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23.3.

LIAISON COMMITTEE

Meeting to be held in Number 10 Downing Street at 10.30 am
on Wednesday 23 March 1983.

AGENDA

- Item 1. Training and Special Employment Measures
Paper by the Parliamentary Under Secretary of
State for Employment (Mr Morrison) to be circulated.
Mr Morrison will attend the meeting.
- Item 2. Agriculture and Fisheries Policy
Paper to be circulated. The Minister of Agriculture,
Fisheries and Food will attend.
- Item 3. Diary of Events
Note by the Chief Press Secretary, No 10, to be
circulated.
- Item 4. Any other Business

Distribution:

Private Secretary, No 10 (3 copies)
Parliamentary Private Secretary, No 10
Secretary of State for Scotland
Secretary of State for Employment
Chairman of the Party
Chief Secretary, Treasury
Minister of State, Treasury (Mr Wakeham)
Chief Press Secretary, No 10
Marketing Director, Central Office
Director of Press and Public Relations, Central Office
Director, Conservative Research Department

Minister of Agriculture, Fisheries and Food
Parliamentary Under Secretary of State for
Employment (Mr Morrison)

2.3.83

PRIVATE AND CONFIDENTIAL



LIAISON COMMITTEE

- .. The enclosed paper on Agriculture and Fisheries policy will be discussed at the Committee's meeting on 23 March 1983.

PRIVATE AND CONFIDENTIAL

PRESENTATION OF POLICIES ON FISHERIES

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1. Introduction

During the negotiations that preceded the entry of Denmark, Ireland, and the United Kingdom to the European Economic Community, the then member states hurriedly formed a Common Fisheries Policy (CFP) based on historic access to each others' waters which excluded a coastal belt of six miles, to be followed up by an agreement to allow fishing 'up to the beaches' at the end of 1982. The Conservative Government, whilst accepting the CFP, persuaded the member states that the policy must be renegotiated by 1982.

The move to exclusive 200-mile limits by all nations around the world, overtook events and the existing CFP became totally unworkable. A chance to change the CFP was missed by the Labour Government during the renegotiations culminating in the Dublin agreement in 1975. All member states extended National Fisheries Limits to 200 miles on the 1st January 1977 to create an EEC exclusive zone.

At Luxembourg on 26th October 1982 the Government succeeded in obtaining the agreement of eight other Member States to a fishing policy covering all the main issues of quotas, access, conservation and enforcement. Only Denmark did not give her agreement. The nine countries that were in agreement made it clear that in the event of the failure of the Danish Government to agree, they would take Commission approved national measures. This they did on the 1st January with the agreement of the European Commission and within the legal parameters of the Treaty of Rome.

On the 25th January 1983, the Government succeeded in obtaining an agreement with all Ten Member States of the European Community which will run for 20 years into the next century. After 3½ years of

difficult and tough negotiations the Government achieved an agreement that is acceptable to all the fishing organisations - the British Fishing Federation, the National Federation of Fishermen's Organisations and the Scottish Fishermen's Federation.

2. The Inheritance

When the Government came into office they inherited a situation from John Silkin in which the eight other members of the Community (Greece at that time was not part of the Community) had come to a fishing agreement at Berlin, a meeting that Mr Silkin had decided not to attend. The agreement of the eight had been totally unsatisfactory to the UK on quotas, on access and on enforcement. The Government had to negotiate in order to persuade the Commission and the other Member States to support an agreement acceptable to the UK.

It has been argued that if Britain had a 200 mile limit a substantial quantity of Europe's fish would be in British waters. The opportunity to use this argument to obtain better quotas for the UK was in fact thrown away by the previous Government when in 1976 all Community countries were asked to go for a 200 mile limit on the basis that all the waters contained within that 200 mile limit would be Community waters. This was known as the Hague agreement and was negotiated by Dr David Owen, who was then a Labour Foreign Minister and is now a leader of the Social Democrats. In these negotiations Ireland insisted that if they were going to agree to the 200 mile limit as European waters they should gain arrangements entailing the doubling of their catch in absolute terms; this was agreed by the other Member States including Dr Owen. The Labour Government however sought no such

agreement for the UK and accepted the Hague agreement which created a 200 mile limit for the Community without any specific undertaking to the UK on quotas.

The final part of our inheritance was a fishing industry which had lost its rights in Icelandic waters, while stocks of important fish were declining and, in the last years of that Labour Government, precious little special financial aid had been given to the industry.

3. The voters perception of the Governments achievements

The previous paragraphs describe the position we inherited in May 1979 which resulted in the following commitments being made in the Manifesto 1979.

"We would work for an agreement which recognised first, that United Kingdom waters contained more fish than those of the rest of the Community countries put together; secondly, the loss of fishing opportunities experienced by our fishermen; thirdly, the rights of inshore fishermen; last, and perhaps most important of all, the need for effective measures to conserve fish stocks which would be policed by individual coastal states. In the absence of agreement, we would not hesitate to take necessary measures on our own, but of course on a non-discriminatory basis."

Since the outline agreement by ten member states in October 1982, the electorate have taken issue with most of the above commitments, saying that we did not get a good deal. Knowing all the facts

listed previously, the following achievements must constitute the very best that could be achieved in the short time available, starting from an eight to one against situation in May 1979.

(a) Quotas

We should have struck out for larger quotas than we achieved when considering the amount of fish that we are contributing to EEC stocks, and knowing that we lost considerable fishing opportunities in third country waters.

Fact.

No nation would willfully prevent her friends and neighbours from fishing in her waters when it is known that first, fish do not abide by territorial limits and second, nations have traditionally fished in her waters, some for centuries.

Losses of fishing opportunities in third country waters is adequately reflected in the quotas listed below.

