



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
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From the Minister

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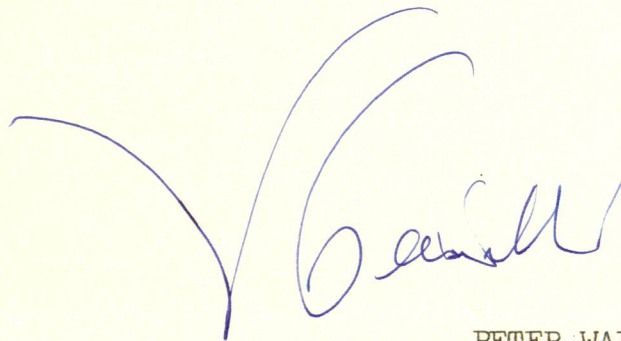
PRIME MINISTER

20 December 1982

FORWARD LOOK

  
In your letter of 16 September to the Home Secretary you asked Ministers in charge of Departments to send you, by 24 December, reports of a forward look at their Departments' programmes for the next five years. I enclose such a report for the Ministry of Agriculture, Fisheries and Food.

I am copying this minute to Sir Robert Armstrong.



PETER WALKER

FORWARD LOOK : MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

1. This note sets out, for the field covered by the Ministry of Agriculture, Fisheries and Food, such of the commitments with which the Government entered office as remain to be met; major new proposals for carrying forward in the next Parliament reforms started in this; and major new initiatives requiring legislation or structural change.

COMMITMENTS TO BE MET

2. Agriculture and Food The main commitments on agriculture in the 1979 Manifesto have been met. The green pound was devalued to parity with the market rate of sterling during the government's first year; Commission proposals which discriminated against British farmers have been successfully resisted; price increases under the CAP have been reduced to levels lower than under the Labour Government; and a reasonable standard of living has been assured to farmers in the uplands by successive increases in hill live-stock compensatory allowances.

3. Two commitments remain to be fulfilled:-

(i) The Manifesto proposed a freeze in CAP prices for products in structural surplus until the surpluses were eliminated. The rate of inflation in the Community made a freeze impracticable: had there been one, net farming income in the UK and other Community countries would have been entirely wiped out. As it is, prices were reduced in real terms and farm incomes throughout the Community have fallen. Experience has shown, however, that surplus production cannot be cured by price policy alone: the immediate response of producers to a price freeze is to increase production; and the prolongation of a freeze would produce irresistible political pressures for relaxation as farm incomes were thereby slashed.

Future policy towards the CAP, while including continued advocacy of restraint in increasing prices for commodities in surplus, should therefore supplement this by specific measures intended to deal directly with surplus production, eg the imposition of levies at punitive rates on increases in milk production.

(iii) The Manifesto criticised Labour for undermining the profitability of the agricultural and food industries. Food industry profitability has not suffered as much as that of manufacturing industry generally, but real net farming income is still substantially below the levels attained under the previous Government. Fulfilment of the commitment would require a green pound policy which allowed British agriculture to prosper in competition with its competitors in other member states.

4. Fisheries The Manifesto commitment to work for Community agreement on proper arrangements for fishing has been amply fulfilled by the negotiations which have resulted in agreement on the part of nine member countries and the Commission on all the main elements of a common fisheries policy. In addition substantial operating aid has been given to the industry.

5. Animal Welfare The Government has essentially fulfilled the Manifesto pledges on animal welfare, by setting up the Farm Animal Welfare Council, making good progress in updating the Brambell Report and introducing revised codes of welfare for farm animals, banning the export of cows and ewes recently calved and lambed, and securing the adoption of a further Community directive on safeguards for animals in international transport. Work on animal welfare should continue on the same lines, with particular attention being given to battery hens.

## PROPOSALS FOR CARRYING FORWARD REFORMS ALREADY INITIATED

6. Marketing With the passage early next year of legislation now before Parliament, the organisation "Food from Britain" will come into being to give a new impetus to the improved marketing of British agricultural and food products at home and abroad. Its activities will be evident throughout the next Parliament. The Government's role will be to help British primary produce and added-value foodstuffs to compete effectively on both Community and third country markets, notably through negotiations in the Community context.

7. Marginal Land and Uplands One million hectares of agricultural land in the UK suffer a degree of natural disadvantage but are not at present designated as "less favoured areas" under the relevant Community directive. The Government has already notified the European Commission that it wishes to extend the less favoured areas to cover this "marginal land". When this extension has been accepted by Community institutions, the Government should introduce, probably in 1984, measures of assistance within the framework of Community policies for regional assistance and aid to less favoured areas. The annual UK cost might be some £15m. at current prices, of which 25% would be reimbursed from Community funds; and there would be an extra staff requirement of about 25 man-years. At the same time, and in accordance with Section 41 of the Wildlife and Countryside Act 1981, ADAS will advise farmers in the less favoured areas on diversification into other enterprises of benefit to the rural economy; and, with the Forestry Commission, will encourage farmers and landowners to take a commercial interest in timber growing and will promote a closer integration of farming and forestry in the uplands.

## MAJOR NEW INITIATIVES

8. Landlord/Tenant Legislation The Government is concerned at the rate of decline in the availability of farms to let and the limited opportunities for young people wishing to farm on their own account. A balanced package of improvements covering tenure, rents and taxation is required. Legislation would therefore be introduced in 1984/85, on the basis of the agreement already reached between the Country Landowners' Association and the National Farmers' Union, to revise the existing arrangements for succession to tenancies and modify the formula for setting rents. Further improvements should be made in the taxation arrangements for private landlords. Such a policy would require no extra manpower, except the 4-5 staff needed for the legislation itself. The only financial cost would be that of the taxation concessions (not yet agreed with Inland Revenue).

9. Restructuring of the Glasshouse Industry The glasshouse industry is in serious difficulties, caused in part by unfair competition from the Netherlands. To help put its potentially viable elements on their feet, so that the industry can maintain and increase its share of the market, a strictly time-limited initiative of 3 to 5 years should be introduced. The industry's main needs are to improve its production structure and its marketing capacity. For the former, some further incentive for capital investment by the potentially viable, particularly in energy saving equipment, may be needed and, if they were shown to be cost effective, for demolition and resettlement grants (which would require secondary legislation) to accelerate the removal of the less viable glasshouses. For the latter, Food from Britain should act as a catalyst to get the more progressive glasshouse operators to organise themselves so as to improve their marketing. Preliminary thinking is that about £15m. spread over

3 to 5 years would provide the pump-priming aid needed to stimulate the industry's recovery. There would be an additional manpower need of some 3 or 4 while the scheme is in operation. It could be introduced in 1983/84.

10. Restructuring of the Fishing Industry The progress towards a common fisheries policy has given the fishing industry a more secure basis on which to plan its future. Parts of the fishing fleet are currently not well-structured to take best advantage of expected fishing opportunities. Government will be working with the industry on plans to restructure and modernise the fleet so that it can operate efficiently and profitably. Provision of £60m. has been made in the PES over the next three years. Manpower implications are expected to be small.

11. Food and Drugs Legislation The Food and Drugs Legislation should be reviewed in consultation with industry, trade, consumer and enforcement bodies. The purpose would be to strengthen the existing provisions on food safety and to modernise those on inspection and sampling, so that legal quality standards can be enforced more efficiently and economically in the interests of the consumer but without unnecessary impediment to the manufacturing and marketing of food. Legislation could be prepared within about 18 months. It would have no significant effect on Government manpower and expenditure.

Ministry of Agriculture, Fisheries and Food

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