

D.H.L.L.



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

For Information *Mr M. G.P.* *Mr Allen*
Shd. be quickly
wept in in approx?
Mr
- 201.

PS/PM.
PS/Sir B.H.
Mr Kiesner
Mr Wright
Mr Thornton.

From the Minister

IN CONFIDENCE

Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1P 3AG

/S November 1985

Dear Chancellor of the Exchequer

EGGS AUTHORITY

At the E(CP) meetings on 22 April and 24 July, I undertook to inform the Committee of the outcome of the review of the Eggs Authority. As time is short and there is no early meeting of E(CP) scheduled, I am writing to let you know how I am intending to proceed.

The review team under John Peyton's chairmanship (which reported at the end of July) concluded that the Authority should be wound up. The points which mainly influenced them in this were doubts about the value of the generic advertising of eggs; their finding that the Authority's R & D effort into processing and marketing had yielded no important results; and their view that essential market intelligence data could be collected and published by MAFF at no great cost. And, while they felt that there should continue to be some central body to represent the egg industry, they believed that this function could best be carried out by the British Egg Industry Council (a voluntary body on which all the major interests in the egg industry are represented), and that any necessary public relations work on the industry's behalf could be financed on a voluntary basis.

The Peyton recommendations place me in considerable difficulty. While they have been welcomed by the majority of the larger companies in the industry, the Farmers' Unions - who claim to represent producers owning over two-thirds of hens - feel very strongly that the Authority should be retained; and indeed this is the view of all the organisations representing producers with the single exception of the one that represents the "big boys".

/I and my

10/20/11

I and my colleagues would therefore be subject to considerable criticism if we were to go ahead with abolishing the Authority. Nevertheless, bearing in mind the Government's overall policy towards NDPBs and deregulation, we are prepared to press ahead with abolition and to provide for this in the Agriculture Bill which is being put through the House this session. I have already obtained the provisional agreement of the H and QL Committees for the drafting of a suitable clause for inclusion in the Bill, and L Committee recently agreed that we could propose a suitable amendment during the Committee stage.

I propose to announce the decision to abolish the Authority on 25 November when I have the second reading debate on the Bill. I should thus be glad to hear quickly that you are content with my proposed course of action.

One line of criticism to which we shall be exposed is ^{that} abolishing the Eggs Authority makes no sense when the Government is looking to the various sectors of the agriculture industry to make contributions in future towards the cost of Government research and development. I shall need to counter this by being ready to consider sympathetically whatever arrangements the egg industry work out. One possibility will be to use the 1947 Industrial Development and Organisation Act to set up a Development Council, an approach likely to be used by the horticultural industry.

I am copying this letter to the other members of E(CP) and to Sir Robert Armstrong.

Yours sincerely

Setty Good

for MICHAEL JOPLING

(Despatched in the Minister's
absence)