

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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SUBSIDIES

Notifications by contracting parties

Addendum

CANADA

The following notification has been received from the Government of Canada.

Notification of 28 February 1959

(The present notification replaces earlier notifications reproduced in the following documents: GATT/CP/114, G/4/Add.3, L/223, L/351/Add.2, L/480/Add.4, L/660/Add.4 and L/880/Add.2.)

A. AGRICULTURAL PRODUCTS

I. GRAIN AND GRAIN PRODUCTS

Feed Freight Assistance

1. Nature and Extent of the Subsidy

- (a) Background and authority - Originally a wartime measure, this policy has been continued to assist livestock producers in eastern Canada and British Columbia by reducing the freight charges on western grains and millfeeds used by them for feed purposes. The authorization is P.C. 1955-138, 26 January 1955, as amended by P.C. 1957-288, 28 February 1957, and P.C. 1958-1628, 27 November 1958.
- (b) Incidence - The subsidy is paid to the wholesalers or retailers from whom the farmers purchase western grains or millfeeds. Claims must show that the commodities are to be fed to livestock and that the amount of the assistance has been passed on to the purchaser. No payment is made on grains and feeds for export.

For the purpose of determining the rate of subsidy, five different regions have been established. Within some of these, there is a flat rate but in others the rate increases with increased distance from the point of shipment. The rate varies from \$5 to \$30.50 per ton according to destination, having been increased slightly in December 1958 to maintain the existing relationship between the assistance and the 17 per cent increase in freight rates effected in December.

- (c) Amount of subsidy - The estimated expenditure for the fiscal year 1957-58 was \$17.78 million. From the beginning of the 1958-59 fiscal year to 31 December 1958 it approximated \$15.5 million.
- (d) Estimated amount per unit - In 1957-58 payments averaged \$7.39 per ton.

2. Effect of Subsidy

The programme encourages use of domestic feeds in Canada.

Acreege Payments to Western Grain Producers

1. Nature and Extent of the Subsidy

- (a) Background and authority - The basic principle underlying the payments was to extend assistance during 1958 to western grain growers, particularly those on small farms who had had very little grain to deliver because of short crops in 1957 and 1958. The authorization is P.C. 1958-1442, 16 October 1958, as amended by P.C. 1958-1629, 27 November 1958.
- (b) Incidence - The Canadian Wheat Board, as agent for the Minister of Agriculture, made payments to qualified farmers in western Canada on the basis of \$1.00 per cultivated acre, on a maximum of 200 acres per farm. To qualify, farmers had to hold a 1958 permit book; these books, issued by the Canadian Wheat Board to commercial grain growers in western Canada, record cultivated acreage and grain deliveries.
- (c) Amount of subsidy - The estimated expenditure was \$42 million.
- (d) Estimated amount per unit - One dollar per acre on up to 200 acres per permit book.

2. Effect of Subsidy

It provided some cash income in the grain-growing area of Canada, particularly to those on small farms who had little grain to deliver and lacked other produce to market.

Storage on Temporary Wheat Reserves

1. Nature and Extent of the Subsidy

- (a) Background and authority - Due to the accumulation of abnormally large wheat stocks from several successive bumper crops, the federal government from 1 August 1955 assumed the payment of storage and interest costs on Canadian Wheat Board holdings of wheat in excess of basic stocks of 178 million bushels at the beginning of a crop year. The 178-million-bushel figure is the fifteen year average of stocks in store before the huge 1951 crop. Programme is authorized under Temporary Wheat Reserves Act and P.C. 1959-760, 30 May 1958. The legislation will lapse when stocks are reduced to 178 million bushels.

- (b) Incidence - The federal government pays to the Canadian Wheat Board an amount computed by multiplying the quantity of wheat held by the Board in excess of 178 million bushels at 1 August (beginning of the crop year), by the current carrying charge rate per bushel. This federal payment is added to Board receipts from crop-year sales of wheat, which comprise the "pool" from which supplementary payments are made to producers at the end of that annual pool period in returns warrant.
- (c) Amount of subsidy - For the 1956-57 crop year the Board received \$28.8 million as the Treasury payment of carrying charges on about 229.7 million bushels and for the 1957-58 crop year, \$35.55 million on some 167.5 million bushels.
- (d) Estimated amount per unit - In the 1956-57 crop year, payments into the pool averaged 7.1 cents per bushel on total stocks held by the Board, or 12.5 cents per bushel on quantity in excess of the 178 million-bushel basic stocks. Comparable figures for the 1957-58 crop year are 10.3 cents and 21.2 cents per bushel.

