

PRESENT:

D.A.F.S. - G.G. Lyall and C.K. McIntosh
N.F.U.S. - J. McLaren, with Mrs. J.C. Armstrong in attendance
S.P.T.A. - J.E. Cook and K.A. McKenzie, with D. Blackmore in attendance
S.S.P.D.C. - J. Bethel
V.T.S.C.G.A. - I.R. McKenzie

Mr. Gordon Lyall took the Chair and welcomed those present.

The Chairman explained that in the context of the Ministerial decision to cut expenditure on agricultural Research and Development and cognisant of differences between English and Scottish structures, his Department was considering where and to what extent such cuts could best be made in Scotland. He had arranged today's meeting to sound out the views of the Organisations present, in readiness for a meeting with the Ministry in very early course. He proposed to enquire first on a broad, "in principle", basis and then, on the particular points outlined in his letter of 7th August.

In reply for NFUS, Mr. McLaren spoke to the difficulty of the potato industry having to bear still more charges to the point of losing its competitiveness altogether. The Union was opposed to charges being made for statutory services in this area only. Mrs. Armstrong added that the Union would also object to money raised from charges for statutory services being used to pay for advisory services. The Union view is that individuals paying for requirements imposed by government and/or the EEC for the public good was not acceptable.

For SPTA, Mr. K. McKenzie fully supported these views. He pointed out that existing charges already amount to more than £10 per tonne and present prices will not support any increase in this figure.

Adding the support of the VTSCGA, Mr. I. McKenzie felt the quoted oncost of more than £10 per tonne was much understated.

Mr. Bethel agreed that current prices severely limit the industry's response. Increasing exports to improve price levels generally will also require more, not less, services at a time when cuts in those services are in view. Thus a re-allocation of existing funds seems the only route to pursue. He was very aware of DAFS' dilemma and felt the response to the problems must not be totally negative.

Before turning to particular points, Mr. Lyall explained he had already held two other meetings (covering the Horticulture and cereals sectors) before the present (potatoes sector) meeting (sectors jointly defined by the Ministry and Professor Bell). The degree of urgency involved reflects the fact that a parliamentary Bill will be required (in an already crowded timetable) before any charges can be made.

Mrs. Armstrong questioned whether agriculture is the only sector of industry being singled out in this way and Mr. McLaren, referring to increasing exports, sought comparison with our overseas competitors. Supporting this latter point Mr. Bethel pointed out that seed potatoes do not produce EEC mountains and they do help Third World countries, so that blunting UK competitiveness would be patently counter-productive. While Mr. Lyall agreed with these points he saw them as not opposite to the whole wider field under current discussion.

Import Licences - Mr. Lyall made clear that this referred principally to biological specimens, research material and the like, not produce/

produce (i.e. seed and ware potatoes). He agreed this would be insignificant in total in Scotland, felt it was a circuitous approach which would be a nightmare to administer. Mr. Bethel saw it as lacking "clout"/sanction, for example in a "Cyprus" situation (i.e. seed imports from elsewhere, daughter crops to UK). In summary Mr. Lyall found the meeting was not in favour of charges for import licences (consistent with the "principles" argument).

Export Inspection and Certification - Mr. McLaren felt it would be unfair to charge an individual for a benefit to the whole industry and the net should be spread over all. In reply, Mr. McIntosh stated PCN tests would be charged at about £12 each, equal to about £6 per ha. Mr. Bethel pointed out that the principle of exporters paying for additional pre-export tests had already been ceded. DAFS confirmed these are being paid (but this was unlikely to be disclosed to MAFF, who have themselves been collecting some charges without authority!). Mr. Lyall proposed to leave this subject to be raised in detail at a later stage in the consultative programme. Mr. McLaren asked if PCN "banking" would be extended to four years. Mr. Lyall accepted this had potential for reducing the number of tests and therefore the overall testing costs but, though the reply is meantime in the negative, there is a possible way this can be achieved and DAFS' commitment to do so is certainly there. Mr. McIntosh stated approximately 10,000 PCN tests are carried out each year and Mr. Bethel asked that Mr. Mabbot's proposals for better uses of resources be readied for the next Consultative Panel meeting.

Mr. Bethel stated that from the premise that the return on seed potato production is marginal, the "premium" on exports is attributable to DAFS' co-operation and hard work. He pressed for consideration of how to pay for the additional work that will be required before sufficiently increased exports can produce a higher overall price structure for the benefit of all. On the basis of Mr. McIntosh's estimate of overall costs (£120,000 to £150,000 p.a. = £2.00 - £2.50 per exported tonne) and a five-year average c.i.f. Algeria price of £167 per tonne, an additional £2.50 per tonne would be critical. It would lead to loss of market (with possible liquidations) when our competitors are not bearing the same cost. He also warned against creating a situation of double-charging on export tonnage.

Non-indigenous pests - the meeting agreed that within the principle of government responsibility for the common good, discussion of individual payments was inappropriate in the present context.

DAFS took the opportunity to report the current situation on possible changes in Phytosanitary Certificates arrangements, following the "Bennett case" Judgement. Mr. McIntosh gave a full explanation of the Department's position and a firm commitment that arrangements will be made, to safeguard our £10m overseas trade in seed potatoes, in time for current season shipments. A further (separate) meeting is likely in the very near future.

Opportunity was also taken for a very full and frank discussion of the problem of delay in production and issue of Inspections Classification results. Mr. McIntosh expressed his intense frustration that his intended improvements had not borne fruit. On a technical (computer) level, Mr. Bethel made various points and suggestions which both Mr. Lyall and Mr. McIntosh felt should be profitably pursued. After a somewhat prolonged exchange a rather more optimistic outlook prevailed.

The meeting then closed with a Vote of Thanks to the Chair.