

PO-CA/NL/0210

PART A

Part A.

CONFIDENTIAL

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Begins: 12/12/88.
Ends: 19/12/88.



PO -CH /NL/0210



PART A

Chancellor's (Lawson) Papers:

THE EGG INDUSTRY

NL/0210

PO -CH

PART A

Disposal Directions: 25 Year

[Signature]

12/9/95.

AGRICULTURE HOUSE · KNIGHTSBRIDGE · LONDON SW1X 7NJ

01-235 5077



THE
NATIONAL FARMERS'
UNION

FROM THE PRESIDENT

12th December 1988

The Rt. Hon Nigel Lawson MP
Chancellor of the Exchequer,
The Treasury,
Parliament Street,
London, SW1P 3AG

✓
13/12

CH/EXCHEQUER	
REC.	13 DEC 1988
ACTION	CST
COPIES TO	

Dear Chancellor

I am writing to seek your support for emergency action to help save the UK egg industry from disaster. Only effective intervention by the Government can deal with the crisis.

The egg market has collapsed over the past week and the situation is desperate. At the wholesale level, sales are reported to be down by over 50 per cent. Unsold stocks of eggs are estimated to have increased already by well over 100 million and to be rising by at least 16 million a day. At the current rate of egg consumption, millions of laying birds are surplus to requirements.

All sections of the egg industry, whose sales exceed £750 million annually, are in serious difficulty and many producers are facing bankruptcy. Nor does the problem end there. The repercussions will affect the suppliers of feedingstuffs, cereal growers and employment throughout the egg industry.

The NFU believes a three-part scheme is needed.


First, the Government must allay the fears of consumers by a clear statement of the minimal risk related to salmonella enteritidis in eggs and the measures being taken to deal with the problem. That should stop the slump in demand and provide a basis from which an advertising campaign can be mounted. But, at best, it will take time to recover the lost ground and meanwhile the current surplus of eggs and of laying hens must be dealt with.

Secondly, there needs to be a buying-in programme to provide an outlet for surplus eggs now in the marketing chain or held by producers.

Thirdly, there is a need to bring the laying flock into balance with current egg consumption, and for this, compensation should be provided to producers who have to slaughter birds prematurely.

The industry is doing everything possible to minimise the risk of salmonella in the future. Codes of Practice are already agreed for breeding stock and a code for commercial egg production is close. A further code relating to compound feedingstuffs is also imminent. Producers are fully prepared to accept whatever steps are necessary to make this programme effective.

The immediate need is for urgent action by the Government to deal with the most serious crisis ever to hit egg producers.

Yours sincerely


SIMON GOURLAY
PRESIDENT

CONQUEROR

CONFIDENTIAL

FROM: R J BONNEY
DATE: 13 December 1988

CHIEF SECRETARY

cc: Chancellor
Paymaster General
Mr Anson
Mr H Phillips
Mr Monck
Mr Burgner
Mr Saunders
Mr Richardson
Mr Finnegan
Mr Call

*Speaker in
have a quote
up
What I appear
Ch. bag & pants
Prizes? - The
This advertisement is*

*not going to appear (Chief Med officer
objects). MAFF are apparently making
other proposals, + Blagham is concocting
another ad. for discussion tomorrow.*

*Personal to
Bonney.*

EGGS: PROPOSED ADVERTISEMENT

Following the Prime Minister's meeting yesterday afternoon the Parliamentary Secretary, MAFF, (Mr Ryder) told his officials that it had been agreed that a full page advertisement should be placed in the national press on Thursday giving the Chief Medical Officer's advice on whether it is safe to continue to eat eggs. MAFF are also under the impression that you have offered to provide the cost (of just over £½ million) from the Reserve. They have this morning sought our agreement by noon today to reserve space for the advertisement in tomorrow's papers.

2 Several issues arise:

- (i) whether the Prime Minister's meeting actually agreed that the advertisement should be issued in advance of the circulation of MAFF's position paper and agreement on the policy;
- (ii) whatever the answer to (i) will an advertisement on these lines help or hinder the process of damping down the concerns raised by Mrs Currie's earlier remarks;

(iii) who should pay?