2. Effect of the Subsidy

The payments have increased returns to producers by reducing the amount of carrying charges the pool was called on to bear during the present period of abnormally high stocks.

Crop Failure Assistance

1. Nature and Extent of the Subsidy

- (a) Background and authority - This programme was designed to aid farmers in the spring wheat area (the Prairie Provinces and the Peace River District of British Columbia) in years of low crop yields arising from drought and other conditions beyond their control. It was authorized under the Prairie Farm Assistance Act, 1939 as amended, and regulations established by order in council.
- (b) Incidence - Payments are made to all farmers in areas eligible by reason of low yields in any year, at rates varying from \$2 to \$4 per acre of cultivated land, subject to a maximum of 200 acres per farm. The rate of payment varies with the degree of crop failure, based on a scale of wheat yields in the area. A minimum payment of \$200 per farm is provided for in the regulations if the award computed is less than that amount. A 1 per cent levy is

deducted from each producer's sale price of western wheat, oats, barley, rye, flax and rapeseed sold through licensed agencies. Proceeds of this levy are credited to a special fund, out of which the awards are paid. If the amount in the fund is inadequate to defray the cost of the awards, the federal government makes up the deficit.

- (c) Amount of subsidy - During the crop years 1955-56 and 1956-57 proceeds of the levy exceeded the amount paid in awards. In 1957-58 the federal contribution required in addition to the amount in the fund, to meet the cost of the awards was about \$11 million.
- (d) Estimated amount per unit - The cost to the federal government of the average award per eligible farm in the crop year 1957-58 was \$214. From 1939-40 to 1957-58 it averaged \$104, or about one-half the cost of the total awarded.

Part of the subsidy

In areas of crop failure it provides eligible farmers with a minimum income to meet pressing expenses.

II. LIVESTOCK AND PRODUCTS

Hog Premiums

1. Nature and Extent of the Subsidy

- (a) Background and authority - The payment is designed to improve the quality of Canadian hogs. It is authorized by P.C. 62, 10 January 1944, as amended.
- (b) Incidence - Payment is made to producers who deliver their hogs for slaughter at inspected plants or approved establishments throughout Canada. The farmer receives with his settlement statement a hog premium warrant which is negotiable at par at any chartered bank. The Government reimburses the bank. The rates are \$2.00 per head for A Grade carcasses and \$1.00 per head for B-1 Grade carcasses.
- (c) Amount of subsidy - The estimated expenditure for the fiscal year 1957-58 was \$5,441,761 and for the 1 April - 31 December 1958 period, \$4,817,421.

- (d) Estimated amount per unit - In 1957-58 payments totalling \$5,441,761 were made on 1,577,737 Grade A carcasses and 2,286,287 B-1 Grade carcasses. From 1 April 1958 to the end of the year the \$4,817,421 covered premiums on 2,803,532 A carcasses and 2,013,889 B-1 Grade. The average payment per hog was \$1.41.

2. Effect of Subsidy

The premium is a small part of the present return but it has been instrumental in improving and maintaining hog quality.

Pork Price Stabilization

1. Nature and Extent of the Subsidy

- (a) Background and authority - Hogs were placed under price support in 1951 when the loss of the United Kingdom bacon market and an increase in hog production caused a serious drop in prices. In 1952 a United States embargo on imports of Canadian hogs and fresh pork because of the outbreak of foot-and-mouth disease in Canada aggravated the situation. The Agricultural Stabilization Board, which replaced the Agricultural Prices Support Board effective 3 March 1958, offers to buy hogs and pork products whenever market prices fall below the guaranteed minimum established by the Agricultural Stabilization Board annually. However, between 1 January 1953 and the fall of 1958 no operations have been required as market prices remained above the support level. The programme is authorized under the Agricultural Stabilization Act, by P.C. 1958-491, 7 April 1958.
- (b) Incidence - Between 1 April 1958 and 31 March 1959 the Agricultural Stabilization Board has authority to purchase hogs and pork in whatever form it considers preferable, at prices equivalent to \$25.00 per 100 pounds warm dressed weight, from Grade A carcasses, delivered to public stockyards in Toronto. Appropriate price differentials apply at other stockyards across Canada. Board purchases of the five standard pork cuts are limited to products prepared for freezing at federally inspected plants and for which producers had received prices appropriate to the support level.
- (c) Amount of subsidy - There were some purchase operations during the last quarter of 1958 but it will not be known whether there is any cost to the Treasury until this product has been sold.
- (d) Estimated amount per unit - Not known.

