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Treasury Chambers, Parliament Street, SW1P 3AG
 01-233 3000

31 January 1985

The Rt Hon Michael Jopling MP
 Minister of Agriculture, Fisheries and Food
 Ministry of Agriculture, Fisheries & Food
 Whitehall Place
 LONDON SW1

John Michael

COMPETITION POLICY

You wrote to me on ~~31~~ December about the proposal that E(CP) should review the marketing boards. I have since seen Norman Tebbit's letter of 22 January and Douglas Hurd's letter of the same date. *will request if required*

I accept that the different timing constraints make it difficult for you to produce an overview paper for E(CP) on the marketing boards as originally envisaged. And I certainly agree that it is too early to review last year's decisions on the Potato Marketing Board scheme which will only come into operation in the 1985-86 marketing year. Since we intend to review the new arrangements before the end of the 5 year period, we can, as you say, cover competition and deregulation aspects at the same time.

On wool, I share your wish not to impede the review by officials which I gather has already been somewhat delayed. I understand that decisions are needed before the end of the current marketing year on 30 April. But I should have thought that once officials have done some of the groundwork, the main issues could be referred to E(CP) some time next month.

On milk, we agreed last year that we would need to have a wide ranging review of the role of the milk marketing boards in addition to the specific study by consultants on the MMB's commercial activities. I remain convinced that E(CP) would be the right forum for this. We could not, of course, take decisions until we have seen the consultants' report. But I do not think that the genuine political problems you mention

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should preclude us from considering collectively whether the present milk marketing arrangements are still appropriate.

Finally, I wonder whether it might also be useful for E(CP) to take a more general view of the competition policy aspects of the numerous other agricultural "quangos", such as the Apple and Pear Development Council, the Eggs Authority, the Home Grown Cereals Authority, the Meat and Livestock Commission, etc. It may be that these organisations have no distorting effect on the market but it would certainly be useful to have a paper setting out their functions and activities so that we can satisfy ourselves on the point. Could you set this in train?

I would be happy to accept David Young's suggestion that a subgroup of E(CP) should deal with these subjects initially and would like the Treasury to be represented either by the Chief Secretary or by the Financial Secretary.

I am sending copies of this letter to the Prime Minister, the Lord President, the Foreign Secretary, the other members of E(CP), the Secretaries of State for Scotland, Wales and Northern Ireland, the Chief Whip and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to read "Nigel Lawson".

NIGEL LAWSON

Econ Pol: Competition Policy Dec 83.

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