

Prime Minister 4
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26/9



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

From the Minister

The Rt Hon Margaret Thatcher MP
10 Downing Street
LONDON
SW1A

I think we must
look more closely at

26 September 1983

the research they do for
marketing homegrown
cereals.

Grateful to you Minister
letter of 26 Sep. She has
noted that he will be looking again
at the role of the Authority in regard
to the IBPP, once the new Commission
has settled down.

The Minister believes that there is
a case to be made for a closer look at
the research done by the
Authority and its relationship to
the IBPP. I would be grateful for
any examples of projects which
are relevant to the current Budget.

HOME-GROWN CEREALS AUTHORITY

I am grateful to you for approving the appointment of Mr Austen Laing
as Chairman of the Home-Grown Cereals Authority.

In conveying your approval, your Private Secretary said you had
asked why the Authority acts as agent for the Intervention Board
for Agricultural Produce in the intervention buying of cereals
and why it sponsors research when the Agricultural Research Council
exists for this purpose.

Following the recommendations of the Pliatzky Report, an inter-
departmental review of the Authority was carried out by officials
in 1981, the results of which were approved by my predecessor and
by the other agricultural Ministers. The review looked closely
at all the Authority's activities, and took evidence from a wide
range of trade organisations and other bodies.

When the Intervention Board was set up in 1973, it was required
to use existing organisations as its agents where possible, in
order to make full use of existing resources and expertise. The
Home-Grown Cereals Authority, comprising representatives of cereals
producers, users and traders, had the appropriate expertise in
this area. The general view of the outside bodies consulted during
the review was that the Authority had done an excellent job and
that no other organisation was likely to do as well; and the review
concluded that, assuming the Authority was to continue in existence
for other reasons, arrangements might as well be left as they were.

/I believe the ...

I believe the Board now has the experience to operate without the services of the Authority. But the practical considerations and the balance of advantage in doing so would require some examination. I will look at the matter again, although it would be only fair to let the new Chairman first get some experience of the Authority's work.

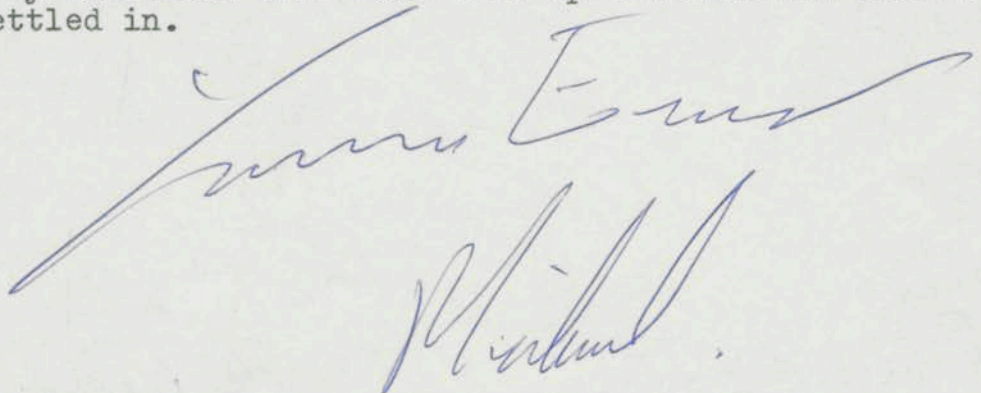
I should mention that we have looked carefully into the possibility of moving in the opposite direction, i.e. privatisation. The scope is not great. However, when wheat of breadmaking quality is offered into intervention, EC rules necessitate it being sampled and tested in advance. The testing has always been done privately and this season for the first time the collection of the samples, previously done by Ministry staff, has also been privatised.

Turning to the rest of the Authority's work, their main function is the provision of a comprehensive market information service. This is of great value to the Ministry since my officials need the results for discussions and negotiations in Brussels and because, under the CAP, any malfunctioning of the market may well involve extra costs, eg on intervention.

However, their statutory remit is a wide one - to improve the marketing of home-grown cereals - and they feel that sponsoring some carefully selected research projects from Universities, research institutes and similar bodies can contribute to this objective. In so doing they have advice from a Research Panel, and they obviously take into account work going on elsewhere, including that commissioned by the Agricultural Research Council. The projects are normally short-term, the aim being only to support proposals which seem likely to help solve marketing problems. *Levy on wheat?*

As I said in my previous letter, the Exchequer does make a financial contribution to the Authority. But I regard this contribution, which has been pegged in cash terms since 1976, as justified by the value to us of the work on market information. It follows that the expenditure on research is in effect financed from the levy paid by cereals producers and traders. This seems to me a very sensible arrangement: there is a similar system for sugar beet, where research is funded by a levy raised specifically for this purpose.

The review did recommend that one or two detailed points on the commissioning of research should be discussed further with the Authority, and my officials will take this up with the new Chairman after he has settled in.

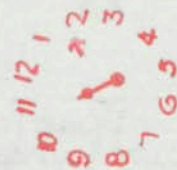


MICHAEL JOPLING

AGRICULTURE: Home Grown cereals authority: Aug 83.



26 SEP 1983





10 DOWNING STREET

From the Private Secretary

3 October 1983

Dear David,

HOME-GROWN CEREALS AUTHORITY

The Prime Minister was grateful for your Minister's letter of 26 September. She has noted that he will be looking again at the role of the Authority as agent for the Intervention Board for Agricultural Produce, once the new Chairman has had a chance to settle down.

The Prime Minister believes that there is a case for a close look at the research done by the Authority, and its relationship to their statutory remit to "improve the marketing of home-grown cereals". She would be grateful to know in particular the size of the Authority's research budget, and for some examples of projects undertaken by them.

I am sending copies of this letter to Alan McPherson (Scottish Office), Judy Roberts (Welsh Office), Derek Hill (Northern Ireland Office) and Richard Hatfield (Cabinet Office).

Yours ever,

David

(DAVID BARCLAY)

David Dawson, Esq.,
Ministry of Agriculture, Fisheries and Food.

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I think you should have these papers on your files as, although the MAFF letter was mainly about the appointment of a new Chairman of this Authority, the P.M. has raised policy issues. I have kept copies. (It is a bring-up.)

J.P.
1/19