2. Effects of Subsidy

As a result of Stabilization Board purchases, prices were maintained to producers and marketings were channelled through federally-inspected plants in order to qualify for support.

Sheep Price Stabilization

1. Nature and Extent of the Subsidy

- (a) Background and authority - In 1958, sheep were brought under the support programme for the first time. Under the Agricultural Stabilization Act, lambs were one of the key commodities for which support was announced.
- (b) Incidence - Between 1 April 1958 and 31 March 1959, the Board has authority to stabilize the price of good lambs on the basis of \$19.55 per cwt. live weight at public stockyards, Toronto and Montreal. Under the plan the Board offered to purchase lamb carcasses stored to its specification in cold storage for delivery early in 1959.
- (c) Amount of subsidy - Although there were no operations under this plan to 31 December 1958, there was a Board loss of about \$280,000 on early 1959 sales of the 1.3 million pounds stored for the Board's account.
- (d) Estimated amount per unit - About 21.5 cents per pound.

2. Effect of Subsidy

Producer prices were stabilized when market prices in some areas fell to the support level.

Wool Price Stabilization

1. Nature and Extent of the Subsidy

- (a) Background and authority - Wool production in Canada meets only a small proportion of domestic requirements. In the face of a decline in the sheep industry and low prices for wool in 1958, some incentive to producers was needed to maintain output. Price support was offered Canadian

producers for the first time under authority of the Agricultural Stabilization Act and P.C. 1958-489, 7 April 1958.

- (b) Incidence - The Agricultural Stabilization Board offers producers a deficiency payment of one cent per pound on all grades of sheep's wool, except rejects, delivered to registered warehouses in Canada between 1 April 1958 and 31 March 1959, for each cent by which the average price per pound of the basic grade (Western Range Choice F9/60's, half-blood staple) of wool f.o.b. Toronto, is below 60 cents per pound.
- (c) Amount the subsidy - The programme is not yet completed but the cost is estimated at \$1.5 million to 31 March 1959.
- (d) Estimated amount per unit - About 28 cents per pound.

2. Effect of the Subsidy

Sheep growers were encouraged to maintain their flocks in spite of unfavourable market prices for wool.

III. DAIRY PRODUCTS

Butter and Butterfat Price Support

1. Nature and extent of the subsidy

- (a) Background and authority - Butter was placed under price support in 1949 in order to stabilize prices and maintain a satisfactory price level within the dairy industry. The Agricultural Stabilization Board which replaced the Agricultural Prices Support Board effective 3 March 1958, buys butter in the summer months and releases it to the trade during the winter. The programme is authorized under the Agricultural Stabilization Act, by P.C. 1958-490, 7 April 1958.
- (b) Incidence - Between 1 May 1958 and 30 April 1959 the Agricultural Stabilization Board has authority to purchase First Grade creamery butter at 64 cents per pound, basis delivery Montreal, with appropriate price and market differentials for other markets, and butterfat in other forms which the Board may specify.
- (c) Amount of subsidy - Loss on butter in the fiscal year 1957-58 amounted to \$2.78 million. On operations between 1 April and 31 December 1958 there was a profit of \$100,000. The net cost of supporting the 1956 production was about \$3.1 million but the figure for 1957 production is not yet known as the programme has not been completed.
- (d) Estimated amount per unit - Unknown.

2. Effect of subsidy

Prices of butter remained reasonably stable avoiding serious seasonal fluctuations.

Cheddar Cheese Price Support

1. Nature and extent of the subsidy

- (a) Background and authority - Cheese was placed under price support in 1949 when production, which had been expanded during the war years, was more than adequate to fill the second last "wartime" contract with the United Kingdom. After the final United Kingdom contract in 1950, export markets for cheddar cheese deteriorated. Price support was offered in 1951, 1952 and 1953. From 1952 until 30 April 1958 cheese was also marketed under annual Agricultural Products Co-operative Marketing Act agreements. There was no federal loss under these agreements. Cheese again came under price support in 1958 to help stabilize prices within the dairy industry. Support for the 1958 production was authorized under the Agricultural Stabilization Act by P.C. 1958-643, 1 May 1958.
- (b) Incidence - The Agricultural Stabilization Board has authority to purchase Canada First Grade waxed cheddar cheese from 1 May 1958 to 30 April 1959 at a price of 33½ cents per pound basis delivery Montreal for Quebec cheese and at 34 cents per pound f.o.b. warehouse for the Ontario product.