Of the seven main species of fish (Cod, Haddock, Saithe, Whiting, Plaice, Mackerel and Red Fish), six provide more than 80 per cent of UK landings. Another species of great importance in the future, if stocks recover, is herring.

The quotas obtained for the seven main species are in excess of our fishing in the years from 1973-78 and indeed for most stocks are as great as, or greater than, the exceptionally high level of fishing

of these species in 1981. To illustrate this, the average catch of North Sea cod in the years 1973-78 was 85,000 tonnes, while the quota provided in this agreement for 1982 is 114,700 tonnes. The new quotas provide the UK with 47 per cent of the EC availability of North Sea Cod, 60.5 per cent of the EC availability of West Coast herring and 58.7 per cent of the EC availability of West Coast mackerel.

The proportion of quotas to each Member State for the seven main edible species is:

United Kingdom	37.3%
Denmark (including Greenland)	25.5%
France	11.6%
Germany	11.4%
Netherlands	7.7%
Ireland	4.6%
Belgium	1.9%
Italy	NIL
Greece	NIL
Luxembourg	NIL

Some measure of the success of the negotiations undertaken by this Government can be seen from the fact that, when they took up the negotiations, the Commissions' first proposals offered only 31 per cent of the stocks of the seven main species. Every percentage point gained since has been at the expense of other Member States.

(b) Access and protection of the rights of inshore fishermen

The Government has reneged on her commitment for a 12 and indeed at times 50 miles exclusive limit for our fishermen.

Fact

In the mid to late 1970's, all Political parties demanded exclusive limits that were not within our reach either on a historical basis or compatible with our commitment to Europe.

"All practical considerations lead us to require that belt of up to 50 miles that we have demanded."

(Silkin, Hansard, 28th November 1977, Col 115).

However the agreement does provide British fishermen with a better domination of our coastal waters than has been available at any time in the history of the fishing industry.

Up to 1964 Britain enjoyed a three mile exclusive zone. When the London Convention was adopted in 1964 and limits were extended first to six and then to twelve miles, agreement was reached with all the other fishing countries as to what historic fishing rights should be allowed in the 6-12 mile belt. These rights were agreed to by all the countries involved in the London Convention and were the historic rights by which we had to abide in the 6-12 mile zone until the UK joined the Community. In 1973 under the Treaty of Accession, other Community countries demanded and obtained a further extensions of historic rights.

This agreement has eliminated most of the Treaty of Accession rights, and has improved on the rights that existed prior to accession. Under the terms of the Treaty of Accession, Member States held rights in 1,999 miles of our 2,667 miles of coastline. In the agreement now reached these rights are eliminated or reduced in 1,441 miles of those 1,999 miles. A major improvement has therefore been achieved in 72 per cent of the coastline where historic rights previously existed.

United Kingdom fishermen will also obtain important rights in 6-12 mile areas of other Member States. This includes rights to fish all species in the French waters from the frontier with Belgium to Cap d'Alprech for demersal species, from Texal Island in the Netherlands to the border with Germany, cod and plaice around Heligoland in Germany, and to fish for most species round the Irish Republic from Minehead east along the southern coast and north up the eastern coast to the Ulster border. The arrangements under which Northern Ireland fishermen can fish in any part of the Irish Republic's 12 mile area, and vice versa are also continued; arrangements that work very much to the advantage of Northern Ireland's fishermen.

Added to this, a box has been obtained around the Shetland Islands where fishing by larger vessels will be licensed so that the important stocks for that area can be carefully conserved, and, over the years, enhanced. There is no restriction on vessels under 80 feet in length, which is to the advantage of the United Kingdom, particularly Scottish vessels. These arrangements provide a 20 year guarantee against a really major increase in the intensity of fishing in a fishing area of vital importance to us.

(c) Enforcement and Conservation

The perception is that the January 25th agreement will not enforce the conservation measures agreed by all Member States.

Fact

(i) Enforcement

One of the most important demands of our fishermen was to have a sensible system of enforcement in which Member States could not over fish their quotas or infringe the access provisions. The agreement provides a system which will ensure the effective control of fishing by all fishermen in the Community. The United Kingdom Government provided the first proposals for such a regulation. It sets out clearly Member States obligations to ensure that Community fisheries rules are obeyed. The United Kingdom will be responsible for enforcement within our own ports and fishing limits. In addition, at the United Kingdom's insistence, the Commission are establishing a special unit whose specific task will be to check up on Member States' fulfilment of their enforcement responsibilities. Inspectors from this unit will make regular visits to all the Member States concerned, will have the power of "on the spot" inspection, and will be able to accompany the national inspector to check that agreed control measures are being properly enforced. The Commission will have the power to ask for information and call for and attend an administrative enquiry if it is not satisfied with that information. Of most importance the Commission will be able to stop Member States fishing when there is reason to believe its quota has been exhausted.

Under the agreement of nine last year where National measures for enforcement applied, UK courts could only prosecute vessel owners from Denmark, with cases involving other Member States vessels being referred to the country in which the vessels were registered. Now, under the final agreement of the 25th January, all vessels caught infringing Community law will be prosecuted in British courts.

Substantial penalties will be available. A fine of up to £50,000 plus the confiscation of the very costly gear will add up to a major disincentive to over fish.

(ii) Conservation

There will be a new regime to meet some important United Kingdom needs and establish on a permanent basis the vital Norway pout box in the North Sea. The proposals will also include a more rigorous control on beam trawling., Our previous national measures will now be put on a Community basis. It is this measure that will give the fishing industry increasing instead of declining stocks.

4. The Governments Record

An agreement has been achieved which will last into the next century, allow stocks to recover and so give our fishermen increasing fishing opportunity, and most important give them confidence in their future viability.

