

THE SCOTTISH POTATO TRADE ASSOCIATION

FUTURE POTATO TRADE PROSPECTS

Current Position

Acreage yield has risen greatly during the past few years and in particular during the last two. This trend is likely to be maintained and improved upon due to the breeding of heavier cropping varieties and improved techniques. The decrease in demand due to the increased use of "Convenience" foods has aggravated the position with the surplus being further exaggerated.

U.K. Growers and P.M.B.

The U.K. Growers have to a considerable degree been sheltered from the realities of an over produced market by Government support administered by the P.M.B. albeit there are differences of opinion as to the methods of this administration. It is fair comment to say that this policy has favoured production of a surplus thus ensuring that the cost to the consumer remains low. This situation encourages production of the highest possible yield with no emphasis or financial reward for quality. At present the producer who reaps the highest financial return is the one who is capable of producing high yields of potatoes - very often of poor quality and which when sold to the P.M.B. can show a reasonable high financial return.

Future Industry

If a healthy and viable industry is to be maintained in the U.K. urgent steps must be taken to instill confidence for the future and to encourage investment in the industry. It is impossible to have confidence in an industry which is totally reliant on Government support when there is every prospect of that support being removed. Without support the industry would find its own level of viability, but the short term result would be chaos and with an "expensive" crop like potatoes the level at which an unsupported industry might stabilise could well be unacceptable to Government. A vacuum could be created during a shortage, allowing continental suppliers to establish markets on long term contracts. Consumers would be at the mercy of very high prices in years of shortage and the financial losses to producers in surplus years could be disastrous to many producers.

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The P.M.B. or any successor should be open to purchase stocks at all times subsequent to harvesting and at prices announced before the crop is planted. A policy such as suggested above would prune the industry and eliminate the less efficient producers leaving the more efficient producers with the prospect of a viable industry.

It is hoped that grading standards will be improved and the new proposals suggested by the P.M.B. will go some way towards achieving this aim provided they are properly enforced.

E.E.C.

To project ourselves further we gather the impression that there is a strong body of opinion within the Community which supports complete freedom of trade between member countries. It is quite possible that these opinions have been in the main expressed by traders who have everything to gain and nothing to lose. We have already suggested that a free market within the U.K. would create chaos and have expressed the opinion that no Government would accept such a situation. This position would be aggravated if a free market existed in potatoes and would do a great deal of harm to producer and consumer alike. In any negotiations in Brussels, we would suggest that there could be an acreage quota similar to that suggested for the U.K. Each country must have a Minimum Import Price, otherwise with the natural advantage of some of the other members of the E.E.C. and whose crops are also increasing in yields the potential is tremendous and could virtually toll the death knell of the U.K. potato industry. It must be accepted that except under exceptional circumstances there is no likelihood of there being any market for the export of ware.

The above comments on E.E.C. are necessarily very brief and we would not like to put any firm proposals to the Ministry on these points before we have an opportunity of discussing matters more fully with them and gaining if possible information as to the present thinking within the Community. There may or may not be some countries prepared to consider a system similar to that operated by the P.M.B. - some may think along lines of acreage control and/

Ignoring at this stage the prospect of entering into the E.E.C. it is obvious that changes are a matter of some urgency in order that we may put our house in order, prior to any E.E.C. regulations being negotiated.

It is necessary that we bring production in the U.K. much nearer into balance with consumption, since surpluses of over 1,000,000 Tons as we have had during the past two seasons are virtually unmanageable and have resulted in the expenditure of very large amounts of public money. The trade has at the same time been below the level necessary to promote a healthy and viable industry, but due to the presence of the P.M.B. has still been at a high enough level to maintain a large surplus production in an Agricultural Community reluctant to discard the potato crop.

The P.M.B. have powers to restrict the acreage and it is our opinion that the acreage grown by registered producers should be reduced to around the 490,000 acre mark.

At the same time a greater penalty for growing excess acreage is necessary since under the present system the figure of £25 per acre is quite unrealistic and is no deterrent to a producer growing large tonnages per acre. A more realistic figure of around £100 may be more desirable if any control is to be envisaged. It is admitted that any legislation should allow for a small surplus.

It could be that the present price structure operated by the P.M.B. is too high and makes the growing of surplus for the purpose of compensation too profitable. Support should be at subsistence level only to prevent total financial disaster and the only differential between the compensation price and the landing price should be a reasonable allowance for grading costs. It is essential that some form of support is maintained if even at a very much lower level. Consideration should be given in a year when some surplus is anticipated to offering an attractive price for forward contracts of good quality long keeping varieties as an "end of season" reserve.

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and nothing else. We feel that until further details if any are available it would be unwise to put forward any ideas on these important matters. Serious consideration to plant health regulations both in interpretation and implementation would require to be considered at the same time.

In any event it is essential in our opinion that in any discussions the Ministry may have in Brussels should ensure that we negotiate for as long a phasing period as possible, since it is our opinion that apart from our problems within the U.K. the problems relating to the potato trade within the E.E.C. are 10 times greater and these must be brought into a balanced position before we lay ourselves wide open to influxes of continental ware.

If we can confront the negotiators for the E.E.C. countries in Brussels showing them that we have put our own house in order, it will be much easier for our representatives to vote against any directive which would have an adverse effect on the potato industry within the U.K.