

REPORT on a MEETING between PBI
FENTON and THE SCOTTISH POTATO
TRADE ASSOCIATION in the Ice
Rink, PERTH at 11 a.m. on Monday,
11th NOVEMBER, 1991

PRESENT: PBI FENTON - Messrs. D. Taylor, J.G.H. Fenton and A.M. Beattie.

S.P.T.A. - Messrs. J.R. McArthur (President) with R.D. Hunter (Secretary) and D. Blackmore (Assistant) in attendance.

PLANT
BREEDERS'
ROYALTIES:

Mr. McArthur recorded that the meeting had been requested by PBI Fenton and intimated Mr. Doig (Vice President)'s apology for absence.

Mr. Taylor explained his Company was supporting proposals to extend the present 25-year limitation of Plant Breeders' Rights for potatoes to 30 years. He wished to convey the reasons for this support for favourable consideration by SPTA Council in due course. Mr. Hunter tabled copies of a letter on this subject from MAFF to SPTA, received this morning.

Mr. Taylor stated that Breeders' Rights are not providing adequate returns to finance continuing breeding programmes. This reflected historically low un-costed rates of Royalties on State-bred varieties (which should have been corrected long ago), the low multiplication rate of potatoes (vis-a-vis grain, for example), slow start up, farm saved seed, and other factors. A total potatoes royalties income in the U.K. of only £1.2m. p.a. compared with the cost of current breeding activities illustrated this point very well.

Mr. Taylor also explained that now drafted E.C. proposals to extend the limitation to 30 years are in respect of new varieties only. However, in the light that both Germany and Holland have already introduced a 30-year limit on new and existing varieties alike (and thereby placed U.K. breeders at a competitive disadvantage), the U.K. Rights Holders are looking at means to approach the Controller to seek equal limits for existing varieties also. It was recognised that significant resistance could jeopardise the success of this approach and he hoped today's meeting would help the Breeders' case.

From a number of productions tabled by Mr. Taylor and during the ensuing discussion, attention focussed on the varieties Piper, Javelin, Squire and Bard, the Breeders' Rights to which are currently due to expire in 1992, 1993, 1995 and 1997 respectively. Thereafter, Mr. Taylor explained his Company's Royalties income would be of the order of £100,000 p.a. against the current breeding programme costs of £920,000 p.a. Mr. Beattie also stated that Bard, which is grown on contract, has generated only £750,000 of royalties during its entire 19-year life to date.

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This introduced the other factor in a Breeder's rights, the ability to control the planted area of a variety. The meeting agreed this factor, rather than Royalties generated, carried more weight for Dutch Breeders. Mr. McArthur spoke from his own experience both of breeding and of merchant growing. He highlighted the cost of initial development, trialling and listing, the absence of income during a minimum 5-year "multiplication only" period when the risk of failure of a variety was at its height. The paradox that a successful variety only generated its maximum royalty income during the last five years of its "protected" life was widely recognised. He foresaw that resistance to the proposed extension could be expected to come from farmer-growers and the NFUS, but he felt the matter required a "long term view" approach, addressing the fundamental question of whether a U.K. breeding programme is vital and if it is, then it must be properly funded.

Mr. Brass, who had arrived early for a subsequent meeting, was invited to join the discussion. In his view the proposed extension would be self defeating and would not receive his support. He felt that a charge on ware crops could be made rather than extending the period, but others pointed out this would be too administratively complex and felt much increased rates of royalty was the only alternative to the proposed extension of the protected period. Mr. McArthur regarded it as short-sighted for growers to want an end to a royalty equivalent to about £7.50 per tonne which would lead to a drop of about £30 per tonne in the price of ware.

Further discussion covered the development of niche markets, the effects of supermarket demands, reduction of acreages, increases in yields and rights-holder controlled production. Mr. McArthur expected this morning's discussion would be largely repeated during consideration of the letter from MAFF when Council meets this afternoon. Mr. Taylor thanked those present for their time and attention, whereupon the meeting was concluded.