Throughout the negotiations, the Government has supported the industry during the recession with massive aid, and the agreement that has been

reached will help the rebuilding and restructuring of the industry that all agree is necessary. It has always committed itself to not accepting an agreement that did not meet the industry's approval. Peter Walker complied totally with that promise and when the final offer was made by the Commission he called in the leaders of the fishing industry and asked them whether they wished him to approve or reject. He made it clear to them that if they wanted him to reject he would do so and that they were entirely free to come to a decision. All three organisations asked him to accept the package. "The House will know that I have always undertaken that I would only approve an agreement that has the approval of the British Fishing Industry. When the Commission's final proposals were made I met the leaders of the three fishing organisations and all three asked me to accept these final proposals." (Hansard, 27th October 1982, Col 1051).

5. Aid to the Fishing Industry

It will be seen from the following table that there is a remarkable contrast between the Conservative Government's record in giving special financial aid to the industry and that of the Labour Government. Indeed, the aid announced in October 1982 was more than the total of special aid given by the Labour Government in its entire period of office. Already, this Government has given almost four times the aid that Labour gave when it was responsible.

<u>Previous Government</u>	<u>£ million expenditure</u>
1974/5	0.6
1975/6	11.1
1976/7	2.3
1977/8	0.1
1978/9	0.8
<u>Total</u>	14.9

This Government

1979/80	0.4
1980/81	17.1
1981/82	24.7
1982/83	15.0
<u>Total</u>	57.2 (Source: MAFF January 1982).

Structures

The structure package is made up as follows:

	<u>EC budget</u>	<u>EC budget</u>	EC share	Duration
	(million	£m	of total	(Years)
	units of	approx.	cost to	
	account)		Member State	
Decommissioning (scrapping)	32	18	50%	3
			(of up to approx. £360 per tonne).	
Vessel building and modernisation	118	66	25%*	3
Laying up Grants	44	25	50%	3

Structures (continued)

Joint Ventures	7	4	50%	3
Development of aquaculture	34	19	25%*	3
Artificial Reefs	4	2	50%	3
Exploratory Voyages	11	6	50%	3
<u>Total</u>	250			

*50% in Ireland (including Northern Ireland), Greenland, Greece, the Mezzogiorno and the Departments D'Outre Mer.

(Source: MAFF October 1982).

Substantial scrapping, modernisation and construction grants will be made to our fleet and the Community will finance 50% of all scrapping grants of up to £360 tonne and 25% of modernisation grants.

PRESENTATION OF POLICIES ON AGRICULTURE AND FOOD

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THE VOTERS PERCEPTION OF AGRICULTURE AND FOOD1. Introduction

The home production of food is fundamental to the Nations Security as we learnt only too well during the last war. In fact, it is second only to the defence of the Realm in any Government's responsibilities to its people and today the guarantee of adequate food supplies that do not have to be shipped long distances is given first by, increased self sufficiency - Successtive Labour Governments have supported this policy up until now, in particular during the 1970's with the publication of two papers, "Food from our own Resources" Cmnd 6020 (1975) and "Farming and the Nation", Cmnd 7458 (1979) - and second membership of the European Community.

The Food and Drink Industry in the United Kingdom is the largest industry in terms of consuemr expenditure at approximately £39,000 million per annum. However, total employment is no greater than in any other sector of the economy. Every citizen is involved indirectly or directly in its well being. The variety of foods available to the customer in food shops today bears no relationship to the lean years of the 1950s. It is an industry as diverse as the plant life on these islands. From the 242,000 agricultural holdings and their supporting industries to the food manufacturers both large and small, the wholesales and finally the retailers, the food chain leads to and ends with all consumers.

All Western Nations support their food and agricultural industries in some form by direct aid, protectionist policies or both. Indeed, Labour has traditionally supported agriculture, Tom Williams being the founder father of deficiency payments from National Exchequers

in the late 1940's.

It can be truly said that the Agricultural Industry has been THE success story in the National Economy since the war. The uptake of new technology, new plant varieties, and management techniques with a steady declining Labour force has led to dramatic increases in yields, quality and productivity which are the envy of all other industries. This has led to increased self sufficiency, in particular in the last ten years since joining the European Community. Indeed, the greatest growth in productivity has taken place within the last three or four years of deep world recession, unlike the last recession in the 1930's when agriculture faced collapse and was only saved by the 1940's war demands. Today of the food we could grow and produce ourselves we are 76% self sufficient (an increase of 9% since 1978) and in all food 62% self sufficient (an increase of 7.5% since 1978).

No industry in this country has as close a relationship with Government as has agriculture and food. The Governments advisory services (ADAS). the research stations and laboratories all work closely with the grass roots of the industry to improve its efficiency and productivity.

Finally, Labour relations in Agriculture are second to none. There are no strikes, or demarkation lines and workers willingly learn new techniques and how to handle new machinery and equipment, more often, than not with no specialist training whatsoever.

PRESENTATIONAL FRAMEWORK AND POLITICS

2.

"We believe that radical changes in the operation of the Commons Agricultural Policy (CAP) are necessary. We would, in particular, aim to devalue the Green Pound within the normal lifetime of a Parliament to a point which would enable our producers to compete on level terms with those in the rest of the Community. We will insist on a freeze in CAP prices for products in structural surplus. This should be maintained until the surpluses are eliminated. We could not entertain discriminatory proposals such as those which the Commission recently put forward for milk production.

The Uplands are an important part of our agriculture. Those who live and work there should enjoy a reasonable standard of life." Manifesto, 1979.

There are a number of aspects of the public's perception of the Agricultural and Food industries that need stating before a detailed analysis can be done on the last four years of Conservative Government.