- (c) Amount of subsidy - The loss on the support programme for 1958-produced cheddar cheese is estimated at \$828,000.
- (d) Estimated amount per unit - About 5.4 cents per pound on quantity purchased.

2. Effect of subsidy

Price of cheese has been maintained at a reasonably stable level.

Dry Skimmed Milk Price Support

1. Nature and extent of the subsidy

- (a) Background and authority - Dry skimmed milk was placed under price support on 19 March 1957 to stabilize the price level during the heavy spring and summer production period. It is authorized for support under the Agricultural Stabilization Act, by P.C. 1958-642, 1 May 1958.
- (b) Incidence - Between 1 May 1958 and 30 April 1959 the Agricultural Stabilization Board has authority to purchase Canada First Grade dry skimmed milk at 15 cents per pound spray process and 12 cents per pound roller process, in storage Montreal, with appropriate price differentials for other Canadian markets. Board purchases were limited to a quota based on 75 per cent of each plant's production during the period September 1957 to April 1958.
- (c) Amount of subsidy - The estimated expenditure was \$1.09 million in the fiscal year 1957-58. Loss on operations between 1 April and 31 December 1958 is estimated at \$2 million, but the programme is not yet completed.
- (d) Estimated amount per unit - Not known.

2. Effect of subsidy

Stocks of the products have accumulated in government hands as a result of the programme. These have been offered as donations to international relief agencies which have accepted small shipments. Additional quantities that had been in storage for some time have been sold to Denmark at competitive prices for livestock feed purposes and for human consumption on approved markets, mainly in central and South America, on a basis competitive with the United States product.

Cheese Quality Premiums

1. Nature and extent of the subsidy

- (a) Background and authority - The payment is designed to encourage the production of high quality cheese. The authority is the Cheese and Cheese Factory Improvement Act and P.C. 1954-1969, 16 December 1954, as amended.

- (b) Incidence - Producers receive a quality premium of 1 cent per pound on whole milk cheese scoring 93 points and 2 cents per pound on such cheese scoring 94 or more points if it is of the cheddar type (including "washed curd" cheese or blue-vein cheese of the Roquefort type. This assistance is paid to the factory on the basis of premiums earned, for distribution to its suppliers in proportion to their deliveries of milk from which the cheese is made. The factories must distribute all premiums to producers by the end of December each year.
- (c) Amount of subsidy - For the fiscal year 1957-58, the expenditure was estimated at \$844,823 and from 1 April to 31 December 1958 an additional \$696,883.
- (d) Estimated amount per unit - The subsidy during 1957-58 averaged 1.4 cents per pound on production of 26.18 million pounds of 94-score cheese and 33.88 million pounds scoring 93 points.

2. Effect of Subsidy

Although it forms a small part of the returns to the producer, the payment induces the production of high quality cheese.

IV. EGGS AND POULTRY

Egg Price Support

1. Nature and Extent of the Subsidy

- (a) Background and authority - Price support for eggs has been authorized annually since 1950 when the end of the last British contract and the non-availability of major export outlets resulted in a decline in prices in Canada. It was authorized from 5 May 1958 under the Agricultural Stabilization Act, by P.C. 1958-644, 1 May 1958.
- (b) Incidence - Between 5 May 1958 and 4 May 1959 the Agricultural Stabilization Board has authority to purchase Canada Grade A Large eggs, and any other grades and forms of eggs it may specify at prices equivalent to 44 cents per dozen for Grade A Large, graded and packed in new wooden cases, delivered Montreal.
- (c) Amount of subsidy - During the fiscal year 1957-58, the cost of this programme amounted to \$1.44 million and on operations from 1 April to 31 December 1958 about \$2½ million.
- (d) Estimated amount per unit - Not available.

2. Effect of Subsidy

The price support programme has tended to stabilize egg prices. Stocks which have accumulated in the hands of the Agricultural Stabilization Board have been offered for sale at competitive prices for export to specified markets.

V. FRUITS AND VEGETABLES

Apple Price Stabilization

1. Nature and extent of the subsidy

- (a) Background and authority - Difficulties in disposal of the 1957 British Columbia apple crop resulted in larger than normal handling costs to the growers' organization, thus diminishing growers' returns. Price support for the crop was authorized under P.C. 1958-1124, 8 August 1958 under the Agricultural Stabilization Act.
- (b) Incidence - For their 1957 crop of all apples except culls, growers whose marketings were regulated by the British Columbia Fruit Board received a deficiency payment of 12 cents per box, to bring their total return to 99 cents per box.
- (c) Amount of subsidy - Payment totalled \$768,000 on the 6.4 million bushels graded and packed.
- (d) Estimated amount per unit - Twelve cents per box of packed apples.

