



PRIME MINISTER

REVIEW OF FORESTRY POLICY

I have seen the paper circulated to E Committee by George Younger on behalf of the Forestry Ministers. I agree with its proposals and appreciate the need for an early statement of the Government's intentions to reassure the wood-processing industries amongst others. But the precise timing and the content of the statement, and particularly any reference to an expansion of Forestry, will need to be carefully considered in the light of the current difficulties in the paper and board industry, not least Bowater's Ellesmere Port problems which became public knowledge on 24 July. It would be inapposite for any statement which would be seen as Government encouragement of continued expansion of Forestry to follow too closely on the heels of Bowater's problems becoming public.

2 The rate of Forestry expansion will be determined by the future tree-planting rate. When targets are set it is important that a realistic view should be taken of the long-term market prospects. There will be little point in growing more timber unless we can be reasonably assured that what is ^rgrown can be sold to the user industries at sufficiently competitive prices to allow those user industries to compete with imports coming into the UK market.

3 Copies of this minute go to the recipients of George Younger's minute of 18 July.