(a) Europe

Opinion is divided on Britain's Membership of the European Community. Support is and has been declining since the Referendum in 1975 and today, the figures show that more people are in favour of leaving than staying, in particular in the C2 and DE groups (ABC1 groups are still in favour of membership).

The main reason given for this hostility to and unhappiness about the EEC is the feeling that the increases in prices in recent years can be largely blamed on the Common Market, in particular the Common Agricultural Policy. However, opinion on the whole approves of the Conservative Governments handling of our relationships with the EEC.

Other adverse aspects of membership were Britains contributions to the EEC Budget and the so called "food mountains".

(b) Lobbies and Politics

Traditionally, there have been four lobby organisations in Agriculture, namely the Farmers Unions, the Country Landowners, the National Union of Agriculture and Allied Workers Union, and the Royal Society for the Prevention of Cruelty to Animals.

Today, organisations are being formed almost daily to lobby in the interests of animals including pests, flora, fauna, hedgerows etc. Media coverage of these groups is excellent and funding seems to be no problem, indeed one organisation gave £80,000 to the Labour Party during the last election. Support for these new bodies have in the mainly come from Urban dwellers whose knowledge of rural matters and agriculture is limited. Unfortunately, this could in time lead the dangerous situation of the Urban dweller versus the Rural dweller.

The structure of rural society has changed considerably since the war. The agricultural worker force has more than halved, and the rural economy now relies on the commuter and the elderly, rather than the

farm labourer and farmer. This in turn has led to a decline in rural services. The new commuting country dweller has taken over many of the leading positions in rural society, for example membership of parish councils and local authorities, often with no background or knowledge of agriculture. This at times has created conflicts of interest between the farmer and new country dweller. Second homes are also in this category.

Finally, access to the countryside is becoming easier with more families owning cars and great wealth. Urban dwellers are often ill educated and uninformed about farming and consider the countryside his natural playground. Conflict will increase, particularly as agriculture moves forward to greater productivity and efficiency.

3. Assumptions

- It is assumed that Britain will stay in the European Community.
- It is assumed that Government will continue to support Agriculture.
- It is assumed that greater self sufficiency in food that we can produce ourselves will continue to be Government policy.

The Voters perceptions versus the facts

These notes single out the misconceptions in public opinion on the most important subjects to do with agriculture and food. Some are taken from opinion polls, other are more generally known misunderstandings of the true facts.

- (a) Food Prices - Europe to blame. Price rises in general are blamed on membership of the EEC (47%). Food prices in particular come second in anti market opinion.

Fact Between 1973 and 1979, Food Prices rose by 110 per cent of which 10 per cent can be directly attributed to the Common Agricultural Policy and Membership of the EEC. Also, food prices are not fixed by the Council of Agriculture Ministers, only the support price to farmers and growers - market forces largely dictate food prices in the shops.

- (b) Food Prices - Government to blame

Opinion blames the Government for what they consider unnecessarily high price rises.

Fact Under Labour, food prices rose by 120% between 1974 and 1979.

Food prices under this Government have gone up by 34.7 per cent compared with 50.9% for all items. January 1983 year on increase was only 1.9 per cent. During this period Farm Gate Prices have only gone up by approximately 22%.

(c) Cheaper food if we left the EEC

There is no opinion poll indication of public feeling on this. However, the anti market view is that food prices would fall by importing our needs from the World Market rather than the EEC.

Fact. Britains demand in most commodities is such that World Prices would rise rapidly if we entered the World Market. To contemplate relying more and more on uncertain world food markets - and one cannot ignore the implications of projections of another 50% rise in world population by the turn of the century - is not an option. It is sufficient to recall that a shortfall in the world supply of cereals in 1973 doubled the world price in a matter of weeks, whilst over the past eight years, massive fluctuations in world sugar prices have risen for climatic and other reasons.

Third countries who traditionally supplied us with food have, since we joined the Community, found other markets for their products. They are unlikely to give up those lucrative markets and return to supplying the UK again.

(d) Reform of the Common Agricultural Policy

The Government are often accused of not keeping to their Manifesto pledge to reform the CAP.

Facts. It must be first printed out that the Government cannot instantly improve the Common Agricultural policy on its own. Agreement has to be reached by all Member States on any legislation or change to the existing policy.

The Governments achievements to be highlighted are as follows:

- A slowing down of the increase in the CAP budget from 210% during the Labour Government to 20% during this Government.
- The percentage of the European Budget going to the CAP has been reduced from just under 80% to 65%.
- UK receipts under the CAP have been doubled.
- Support prices for products in surplus have been reduced since 1978; Wheat by 19%, Barley by 18%, Sugar by 14% in real terms.
- Annual Support price increases have been reduced by the Government from an average under Labour of 7.56% to 6.43%. In this Governments first price fixing in 1979, the increase was only 1.3%, the lowest figure ever in the European Community.

The Governments policy has not changed since the election.

"I am convinced that a policy of restraint on Community support prices and other measures to limit guarantees for products in surplus is the only appropriate one to follow in present

circumstances but the effect of this in limiting production is difficult to measure given the range of other factors affecting production." Peter Walker. Hansard 17th February 1983 Col 251.

"We accordingly support the guidelines which the Commission has put forward for a prudent price policy, particularly for products in surplus, improvements in the balance between cereals and livestock prices, and the application of guarantee thresholds." Peter Walker. London, 27th November 1982.

(e) Surpluses

Voters perception of Membership of the European Community and the agricultural industry often takes issue with the production of surpluses. These attacks vary considerably and frequently avoid the cause, i.e. increased efficiency and expansion by the industry with static or in some cases such as butter, reduced demand..

- Why sell subsidised butter to Russia; would it not be better to sell it cheaply within the EEC?

