



Ministry of Agriculture, Fisheries and Food  
Whitehall Place London SW1A 2HH

From the Minister's Private Office

Miss Caroline Stephens  
10 Downing Street  
London SW1

23 April 1980

*Dear Caroline*

HULL: PRIME MINISTER'S MEETING WITH MR CAIRNS (TGWU):  
24 APRIL 1980

--- I enclose a revised brief for the Prime Minister to use at tomorrow's meeting with Mr Cairns which replaces the one sent to you by Ros Bratley on 21 April. My Minister has not yet had a chance to see this brief because he is at the Council of Ministers meeting in Brussels.

You may wish to note that the letter of 18 April from Sir Humphrey Browne, Chairman of the British Transport Docks Board, to the Prime Minister about the Board's policy towards Hull Docks, will be relevant to tomorrow's meeting.

I am sending copies of this letter and of the brief to the *Private Secretaries* Lord Bellwin at the Department of the Environment as he will <sup>to</sup> be in Hull on Friday, and to the Secretary of State for Industry as the brief includes references to the possibility of aid under the Industry Act 1972.

*Yours sincerely*

*David Jones*

D E JONES  
Assistant Private Secretary

HULL FISHING INDUSTRY: MEETING WITH MR CAIRNS, 24 APRIL 1980

BRIEF FOR THE PRIME MINISTER

1. During her visit to Hull on 14 March the Prime Minister agreed to a request from Mr Cairns of the Transport and General Workers Union to discuss with local representatives their proposals for overcoming the problems of the Hull fishing industry.

2. Proposals have been developed by representatives of the Union, the City Council and the Fish Merchants Protection Association. It is understood that the Trawler Owners have now been invited to join a consortium to implement the arrangements. Separate papers have been sent to the Prime Minister's Office by the Deputy Lord Mayor and by Mr Cairns.

3. The Deputy Lord Mayor's paper (Annex A) seeks a Government offer of grant -

(a) to enable the fish docks to be bought from the British Transport Docks Board should they close them (or raise dock charges to a level that discouraged vessels from using them); it is estimated that a grant of £2 million would be required;

(b) to fund the establishment of a company to land the fish. The case for such aid is argued by reference to the assumed long-term viability of Hull as a fishing port and the need to protect employment.

3. The paper from Mr Cairns (Annex B) analyses the needs of the fish landing company in more detail and estimates a requirement of £108,500 to purchase equipment and provide a permanent labour force with guaranteed earnings.

## PURCHASE OF DOCKS

5. The first request, for grant aid to purchase the fish docks if they are closed, may be a straightforward proposal. However the main objective is to keep the docks open and the delegation may believe that if the Government arranged for BTDB to keep their charges low this could be achieved. They may therefore ask alternatively for pressure to be put on BTDB.

6. The day-to-day operation of the ports under their control is a matter for BTDB and the Government has refused to intervene in such issues. The Board explain that their basic policy is to set charges at a level which, taking account of expected usage of the docks, will provide the revenue to cover the costs involved. They have not been prepared to subsidise the fish docks at the expense of the Hull commercial docks which are apparently also in a delicate financial position.

7. Underlying the industry's proposals there appears to be an assumption that the fish docks can be made to pay. Mr Cairns' paper notes that the level of throughput is very much an unknown quantity but then assumes that income will justify keeping the docks open. The Deputy Lord Mayor's paper makes no reference to the need for continuing operating subsidies. It is a matter of judgment whether a sufficiently low level of dock charges will generate an adequate volume of traffic but experience suggests that this is unlikely. Over the last month BTDB have temporarily lowered charges at Hull to a level comparable with those at Grimsby (with which Hull must compete for landings) taking account of estimates made by the industry and local council of expected landings in April. In practice 3 foreign vessels are

expected to have landed in the fish docks during the month.

We understand that the interests concerned were hoping for 10-12 such landings over this period. The present dock dues are subject to renegotiation at the end of April.

8. Figures given to the Prime Minister by the Lord Mayor of Hull on 14 March (Annex C) themselves suggest that the docks cannot be expected to break even financially. Even on the basis of a forecast of landings which seems optimistic income for the remainder of 1980 was estimated to fall short of revenue by over £400,000.

9. The decline in landings at Hull (and at Fleetwood on the West Coast and Aberdeen) reflects the reduction in distant water fishing opportunities open to the UK fleet and the inability of these ports to attract replacement landings, either by UK or foreign vessels. Hull can only attract more landings at the expense of other UK ports, primarily Grimsby, which can ill afford to lose trade. The industry has chosen to use Grimsby, which is better sited, and whose market prices are higher, rather than Hull and the Hull interests are in effect asking Government to intervene to try to reverse that trend. There is no case on fisheries grounds for such action by Government and there would be strong objections from Grimsby MPs.

#### FINANCE FOR LANDING COMPANY

10. Mr Cairns' paper asks for a grant of £108,500, of which £60,000 would be for the purchase of equipment to unload fish and the remainder to pay guaranteed wages for the initial few weeks' employment of landing labour engaged on a permanent basis. The estimates provided show that the force would not be fully

employed at expected levels of landings. The Deputy Lord Mayor's paper suggests that the company might be a co-operative. Financial assistance is to be sought from the Department of the Environment when Lord Bellwin meets Councillor Doyle, Leader of Hull City Council on 25 April. Assistance from the Department of Industry is also raised as a possibility in the Deputy Lord Mayor's paper.

11. It is apparently envisaged that the new company would re-purchase from the Receiver the existing landing equipment previously owned by the Hull Fishing Vessel Owners Association before it went into liquidation on 18 February. The Receiver has allowed the trawler owners to use the equipment to unload the fishing vessels which have used the port over the last month, and landing labour has been employed on a casual basis.

12. There is no case on fisheries grounds for special financial aid for establishment of this new company. The £2 million aid for fish producers organisations announced by the Minister of Agriculture, Fisheries and Food on 13 March can be used if desired for the purchase of handling equipment and payment of wages.

#### LINE TO TAKE

13. The Prime Minister may wish to question the basis of any claim made by Mr Cairns that sufficient trade can be attracted to the fish dock in Hull by reduced landing charges to make the dock profitable, bearing in mind that -

- (a) no estimates have been produced so far which show that the dock costs can be recouped even on very optimistic assumptions both about catch rates and the potential attractiveness of the dock to UK and foreign vessels; and

No  
(b) that the experience of the past month, with dock charges at Grimsby rates, has produced a volume of landings well below the level which would make the dock viable without continuing support whether by cross-subsidisation by other ports under BTDB management or by direct Government subvention.

14. The Prime Minister may wish to make clear to the delegation that:

(a) BTDB's decision about future changes is obviously of great importance to Hull; but Government is not prepared to intervene in the BTDB's operating responsibilities for the ports under its control;

(b) increased landings in one UK port cannot but imply lower landings in other UK ports. The decision as to the most appropriate port to use is one for the commercial judgment of the fishing industry and the Government should not intervene; it would be difficult to justify using public money to maintain a facility for which there was not sufficient demand to make it viable;

(c) the Government has provided finance for the fishing industry as announced by the Minister of Agriculture, Fisheries and Food on 13 March. £657,000 has so far been made available for allocation by the Producer Organisation which has Hull within its geographical area. It is for the Organisation to decide its priorities (it covers Grimsby, Fleetwood and Lowestoft also) and allocate the finance accordingly in the best interests of the fishing industry.