

REPORT on a MEETING between the
SCOTTISH POTATO TRADE ASSOCIATION
and the Potatoes Committee of the
NATIONAL FARMERS' UNION OF SCOTLAND,
held at 17 Grosvenor Crescent,
EDINBURGH at 11 a.m. on Wednesday,
11th JANUARY, 1984

PRESENT: S.P.T.A. - Messrs. J.E. Cook and K.A. McKenzie, with R. David Hunter
(Secretary) and D. Blackmore (Assistant) in attendance.

N.F.U.S. - Messrs. J.W. Hay and J.A. McLaren with Mrs. Judith Armstrong
(Assistant Secretary) in attendance.

Mr. J.W. Hay took the Chair and welcomed those present to the meeting.

APOLOGIES: Mr. Hunter intimated an apology for absence on behalf of Mr. J.R.
McArthur.

DISCUSSION: The Chairman recorded that today's Meeting had been arranged to
explore the common ground and to exchange the views of each Organisation
on the question of possible changes to the Potato Marketing Scheme and
the operations of the Potato Marketing Board. Mr. Cook stressed that
recent SPTA protest about non-consultation had been exclusively
directed at the PMB. It was not intended in any way as criticism of
NFUS, with whom the SPTA was keen to maintain the present close and
cordial liaison.

Mr. Hay explained in detail the background and history of
NFU/PMB/MAFF discussions extending over the previous eighteen months. In
July, 1983 the PMB Chief Executive (Mr. Pooley) had flown to Scotland to
present the original draft discussion document to NFUS. Since this
document left the door open for the Government to withdraw from crop
support, NFUS rejected it. Following unacceptable revisions the draft
provisions were leaked to the Press. Greatly incensed, the NFUS and NFU
decided to prepare draft proposals of their own. The NFUS Paper (now
enjoying a large measure of NFU support), copied to SPTA, is for
discussion today. Mr. Hay stressed the proposals are not rigid/hard and
fast/fait accompli. NFUS would welcome SPTA views, hopefully leading to
an agreed "Scottish" Paper which could be expected to carry greater
weight in the final selection process. He also added that a PMB meeting
the previous day had the task of considering no less than nineteen sets of
proposals already submitted.

Mrs. Armstrong explained that the lynch-pin of any proposals was a
Treasury definition of the limit of financial support the Government will
accept. The Government will clearly not give up its control of the
acreage grown. Mr. Cook wondered if a similar crop support scheme for
seed might ultimately be possible, bearing in mind that there is presently
no control over seed area grown and the VTSC growers' recent initiative
in this respect (possibly encouraged by the effect of impending
nomenclature changes). Mr. Hay did not favour this view, the NFUS Paper
accepting the interdependence of seed and ware and that, since England
is the principal market for Scotch seed, help for the English ware market
must, in turn, help Scottish producers. Mr. McLaren added that whereas
Scottish producers grow 19% of the U.K. potato crop they have been
receiving some 30% of crop support funds. On the other hand, Mr. McKenzie
reported that Supermarkets are currently reducing prices by 30p per
prepack, in preparation for imminent Egyptian imports and earlier than
usual arrivals from Cyprus. Mr. Hay stated that the Chairman (Mr.
Hitchcock) and Chief Executive (Mr. Pooley) of the PMB with others, are
to visit Egypt immediately to urge orderly shipments to the U.K.

Mr. Cook also explained pressure within the SPTA for something to
be done. Association Members produce some 40% of the Scottish seed crop
and, while this merits a place in the decision-making process; it is
clear/

clear this must be hand-in-hand with NFUS. He assured the meeting that SPTA will not act independantly in these matters. Mr. Hay then outlined the indicated immediate timetable, starting with a meeting of the Working Party on 17th January followed by a Board meeting on 26th January and a meeting with Government early in February. He explained a failure to agree would mean that revised arrangements cannot come into force for 1985 Crop as intended. It is therefore vital that all should act with urgency. Because the Parliamentary timetable governs the whole matter, secondary rather than primary legislation change is being aimed for.