First, it is not within the powers of the Government to prevent sales of surplus Butter to Russia. The decision is taken in the Management Committee and certain Member States support the sales wholeheartedly (France in particular). Second, to subsidise a limited supply of butter in Europe would disrupt the balance market that we have at the moment. It would not necessarily increase sales and consumption of butter, infact the surplus would still exist.

- Why does the Community not sell the surpluses on the World Market?

The majority is sold on the World Market at a subsidised price. However, dumping at prices well below World Prices would cause immense problems for 3rd Countries and to existing World trade and prices. Therefore EEC exports have to be carefully controlled at all times. For butter, the real problem is the limited world market in that not all Nations consume the quantities of butter that North Europeans do.

- Why does Europe produce large surpluses of food and what are we in Britain doing about it?

First, better technology and management of food production over the last fifteen years has increased the production of food. However the population of Europe is static at about 260 million. Consumption is also static thereby preventing demand keeping pace with production.

Second, it must be admitted that under the present funding of the CAP, money is directed mainly to those member states producing more than they consume thereby exacerbating the problem. Also it must be pointed out that these countries tend to contribute less to the Common Budget than their receipts. However, reform of the Budget is proceeding in that from 1980 onward, the UK, previously a massive net contributor to the Budget, is now contributing less. This is important as she is not the main producer of

surpluses.

Third, over production is not as serious at the moment as some people think. In days supply for the whole community, the largest surplus is in Skimmed Milk powder at 139 days. Butter stocks are only 17½ days, wheat 45 days, Olive Oil 77 days with Barley only at 14 days supply. Would consumers prefer to have stocks of food at stable prices in storage as do all housewives or have to queue for food as they do in Eastern Europe?

Last, much has already been achieved in controlling surplus production but more must be done. Britain has been in the forefront in arguing for price policies (low increases in support prices) and other changes in the CAP that will bring surpluses under better control. (see those listed under Reform of the CAP). Our aim has always been to achieve better market balance and cutting CAP expenditure.

(f) Agricultural Workers Wages

The Government have been accused of preventing Agricultural workers achieving what are described as reasonable wage increases.

Facts First, the Agricultural Wages Board is the sole arbitrator in the annual demands for agricultural wage increases. There are an equal number of representatives from the farmers as there are from the agricultural workers union with the independent members holding the balance.

- Agricultural wages have gone up in real terms every year under

this Government.

- Agricultural wages actually fell in real terms under the last Labour Government.
- Farming Income in real terms for which these increases are paid, fell during the first two years of this Government.
- Average earnings under this Government have increased from £71.75 (1979) to £105.75 (1982 forecast).

(g) Animal Welfare

The Government has been accused of not keeping to its election promises as outlined in the Manifesto.

"More specifically, we will give full support to the EEC proposals on the transportation of animals. We shall update the Brambell Report, the codes of welfare for farm animals.... We shall also reexamine the rules and enforcement applying to the export of live animals and shall halt the export of cows and ewes recently calved and lambed." (Manifesto 1979).

Facts Immediately after the election, the Government set up the Farm Animal Welfare Council to replace the former Farm Animal Advisory Committee. Its terms of reference were "to keep under review the welfare of farm animals (a) on agricultural land; (b) at markets; (c) in transit; (d) at the place of slaughter, and to advise Ministers of any legislative or other changes that may be necessary". These responsibilities included updating the Brambell Committee recommendations.

Codes of practice have been drawn up by the FAWC in many areas and they are continuously working on others. The Export Animals Protection Order 1964 which covers all aspects of the transport of animals has been updated and the EEC Directive (77/489) on the Welfare aspects of animal transportation has been implemented. Cows and Ewes that have calved or lambed within 48 hours are now banned from movement or export.

Internationally, the Government have argued for progress in a Community directive governing minimum standards for laying hens in battery cages, and have participated actively in further discussions on draft recommendations for the protection of laying hens. Britain has also led the World in pushing for measures to protect the Whale population - success was achieved in most areas last year.

4. THE GOVERNMENTS RECORD OF MEASURES TO HELP THE INDUSTRY

The Government's policy for Agriculture has been based on the principles of helping it maintain its position in the home market during the Recession, and making it more competitive, particularly in Europe. At the same time, the Government has made sure that the consumers interests have been safeguarded, in particular as far as prices are concerned.

Below are listed the major measures and decisions taken by the Government since the election.

Three Green Pound devaluations, which fulfilled a Conservative Manifesto pledge, have eliminated the negative monetary compensatory amounts (MCAs) which had grown to over 45 per cent under the Labour Government in the late 1970s. These acted against the interests of British farmers and growers, by subsidising imports from, and taxing exports to Europe.

Massive increases in Hill Livestock Compensatory Allowances and in Suckler Cow premium have been given in the last three years to help the hill farming sector, and amounted to over £101 million in 1982. Hill cлов allowances alone are now worth £44.50 per cow, which is 96 per cent higher than in May 1979.

Milk price increases have maintained the level of production throughout the United Kingdom even though the dairy herd declined steadily with those who have wished to move out of milk production being aided by considerable EEC grants. Agreement was reached in 1981 for the EEC to subsidise school milk. Total payments now total over £20 million a year. Milk prices have NOT gone up in Real Terms since 1951. In fact, the price of milk today (21p per pint) is slightly lower than it was in 1961 which is of enormous benefit to all consumers.

A sheepmeat regime for the European Community was successfully negotiated and introduced in 1980. This resulted from Government efforts, to safeguard both the interests of UK sheep farmers, particularly in exports, and the traditional New Zealand trade that has filled a gap in our market for many years. Under the regime, Britain has retained her traditional system of guaranteed prices and premiums, the former now 40 per cent higher than when the last Labour Government left office. Because of the operation of the premium system, consumers have been protected from rises in retail prices. Aid to the horticultural industry worth £6.5 million has been given in the last two years to offset the fuel cost advantage received by the Dutch industry. Agreement was reached in April 1982 in the Council of Ministers, for Dutch fuel prices to be brought up to the EEC average by April 1983.

