cc Blenkinsop

PRIME MINISTER

AID TO THE FISHING INDUSTRY

I have seen a copy of George Younger's letter of 3 March and of the letters from Peter Walker and Humphrey Atkins of 3 and 4 March which support it.

I do recognise that the current CFP negotiations are in a delicate phase and that this makes it important for the Government to maintain good working relations with the leaders of the fishing industry. But I cannot agree that considerations of this kind override the serious objections to George Younger's proposals.

The immediate difficulties of the fishing industry stem from the high price of oil, pressure of imports arising from the strong pound and high interest rates, problems which face the rest of British Industry. To step in with direct government aid to the fish Producer Organisations would seem quite inconsistent with our general approach.

Apart from this general difficulty, I see strong objections to introducing, without proper Parliamentary authority, a quite new type of aid, which would be administered by non-governmental bodies. And some of the purposes for which the Producer Organisations would be authorised to use the aid are objectionable in themselves. For example, giving aid for Producer Organisations to operate intervention prices which they would themselves determine contrasts sharply with the line we have taken with the French over intervention for sheepmeat. And aiding the temporary laying up of vessels would undermine our resistance to a similar proposal which has been made by the Commission as part of their proposal for a Community wide restructuring scheme.

Finally, I see in this proposal a serious risk of a charge on the Contingency Reserve. In the Public Expenditure Survey we allocated £3m to the Fisheries Departments because we recognised that following a settlement of the Common Fisheries Policy there might be a need for a restructuring scheme to help adapt the UK Industry to its new fishing opportunities. I presume that the £3m referred to in the note by officials would be met by this provision. But nothing in George Younger's letter encourages me to hope that introducing the scheme he is now proposing will prevent him from subsequently proposing a restructuring scheme.

I am copying this minute to George Younger, Peter Walker, Peter Carrington, Nicholas Edwards, Humphrey Atkins and Robert Armstrong.

JOHN BIFFEN
5 March 1980

[Approved by the Chief Secretary
and signed in his absence]