Handwritten notes and signatures in the top right corner, including 'PMP (NFU)', '14/12/88', and a list of names: 'Chancellor', 'Paymaster General', 'Mr Anson', 'Mr H Phillips', 'Mr Monck', 'Mr Burgner', 'Mr Saunders', 'Mr Richardson', 'Mr Finnegan', 'Mr Call'. There are also some illegible initials and a signature 'Plummer'.

Note behind

3 On (i) you thought last night that it had not been agreed to issue the advertisement, only to agree on a draft. Your office is trying to find out from No. 10 what the minutes will say. I now understand that the minutes are likely to be ambiguous on the timing.

4 On (ii) there is little to object to in the terms of the advertisement. But it says nothing which has not been said already and in my view is not likely to serve to allay the current speculation on health risks. (I gather that the Health Secretary also has some reservations on this point).

5 On (iii) natural justice suggests that DOH should pay, as it was their Minister who started this imbroglio and the advice being publicised is from the Chief Medical Officer. However, DOH are not pressing for the advertisement. MAFF's Accounting Officer is adamant that he should not be forced to find offsetting savings. In practice both DOH and MAFF have suitable subheads in their Votes and either or both should be able to find £½ million without recourse to the Reserve. We suggest that on this we should simply say that we will if necessary accept a claim on the Reserve but the need for such a claim should be scrutinized in the context of Spring Supplementary Estimates in the normal way.

6 Are you content for the advertisement to be published once the text has been agreed with the Chief Medical officer and No. 10? Or do you wish to block publication until policy on what to do about the eggs problem has been agreed?



R J BONNEY

EGGS: THE FACTS

Most people go to work on an egg. In fact, 30 million eggs are eaten in the United Kingdom each day - 200 million a week.

Eggs are a most valuable and nutritious part of a balanced diet.

And the number of cases of food poisoning from salmonella known to be linked to eggs is very small indeed compared with the huge numbers of eggs that are eaten.

The Government and the egg producers are urgently trying to get rid of the problem caused by salmonella.

In the meantime, many people who enjoy eggs want to know the facts about a basic part of their daily food.

The Government has therefore asked its Chief Medical Officer, Sir Donald Acheson, to advise consumers about eating eggs. This is what he says:

"for normal healthy people there is very little risk from eating eggs which are cooked, however you prefer them - boiled, fried, scrambled or poached.

"for more vulnerable people - that is, the elderly, the sick, babies, toddlers and pregnant women - eggs should be thoroughly cooked until the white and yolk are solid.

"but everyone should avoid eating raw eggs or uncooked foods made from them - for example, home made mayonnaise, home made mousses, home made icecream or raw eggs mixed with drinks."

The Chief Medical Officer adds:

"As with all cooked foods, egg dishes should be eaten as soon as possible after cooking. And if the dishes are not for immediate use they should be kept in the 'fridge'."

To sum up, The Chief Medical Officer says:

"You can still go to work on an egg - or enjoy your favourite egg dish - provided you follow the sensible advice I have set out above".



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

From the Minister's Private Office

Mr Andrew Turnbull
No 10 Downing Street
LONDON
SW1

*Ch/ CST is considering overnight -
you may like to end in the margins
of the health meeting.*

15/12

15 December 1988

*I go with like reference (shown of) + m
is supporting the market which
or even the market which
comprehension of what is implied
to be this gov
schemes
+ pay*

Dear Andrew

Ministers have agreed in principle that we should work towards introducing as quickly as possible a short-term buying-in scheme for the egg industry as a wholly exceptional measure given the present state of the egg market. My Minister has discussed with you and his colleagues the handling of the announcement and, as discussed, I now attach:

- (i) a draft oral statement which might be given to the House at 11.00 am tomorrow; and
- (ii) a draft press statement which might issue at about midday tomorrow announcing that consultations would be taking place with the trade to consider the mechanisms for such a scheme and making clear that a statement would be made to the House on Monday.

Given that it is difficult to be precise on the mechanisms for such a scheme until we have consulted with the trade my Minister tends to favour the second option of a press release. If we went ahead on this basis we would propose to make an oral statement on the lines of the attached draft on Monday; however, of course we would hope to be able to fill in slightly more details then. On balance, for the reasons we have discussed, we favour this approach and I should be grateful for any comments you and copy recipients may have by 11.00 am tomorrow.