Changes were made in the 1982 Budget for conversion grants to coal firing to the benefit of the Glasshouse industry.

Aid worth £400,000 was also given to the British apple industry to launch the new 'Kingdom Cox' campaign in 1980. This prevented the French from increasing their growing share of the UK apple market.

Grant aid has been introduced for the replanting of apple and pear orchards for a 5 year period.

The Special UK Butter Subsidy from the EEC was doubled in 1979 and is now about 13p per lb. This has assisted in preventing extra falls in consumption and is of immense benefit to UK consumers.

The Special UK Variable Beef Premium negotiated a few years ago has been retained each year, despite resistance from other EEC Member States, and in 1982 the maximum payable to farmers has been increased by 46 per cent.

Improvements in Marketing. The Government campaign to persuade the industry to improve its marketing started with the appointment of five 'marketeers' in 1979, who produced reports on many of the sectors that were experiencing a declining market share and low returns. These reports included the apple and pear sector, the potato industry and others; and many of their recommendations have since been implemented.

On 7th June 1982, a new body 'Food from Britain' was set up to oversee and help all sectors of the industry. The total support will be more than £20 million over a 5 year period.

Capital Transfer Tax Relief of 20% was introduced for the first time in the transfer of let land.

5. The Success of the Agricultural Industry under this Government's Policies

Listed below are the main achievements of British agriculture, with particular reference to the Governments policies.

<u>Self Sufficiency</u>	<u>Now</u>	<u>Increase since</u> <u>1978</u>
In all food consumed	62%	16.8%
In indogenous-type food	76%	13.4%

Food Prices

Increase since May 1979	34.7%
Increase January 1982 to January 1983 (RPI over same period)	1.9% 50.9%)

Net Product

Increase since 1978 (last full year of Labour)	21.4%
--	-------

Labour Productivity

Increase since 1978 (last full year of Labour)	25.9%
--	-------

Farming Income

Increase in actual terms since 1978 (last full year of Labour)	47.7%
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(In real terms Farming Income is still below the levels reached during the mid 1970's and is still below that described as adequate at the last election).

Balance of payments

Our increased self sufficiency means that in 1982, our balance of payments will be enhanced by £1 billion, as against the position in 1978.

Food Exports

Food exports have grown from £300 million in the mid 1970's to some £2,500 million in 1982.

6. AVERAGE PERCENTAGE CHANGES IN EC COMMON PRICES SINCE UK ACCESSION TO THE COMMUNITY

	<u>Commission Proposals</u>	<u>Price Change</u>	<u>Settlement</u>
1973/74	2.76%	5.1%	1 May 1973
1974/75	7.2%	8.8%	25 March 1974
"	4%	5% } 14.5%	19 September 1974
1975/76	9%	9.6%	13 February 1975
1976/77	7.5%	7.7%	6 March 1976
1977/78	3%	3.9%	25/26 April 1977
1978/79	2%	2.1%	12 May 1978
1979/80	Nil	1.3%	22 June 1979
1980/81	2.4%	4.8%	2 June 1980
1981/82	approx 8%	9.4%	1 April 1981
1982/83	8-9%	10.2%	18 May 1982
1983/84 (forecast)	4.1%	?	?

Labour Government. 1974/75-1978/79 -average settlement 7.56%

Present Government. 1979/80-1982/83 -average settlement 6.43%

If the 1983/84 settlement is as proposed, the average for the present Government would be 5.96%.

(Source: MAFF, May 1982).

COMPARISON OF AGRICULTURAL WAGES AND FARM INCOMES

(Index numbers - real terms^(a))

	INDICES		
	Average Weekly Earnings	Farming Income (E&W)	Farming Income UK
1975	100	100	100
1976	100.5	107.0	111.0
1977	94.1	92.0	94.0
1978	98.0	87.6	85.0
1979	100.7	75.5	69.0
1980	102.5	60.7	52.0
1981	102.8	62.5	58.0
1982	104.1	81.4*	77.0*

