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



From the Minister

CONFIDENTIAL

The Rt Hon Mrs Margaret Thatcher MP
10 Downing Street
London SW1

30 September 1985

My Dear Prime Minister

attached

I have sent you separately today a paper on the consequences of price restraint for British Agriculture. There is, however, one point on forestry which I would like to mention; my colleagues felt that, in view of its sensitivity, it would be better not included in the paper itself.

Paragraph 19 of the paper mentions that commercial forestry presents a promising possibility for alternative use of agricultural land; it goes on to say that if this possibility is to be realised some further stimulus is likely to be required and that further consideration will have to be given to the source of the public funding needed. At our meeting on 26 June I mentioned that one option would be to privatise the existing nationally owned forestry estate administered by the Forestry Commission; this has a recent book value of £1.3 billion and a further sales programme - going way beyond the present one - would release funds that could be used to encourage both commercial forestry and farm woodlands.

Privatising the Forestry Commission is, of course, being considered in the context of the Government's privatisation programme. I have also asked a small outside group, comprising Oscar Colburn, Ian Coutts (who you know and who is a member of the Forestry Commission), Lord Dulverton and the Hon James Galbraith, for their views. I have just received their report; encouragingly, this supports the case for privatisation - the first time, to my knowledge that representatives of the private forestry interest have come out in favour of full-scale privatisation. I will now be discussing with my forestry colleagues how to take this issue further.

I am copying this letter to Geoffrey Howe, Nigel Lawson, Willie Whitelaw, George Younger, Nick Edwards, Tom King, Norman Tebbit and to Sir Robert Armstrong.

James Ewart
Michael

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