One further advantage of the press statement is that it enables us to act quickly, while giving us some flexibility on the precise timing of any announcement tomorrow. As my Minister explained to you we are in the process of clearing our approach with Mr Andriessen, the Agriculture Commissioner, and we would need to have his clearance before we could proceed.

15/12/88

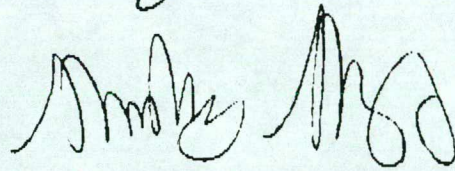
21:02

M.A.F.F.

003

I am copying this letter to Bernard Ingham (No 10), Murdo MacLean (Chief Whip's Office), Rhodri Walters (Chief Whip (Lords) Office), Trevor Woolley (Cabinet Office), Alison Smith (Lord President's Office), Nick Gibbons (Lord Privy Seal's Office), Stephen Williams (Welsh Office), David Crawley (Scottish Office, Mike Maxwell (Northern Ireland Office), Andrew McKeon (Dept of the Health), Michael Saunders (PS/Attorney General) and Carys Evans (Treasury).

Swierley



SHIRLEY STAGG (MRS)
Principal Private Secretary

ANNEX

(i)

DEPARTMENT STATEMENT TO THE HOUSE OF COMMONS

The Department of Health drew the Government's attention this summer to a new and growing problem from Salmonella enteritidis linked to eggs, and in August the Chief Medical Officer issued advice to the public on the risks of infection from consumption of raw eggs, or home made dishes containing raw eggs; and later advised vulnerable people to cook eggs until they were solid. As a result of the Department of Health's information my Department acted immediately with the industry to tackle the problem at every point in the production chain. This led to the publication of Codes of Practice to apply to commercial and breeding flocks.

However, during the last two weeks a great deal of uncertainty has arisen over the implications of the problem for consumers and this has caused a sharp decline in egg sales. The Government have, therefore, taken steps, through a series of newspaper advertisements starting today, to reiterate the advice of the Chief Medical Officer and to ensure that the facts were clear to everyone.

In view of the adverse impact that this uncertainty has had on the market, the Government has also decided, as a wholly exceptional measure, to introduce a short-term buying-in operation to help support the market at a critical period. We will be entering into immediate discussions with the trade with a view to implementation within a few days. I am also in touch with the European Commission in respect of any Community aspects of these arrangements.

Parliamentary approval to this new service will be sought in a Supplementary Supply Estimate for Vote IV 3 XVI 1 and XVII 1 and authority for the payments will rest upon the Estimates and the Appropriation Act. Pending that approval, urgent expenditure estimated at £7 million will be met by repayable advances from the Contingencies Fund. This cost will be found from the Reserve, so that there is no addition to the planned total of public expenditure.

15 DECEMBER 1988

DRAFT PRESS RELEASE ON BUYING-IN SCHEME FOR EGGS

The Government has taken a decision in principle to introduce a short-term buying-in scheme for the egg industry, as a wholly exceptional measure, in view of the present state of the ~~[egg market]~~ *industry.*

Consultations are taking place immediately with the trade to consider the details and appropriate mechanisms.

The Rt Hon John MacGregor, Minister of Agriculture, Fisheries and Food, will make a statement to the House of Commons on Monday.

PERSONAL

FROM: MISS C EVANS
DATE: 19 December 1988

PS/CHANCELLOR

EGGS

Andrew Turnbull reported that the Prime Minister decided this afternoon that Mr MacGregor's statement today should include the new poultry slaughter scheme, as well as the egg buying in scheme agreed in principle by the Cabinet last week. The Prime Minister was reluctant to override the Treasury on this. She thought the Chief Secretary's objections perfectly reasonable and recognised that the judgement on the need for the slaughter scheme was a finely balanced one.

2 The key reason for the decision was her judgement that both schemes were necessary to make the statement a conclusive response to the egg producers' problems.

*Cathy Evans*MISS C EVANS
Private Secretary