2. Effect of subsidy

The deficiency payment helped growers meet production costs.

Potato Price Support

1. Nature and extent of the subsidy

- (a) Background and authority - Stocks of 1957 potatoes in the Maritime Provinces at the end of January 1958 were about 10 per cent above the large stocks of a year earlier. For this reason a starch diversion programme in New Brunswick applied under authority of the Agricultural Stabilization Act and P.C. 1958-180, 31 January 1958. Under authority of P.C. 1958-924, 3 July 1958, assistance was also offered to producers in Prince Edward Island for 1957-crop potatoes still in farm storages on and after 3 July 1958.
- (b) Incidence - For the 1957-crop New Brunswick potato producers were to receive a minimum price of \$1.35 per barrel of Canada No.1 potatoes weighing not less than 165 pounds, delivered to starch outlets. This was increased to \$1.65 per barrel for potatoes delivered during February 1958, to \$1.55 for those delivered during March and April, and \$1.45 for those delivered on and after 1 May as producer prices for potatoes delivered

to consumer market outlets other than starch between 1 February and 31 May remained above \$1.35 per barrel. Producers in Prince Edward Island were offered 45 cents per 75 pounds of Canada No.1 potatoes offered to the Board in farm storages on and after 3 July 1958.

- (c) Amount of subsidy - The net cost of price support for the 1957 New Brunswick crop was \$275,000 and for 1957 Prince Edward Island potatoes, was \$125,000.
- (d) Estimated amount per unit - Approximately \$1.70 per 165-pound barrel for the 1957 programme in New Brunswick but payment was 45 cents per 75 pounds in Prince Edward Island.

2. Effect of subsidy

Prices were maintained to producers.

Asparagus Price Stabilization

1. Nature and extent of the subsidy

- (a) Background and authority - In 1957 both Canadian production and imports of asparagus from the United States reached record levels. Contract prices to Ontario and British Columbia growers were below those for the 1956 crop. Stocks of the canned product in Canada at 31 December 1957 were 43 per cent above the year earlier figure. A support programme was therefore offered for 1958-crop asparagus for processing, under authority of the Agricultural Stabilization Act and P.C. 1958-682, 12 May 1958.
- (b) Incidence - Support for the 1958 crop of asparagus grown in Ontario and British Columbia was in the form of a deficiency payment. Under this programme the Stabilization Board offered to pay growers any deficit between the average final price at which No.1 asparagus for processing not more than seven inches long, was contracted or marketed to processing plants in each of the main producing areas and 18 cents per pound in Ontario and 17 cents in British Columbia delivered at the processing plant. However, the total payment was not to exceed 3 cents per pound.
- (c) Amount of subsidy - The total cost of price support for the 1958 asparagus crop for processing was \$106,000.
- (d) Estimated amount per unit - 3 cents per pound.

2. Effect of subsidy

Prices were maintained to producers.

Tomato Price Stabilization

1. Nature and extent of the subsidy

- (a) Background and authority - In 1958 some British Columbia processors did not intend to operate their plants because of large stocks of 1957 crop tomato products still on hand at the opening of the new production season, and expected imports of United States tomatoes from California, where prices were lower for canning tomatoes. To encourage processors to contract with growers for the 1958 tomato crop, price support was extended under the Agricultural Stabilization Act and P.C. 1958-560, 18 April 1958.
- (b) Incidence - The Agricultural Stabilization Board offered to purchase canned tomatoes of Canada Standard or higher grade and canned tomato juice of Canada Choice or higher grade, produced from tomatoes grown in British Columbia in 1958, at a price equivalent to \$5.70 per case of 24/28 ounce tins of Canada Choice canned tomatoes, f.o.b. factory British Columbia points. Appropriate prices would apply to other grades which the Board might specify.
- (c) Amount of the subsidy - Loss on Board holdings sold up to 31 December 1958 was about \$18,000.
- (d) Estimated amount per unit - About 75 cents per case of 24/28 ounce tins of tomatoes on the quantity sold by 31 December 1958.

2. Effect of the subsidy

Growers were able to secure an outlet for their crop at reasonable prices.

OTHER ANNOUNCED PRICE STABILIZATION PROGRAMMES

Price supports mainly in the form of deficiency payments have been announced for some other products but it is so far not known whether any action will be required to give effect to the guarantee.