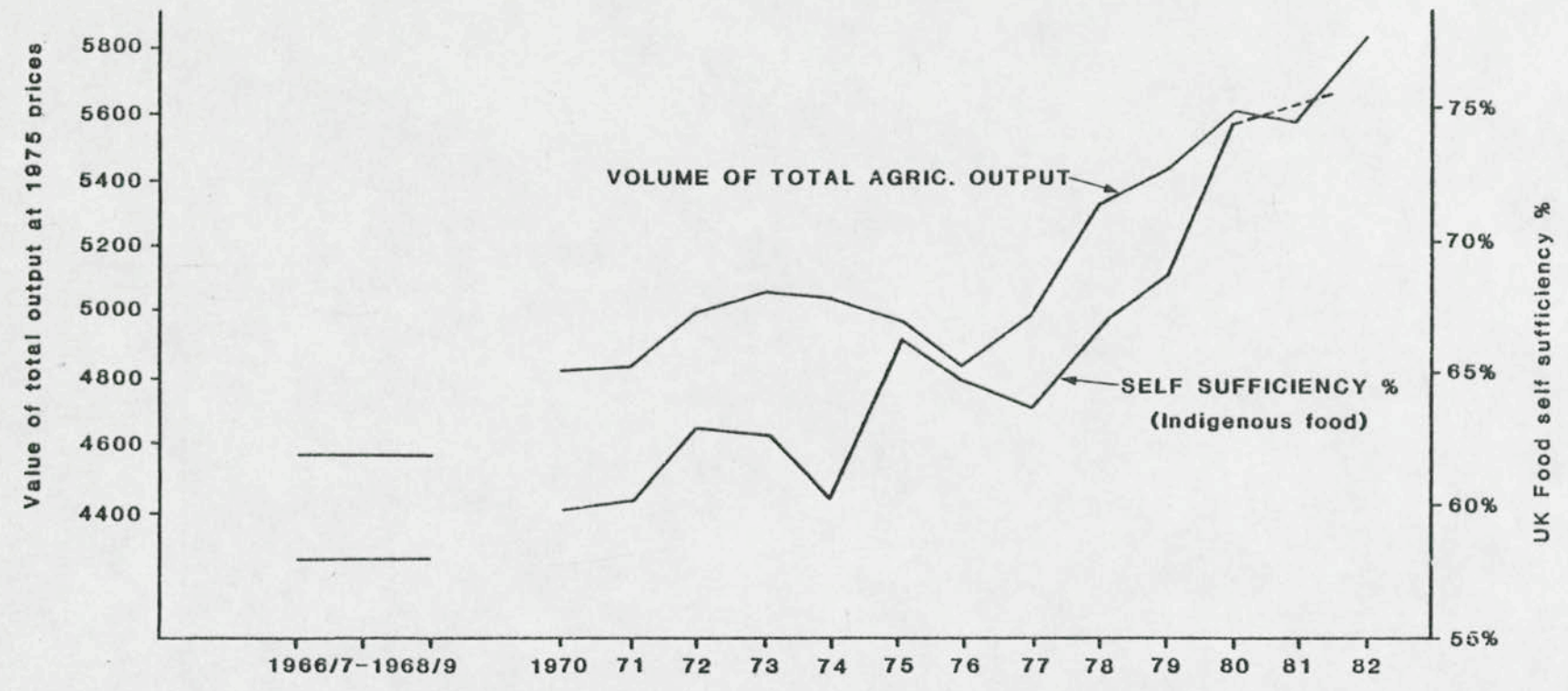
*Confidential until the White Paper is published.

