

REPORT on a MEETING of the
JOINT SEED TRADE COMMITTEE
in 17 Grosvenor Crescent,
EDINBURGH at 9.30 a.m. on
Thursday, 19th JUNE, 1986.

- PRESENT:
- N.F.U.S. - Messrs. J.L. McLaren and J. Arbuckle, Jnr., with Mrs. J.C. Armstrong (Asst.Secy.) in attendance.
 - S.P.T.A. - Messrs. K.A. McKenzie and G.S. Brass with D. Blackmore (Asst.Secy.) in attendance
 - S.S.P.D.C. - Messrs. J. Fotheringham and J. Bethel.

Mr. J.A. McLaren took the Chair and welcomed those present.

DISCUSSION: The Committee confirmed having previously received copies of Mrs. Armstrong's report on its last meeting. Referring to the current state of the seed industry the Chairman spoke of mounting pressure for something to be done. Before turning to re-discussion of Mr. Bethel's earlier Paper he stated his personal view that remedy of the basic problem (of chronic over-production of seed) should be considered, since it would clearly better to have some form of acreage control (perhaps akin to the P.M.B. national ware quota) of over-production, rather than to devise means of disposing of that over-production once it had occurred.

The Committee agreed with this reasoning, which seemed likely to be welcomed by seed growers. Mr. Brass expressed doubts regarding the acceptance and the discriminatory effect of lower value quotas for seed and whether this would replace or co-exist with the Direct Intervention Scheme (DIS). In Mr. Fotheringham's view the shortage of alternative crops for producers, together with market forces, will lead to larger companies which will increase the difficulties of over-coming the problems. Mr. Brass also felt it would be easier to determine the requisite quota acreage to meet total demand than to decide the varietal make-up of that acreage.

Mr. Bethel pointed out the difficulty of determining seed demand as early as September and experience showed that high or low demand years are equally affected by surpluses. Explaining STOPA's experience this season he stated that against a budgetted support for 110,000 tonnes, 190,000 tonnes had been bought up, the additional 80,000 tonnes being financed by £5M of borrowing which, in turn, had led to a levy of £250 per ha. for 1986.

Mr. Arbuckle favoured removal of the "chronic" surplus while Mr. Fotheringham, who basically did not favour "controls", accepted a remedy requires another additional "scheme". Mr. Bethel also pointed out that viewed against sizes demand, quota would still leave a depressing surplus of top sizes, but Messrs. Arbuckle and Brass saw this as less important. Mrs. Armstrong felt that making quota a first priority would make the complementary DIS more politically acceptable, while Mr. Arbuckle felt that quota not allowed for seed could be grown as ware to maintain target production, but Mr. Brass felt this would make a seed buy-back scheme extremely difficult to administer.

The Chairman cautioned against encouraging inexperienced incomers to potato production and corrupt practices. He felt the industry must insist DAFS carries out a 100% tuber inspection of all seed consignments and also operates strict tonnage-yield based control over labels issued.

In discussion of changing markets, both in the U.K. and elsewhere, it was felt that in some respects the P.M.B.'s quota system inhibits the development of other markets. Export markets are not profitable and the Committee did not agree with Mr. Anderson (ESCA)'s interpretation of his statistics as quoted by Mr. Bethel.

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Mr. Fotheringham felt that analysed scenarios of the effects of proposals would be required and that the P.M.B. is best equipped to prepare these. Mr. Bethel felt control of quota and riddle sizes should both operate together, the Chairman adding that the reactions of English and Welsh seed producers to these changes would have to be considered. In his own view a buy-back scheme for seed would have to be national (i.e. include Scottish, English and Welsh seed producers), be limited to a maximum of 50mm size and be related to the average price of say 5 cheapest varieties.

It was agreed exceptions to a 50mm maximum should be permitted for contract growers, pre-signed contracts and specific customer demand. In discussion of Mr. Bethel's suggestion that variety control could operate by trigger-price differences (felt to be too complex), it was also agreed a buy-back scheme would have to avoid any open-endedness. Mr. Arbuckle pointed out that buying back 1 tonne of smaller sizes (e.g. 35 x 45mm) would divert 2 tonnes of larger sizes (e.g. 45 x 55mm) into ware. There was also discussion of the present control of variety plantings, the operation of DIS in Scotland, the practicalities of 100% tuber inspections and its effect on presentation, quality and price.

Mr. McKenzie urged early announcement of seed quota and maximum seed riddle of 50mm. Mrs. Armstrong (supported by Mr. Bethel) drew attention to legalities, explaining that DAFS had no power to limit sizes but it is believed the P.M.B. can do so. The Committee agreed it to be preferable to use existing powers wherever then can be found and that the way forward must be through the P.M.B. and DAFS, not through a separate radical Scottish scheme.

Mr. Bethel defined the three postulated options as (1) riddle size control), (2) quota acreage control or (3) a mixture of both. He felt "best and worst markets models", showing the effects of these options over the last 3-5 years, could be prepared within the next few days. Mr. McKenzie felt it was also necessary to allocate part of the DIS scheme specifically to seed support, while Mr. Brass urged that principles should be established first, leaving specifics (defining the P.M.B.'s commitment within historically existing expenditures, etc.) to be established as stage two.

At this point Mr. R.I. Sandilands (Secretary, NFUS) joined the meeting and Mrs. Armstrong summarised the broad outlines proposed as follows:-

- PMB to set top seed riddle at 50mm - (PMB believed to have power already to do this) with specific exemptions - implemented by DAFS' label issues.
- Specialist seed producer buy-in support scheme - maintaining present access to both Season Contracts Scheme and DIS, meantime
- DAFS to implement 100% tuber inspections for all seed consignments and to operate strict tonnage-yield based control over label issues.

During prolonged discussion, consideration was given to the timing of buy back, determination of trigger prices, balancing between seasonal contracts and DIS Schemes, political aspects, costs and presentation of the proposals to the PMB. It was agreed Mrs. Armstrong and Mr. Bethel will prepare a short Paper of the principles of the outline proposals prepared for maximum PMB/DAFS acceptability, for the Committee's constituent organisations' approval in the first immediate instance, for submission to the PMB and DAFS to check legalities. Quantifications would follow thereafter.

It was further agreed that Mr. McLaren will disclose the proposals, in confidence, only to Mr. Hitchcock (Chairman, PMB) prior to a meeting of the Working Party in London on Wednesday, 25th June and that the constituent organisations will ensure their own continued confidentiality.

Finally the Committee agreed to meet again at 9.30 a.m. on Friday, 4th July, 1986 for consideration among other matters of worked-up models to be prepared by Mr. Bethel.

The meeting was thereupon concluded.