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CABINET

FISHERY DISPUTE WITH ICELAND

Memorandum by the Lord Chancellor

After the failure of the Geneva Conference in April, the United Kingdom fishing industry decided to refrain for three months from fishing within twelve miles of Iceland, in the hope that a favourable atmosphere for negotiations would develop. At the same time, we decided that naval vessels should patrol only outside the twelve mile limit. In the event, the Icelandic Government have been unwilling to enter into negotiations, and the self-imposed ban on fishing is due to expire on 12th August. The Committee on the Law of the Sea have accordingly been considering what should now be done.

2. We are agreed that the next step must be to encourage our fishing industry to enter into direct discussions with the Icelandic fishing industry. The object of these talks would be to obtain a modus vivendi under which our fishing vessels would be allowed for a period of years to fish without interference in certain areas within the twelve mile limit, provided that inside the twelve mile limit they did not fish outside those areas. The representatives of the United Kingdom industry would make a sincere effort to reach agreement, and we hope that there would be goodwill on both sides. The United Kingdom side would, however, undoubtedly stress two consequences of failure to reach agreement. These would be, first, an unofficial landings ban on Icelandic fish, which would deprive Iceland of a market of £ $\frac{1}{2}$ million a year, and secondly, a request to Her Majesty's Government to resume naval protection within the twelve mile limit.

3. It might improve the prospects of success of these talks if at the time the United Kingdom delegation go to Iceland, it were made known to the Icelandic Government through diplomatic channels that they must not assume that the United Kingdom industry would be prepared to extend their voluntary ban on fishing after 12th August, and that if inter-industry talks had not begun or were unsuccessful Her Majesty's Government would have to reconsider the whole position, including the possibility of having to resume naval protection within the twelve mile limit.

4. We have to recognise, however, that the Icelandic industry may refuse to talk, or that the talks may quickly break down, in which case we shall be faced with a serious situation on 12th August. It seems desirable to decide now what we should do in that eventuality. In theory, there would be three courses open to us:-

- (i) trawler owners could be asked to extend the present voluntary ban for a further period to give more time for the starting of negotiations;
- (ii) the industry could be told that we would not resume protection within twelve miles, and that British trawlers would fish within twelve miles in future at their own risk;
- (iii) naval protection within twelve miles could be resumed in one form or another.

5. In our view, course (i) is impracticable. The United Kingdom industry would certainly not agree to extend the ban unless they were given financial compensation by Her Majesty's Government. Apart from the financial and legislative difficulties which this would raise, it would be tantamount to abandoning our rights within the twelve mile limit. Course (ii) carries the gravest dangers; some trawler skippers would doubtless fish within the limits without protection, and serious incidents would occur. We should also come under very heavy pressure to compensate the industry for their loss of fishing rights by a subsidy costing at least £3 millions a year.

6. The Committee therefore conclude (the Foreign Secretary reserving his position) that the best course would be to announce our intention to resume protection in havens between twelve and six miles for a limited period, say five years, after which we would not object to the exclusion of our vessels. We could also refrain from fishing in the conservation areas, from which the Icelandic Government exclude even Icelandic vessels. The announcement would be accompanied by a statement explaining that, in view of the Icelandic Government's refusal to negotiate, to accept arbitration, or reference to the International Court, we would adopt proposals based on the United States/ Canadian formula, which so nearly secured acceptance at Geneva, and taking into account Iceland's special situation, which we have always recognised. We could also emphasise that we would prefer an agreed solution and would still be glad to enter into talks with Iceland.

Summary

7. The Committee on the Law of the Sea invite the Cabinet to agree:-
- (a) that the Minister of Agriculture should ask the United Kingdom fishing industry to enter into immediate talks with the Icelandic fishing industry on the lines of paragraph 2;
 - (b) that the Icelandic Government should be informed that they should not assume that the voluntary ban on fishing within twelve miles will continue after 12th August and that, if inter-industry talks had not begun or were unsuccessful, Her Majesty's Government would have to reconsider the whole position, including the possibility of having to resume naval protection within the twelve mile limit;

- (c) that in the event of the Icelandic fishing industry not agreeing to discussions with the United Kingdom industry, or of the discussions breaking down before 12th August, Her Majesty's Government should announce their intention to resume naval protection within twelve miles on the lines of paragraph 6.

K.

House of Lords, S. W. 1.

25th July, 1960.