Turning to a step-by-step discussion of the NFUS' proposals Paper (the Introduction to which he had already elaborated), Mr. Hay explained the percentage basis indicated in Outline Proposals was adopted in preference to a finite tonnage figure, to allow for market expansion/contraction. Under Funding the proposals indicated roughly doubling the present (£37.60) rate of levy on producers to £65-£75 per hectare. During discussion of the underlying thinking, Mrs. Armstrong explained that initially linking the levy to a percentage of the PMB calculated "cost of production for the previous season" figure (which would require the prior agreement of all concerned) would prevent the government "freezing" the rate. It was envisaged that subsequent annual compilation of the cost of production figure should be "farmed out" to an independant outside body (e.g. a university). Mr. Hay further explained that the quoted 2½% - 3½% was only illustrative not immutable. NFUS preferred 3%, but NFU and PMB want a wider margin. The NFUS feels that if a wider margin (say 3% - 5%) has to be agreed, then some sort of restraint mechanism will need to be built in, thereby partly defeating the aim of simplifying the present unbelievably complex system for determing the rate of levy.

In respect of Transitional Funding, Mrs. Armstrong repeated that until the level of Governmental support is determined, all other calculations must necessarily be illustratively flexible. On Target Area, Mr. Hay stated the NFUS view that the aim to meet 100% of home consumption must remain. During discussion, he reported the Processors' view was that 105% should be the aim. Mr. McKenzie also voiced SPTA-members concern that under the present 3 years average plantings arrangements, whittling away of individual basic acreages provided surplus acreage for disposal to larger interests. Mr. Hay stated the NFUS Potatoes Committee also shared this concern and he invited SPTA proposals (in due course) on acreage control in particular, taking account of the Government's views on this point. Mr. McLaren explained that to counter EEC criticism, the Government's views on target area have to be both transparent and flexible.

Mr. Hay also explained the NFUS view on Excess Levy. Pointing out that £2m. per annum the PMB currently received from this source would be severly threatened by too highly punitive rates, he meantime noted the personal views of the SPTA representatives. The proposal on Quota Allocation was briefly discussed without dissent. During consideration of the largely self-explanatory proposals on Applications for Contract Tonnage and Reinstatement of earlier Contracts, Mr. Cook asked if contracts shouldn't be made compulsory. Mr. Hay explained it had been felt this would impair both the flexibility and the whole incentive/encouragement emphasis of the proposals. He reminded the meeting that although Scotland planted 17% of the crop, it had taken up 30% of the current season's contracted tonnage.

Mr. Hunter sought clarification of the proposed Increased Flexibility in Intervention. Mr. Hay explained this was designed essentially to overcome the problems deriving from having to reach a national trigger point before intervention could occur. In illustration, he cited the effect of the Early Market Support Scheme on the Glasgow Market each year. NFUS is actively seeking remedial proposals from Scottish Early Growers. The meeting also considered the position of producers growing under contract to processors, during which Mr. McLaren explained that proposed Board intervention would only apply to holders of contracts with the PMB.

In respect of the Paper's proposal on Processors involvement, Mr. Cook explained the Trade's disappointment with the 1982/83 crop arrangements in this context. In response to NFUS' invitation, SPTA undertook to submit its own views and proposals in due course. There was full agreement on the need, and proposal, to secure Quality Control over Imports, in which Mr. McKenzie proposed quantity control over imports from non-EEC (and non-EEC affiliated) third countries must also be included.

"Earlies" proposals having been considered above, the proposals on PMB Administrative Expenditure were next discussed. Mr. Hay explained these stemmed from pressure from members of the NFUS Potatoes Committee and were a natural extension of the need to make the most effective use of levies on producers. While it was fair to say that the PMB already gave this matter considerable attention, it was not unreasonable in the present situation to press for increased producer-participation in the overseer/supervisory procedure. SPTA representatives endorsed these views and proposals.

On behalf of SPTA, Mr. Cook expressed sincere appreciation of the NFUS initiative in inviting his Association's participation in the proposals set out in NFUS' Paper. Today's meeting would be fully reported to tomorrow's meeting of Council of his Association. He expected this would lead to a comprehensive survey of the collective views of the full membership of his Association, which would be reported back to NFUS. In this latter respect it was provisionally arranged to hold a further NFUS/SPTA meeting in Edinburgh in the morning of Thursday, 8th February, 1984.

Mr. Cook's proposed Vote of Thanks to the Chair was carried unanimously and the meeting was thereupon concluded.