week. A further meeting of the Agricultural Council was scheduled for 9/10 April. The Prime Minister said that she would like to have a further discussion in OD and/or Cabinet before that meeting.

As regards contacts with the French Government in the interim, the Prime Minister said that the drafting of a message from her to President Giscard should be put in hand (I should be grateful if you

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could see that this is done). The objective of the message would be to get down in writing the various remarks made by M. Hoeffel and to extract from the French the best available undertaking about their intentions after the Presidential election. (It was recognised that this might not amount to much.) One way of following up the message might be for the Prime Minister to talk to President Giscard on the telephone.

The timing of the despatch of the message will be decided in the light of developments at the Agricultural Council. It was argued that there would be advantage in allowing the firmness of our position in Brussels this week to become apparent before sending any communication to President Giscard.

I am sending copies of this letter to Kate Timms (Ministry of Agriculture, Fisheries and Food), John Wiggins (HM Treasury), Godfrey Robson (Scottish Office) and David Wright (Cabinet Office).

Yours ever

Michael Alexander

Stephen Gomersall, Esq.,
Lord Privy Seal's Office.

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