



From the Minister
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Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London SW1P 3AG

NBPM AT 2/1 a.A.

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

31 December 1984

COMPETITION POLICY

I have been considering the proposal for a review of marketing boards that David Young's letter of 14 December to you enlarged upon.

will request, if required.

First, I should stress that the remaining marketing boards operate in the three highly disparate commodity areas under very different types of scheme. There is no longer a common thread and action in each sector is subject to different constraints.

As regards the Milk Marketing Boards, we have recently agreed that there should be an enquiry into the commercial activities of the England and Wales Board, an enquiry which could have implications for the commercial activities of the other Milk Boards. We cannot therefore proceed on this front until we have the management consultants' report: to commit ourselves now to further studies would appear to prejudice the enquiry and would also risk undermining the improved consultation procedures which the industry has just established. We would also seriously exacerbate current apprehension in the industry and among many of our supporters in Parliament, and introduce a further complication into our dealings with the Commission.

The Potato Marketing Board operates the support arrangements for growers (there is no CAP regime for potatoes) as well as setting

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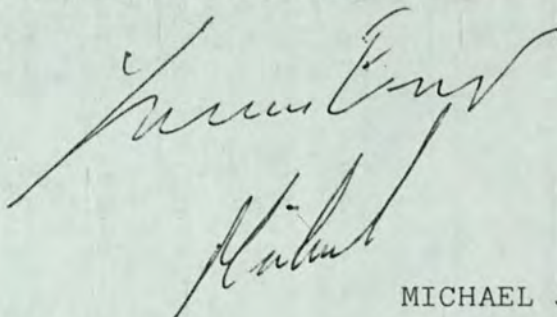
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quality and grading standards and undertaking research. During 1984 we completed a review of the Potato Marketing Scheme and the potato guarantee arrangements which has resulted in an agreement, approved by the Treasury, on a new five-year arrangement to operate until mid-1990 designed to transfer from the Exchequer to growers more of the financial responsibility for market support. The amendments to the existing scheme necessary to give effect to the new arrangements was the subject of lengthy, statutory, consultation procedures culminating in a public enquiry. We are now about to seek Parliamentary approval for these amendments and for the related changes to the guarantees. It would seem perverse to choose this moment for a further review of the Potato Marketing Board. There is in any event provision for these arrangements to be reviewed before the 5-year period expires and that review could cover also the competition and deregulation aspects (unless, of course, there has been development of a CAP regime in the meantime).

The Wool Marketing Board has power to buy and sell wool (and to adapt it for sale) and to take measures to promote the greater efficiency of the wool industry. The guarantee arrangements for wool are currently under review jointly with the Treasury. We would certainly not wish to do anything to impede this and it would seem sensible to await the outcome before considering whether any further review was desirable.

For these reasons I do not think now would be an appropriate moment to review the activities of the Marketing Boards.

Copies of this letter go to the Prime Minister, the Lord President, the Foreign and Commonwealth Secretary, the Secretaries of State for Northern Ireland, Scotland, Wales, and Trade and Industry, the Chief Whip and the Secretary to the Cabinet.

A handwritten signature in dark ink, appearing to read 'Michael Jopling', written in a cursive style.

MICHAEL JOPLING