(a) deflated by the Retail Price Index

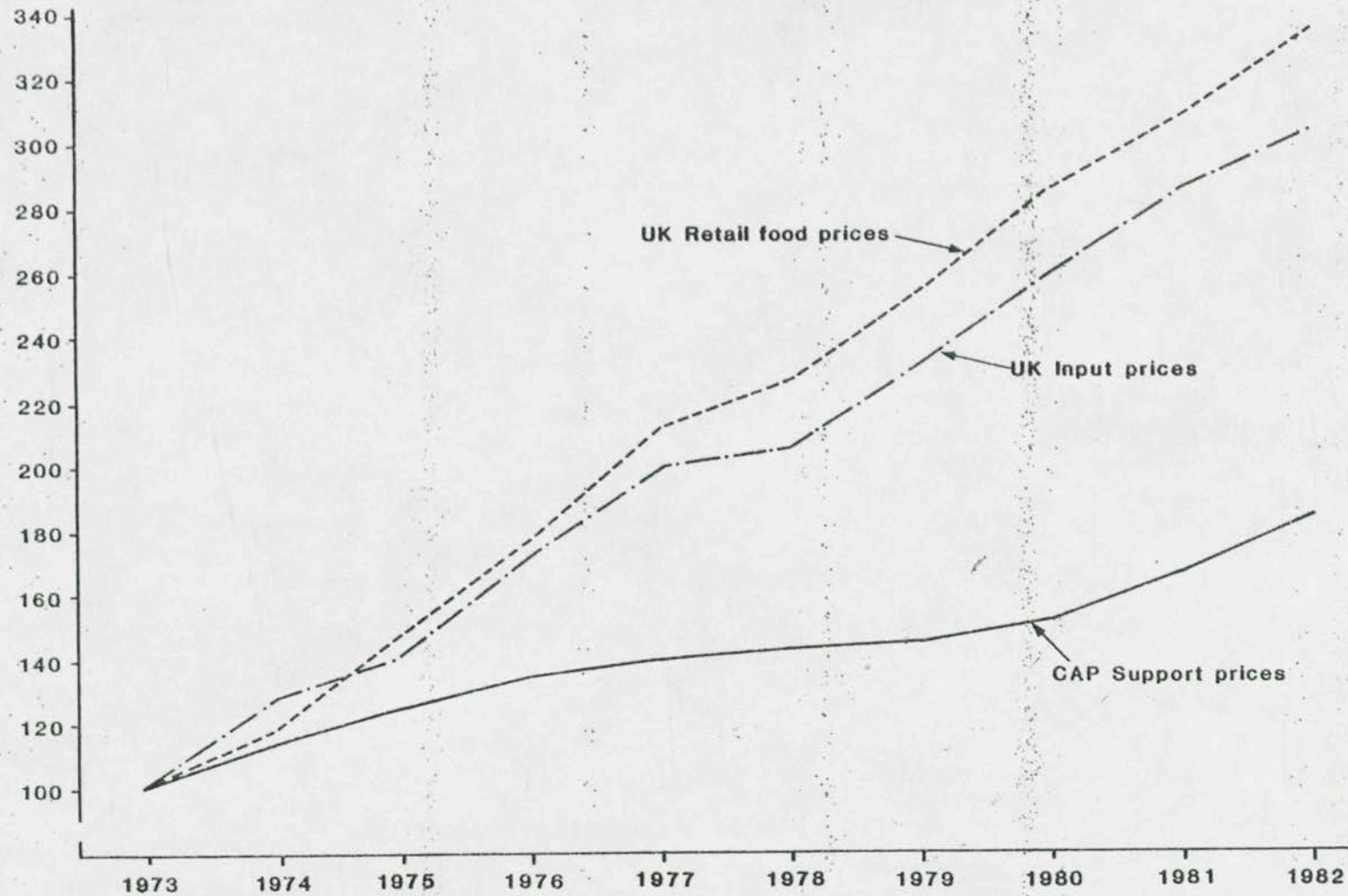
(b) forecast

FIG. 1.
~~AGRICULTURE~~

TRENDS OF VOLUME OF TOTAL OUTPUT OF UK AGRICULTURE AND OF UK FOOD SELF SUFFICIENCY



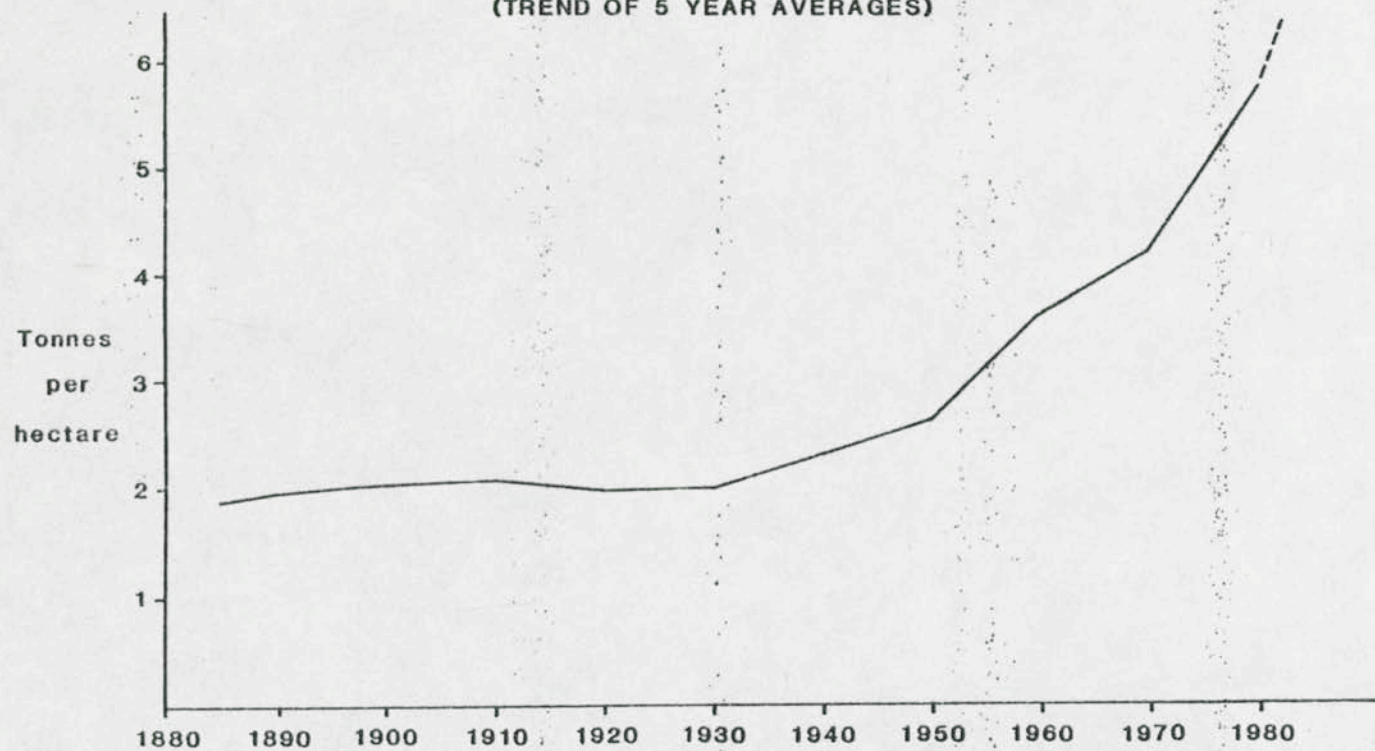
TRENDS OF PRICES OF OUTPUTS AND INPUTS (MONEY TERMS)



- CAP Institutional Prices (excluding Green rate effects and transition steps)
- · - · - UK index of prices of goods and services used in agriculture
- - - UK Retail food prices

FIG. 3

DEVELOPMENT OF AVERAGE YIELD OF WHEAT
(GREAT BRITAIN)
(TREND OF 5 YEAR AVERAGES)



AGRICULTURAL IMPORTS OF EC COUNTRIES AND UK SHARE - 1981

	Total imports	Imports from UK	UK share
	£ 'million	£ 'million	%
GERMANY	10070	200	2
FRANCE	6150	370	6
ITALY	5460	90	1.7
NETHERLANDS	5050	250	5
BELGIUM / LUX	3600	150	4.1
DENMARK	1060	40	3.4
GREECE	500	10	2.2

Agricultural imports include food, feed, drink, tobacco, oils and fats.

UK EXPORTS OF INDIGENOUS FOOD AND FEED : £ 2200 million

UK IMPORTS OF INDIGENOUS FOOD AND FEED : £ 4000 million

(1982 figures)



LIAISON COMMITTEE

The meeting of the Committee scheduled for 23 March 1983 has been postponed and will now take place in Number 10, Downing Street at 10.30 am on Wednesday 30 March 1983.

A revised Agenda is attached.

SEBASTIAN BIRCH

14 March 1983

PL

*Pl. B.F. for Her
meeting*

PRIVATE AND CONFIDENTIAL



LIAISON COMMITTEE

With effect from Monday, 7 March 1983
the duties of Secretary to this Committee
will be assumed by Mr Sebastian Birch.
Mr Birch, who is an Assistant Secretary
in the Chancellor of the Duchy of
Lancaster's office, will be responsible
to the Lord President of the Council
on Liaison Committee matters; his
telephone number is 233 8294.

ANDREW WARD

3 March 1983