VI. SUPPLIES

Agriculture Lime Assistance

1. Nature and extent of the subsidy

- (a) Background and authority - Large areas of land in eastern Canada and British Columbia have acid soils which must first be limed before they can benefit from fertiliser, particularly for growing forage crops. Federal-provincial assistance has been available to producers since 1945 to encourage the application of ground limestone on their farms. The authority for the 1958-59 programme is P.C. 1958-6/336, 4 March 1958.
- (b) Incidence - Between 1 April 1953 and 3 March 1958 the federal government paid to each province (except the three Prairie Provinces in which soils do not need to be limed) up to 60 per cent of the amount it expended annually on any direct activity, such as production or transportation assistance, to increase lime utilization for soil amendment. During this period the federal share was limited to \$1.50 per ton but this limitation was removed on 4 March 1958.
- (c) Amount of subsidy - Federal outlay in the 1957-58 fiscal year was \$500,000.
- (d) Estimated amount per unit - The federal share of this assistance averaged 86 cents per ton in the 1957-58 fiscal year.

2. Effect of subsidy

The programme encouraged soil improvement in areas with acid soils.

B. FISHERY PRODUCTS

As a measure of assistance to the fishermen of the Atlantic Coast Provinces producing salted fish products, the government in July 1955 announced a programme to rebate to individual producers of salted cod one-half of their laid-down cost of salt used in producing these products. Total payments in the year 1957-58 amounted to \$594,997,00. This amount represented approximately 3 per cent of the total exported value of the products eligible for assistance in this form.

The only other type of assistance not previously reported, because it was not considered to have any significant effect on exports or imports of fish, is the programme implemented in 1947 respecting Assistance for the Construction of Vessels of the Dragger and Long-liner type on the Atlantic Coast. The regulations under this programme provide assistance to fishermen to the extent of \$165 per ton, gross tonnage, in respect of the cost of constructing draggers or long-liners over 45 feet in length. The amount of assistance was based on the increase in construction costs during and just after the war. The assistance is designed to encourage fishermen to construct more efficient fishing craft and at present represents about 20 per cent of the capital cost of such vessels. Currently the amount of assistance under this very limited plan amounts annually to approximately \$300,000. In all, 294 vessels have been constructed under this programme and assistance granted to the total of \$2,096,590 over the twelve-year period.

C. MINERAL PRODUCTS

1. Coal freight subventions

Authorization - Dominion Coal Board Act, 1947 Act II Geo. VI
 and Order in Council P.C. 1958-516
 Order in Council P.C. 1958-517
 Order in Council P.C. 1958-518
 Order in Council P.C. 1958-519
 Order in Council P.C. 1958-520
 Order in Council P.C. 1958-521
 Order in Council P.C. 1958-749
 Order in Council P.C. 1958-796

Circumstances - This form of assistance, which has been maintained in varying degrees since 1928, has arisen from the geographical position of Canadian coal fields in relation to the major Canadian coal markets. This aid is designed to assist the movement of Canadian coal to certain areas in Central Canada.

The amount of aid is no more than is necessary to enable the Canadian coal to lay down at the point of consumption at the same price as imported coal.

Extent and Nature - There is some variety in the subventions authorized to assist the Canadian coal movements. They are all designed to place Canadian mined coal in a position of competitive equality with imported coal in the markets of Central Canada.

Cost - The total cost of these subventions in the calendar year 1958 amounted to \$9,480,941 on a total tonnage moved of 3,005,811 tons. In 1958 the total production of coal in Canada was 11,679,930 tons.

Effect - It is likely that, in the absence of subventions, very little of the coal produced in the Maritime Provinces or in Western Canada would have moved to Central Canada.

2. Coal export subsidy

Authorization - Dominion Coal Board Act 1947
and Order in Council 1958-517
Order in Council 1958-520

(a) B.C. and Alberta coal

Circumstances - This subsidy was to assist the coal producers of British Columbia and Alberta to find markets elsewhere than in Canada since they are located far distant from the major consumer markets of Central Canada. It provides a subsidy on coal exported to all countries other than the United States, or its territorial possessions, or used as fuel for ships.

Extent and nature - The subsidy provides a payment of up to \$4.00 per net ton on Alberta and British Columbia coal exported from Canadian seaports, and 75 cents per net ton on coal sold for ships' stores for use in ocean going vessels as fuel.

Cost - In the calendar year 1958 the subsidy amounted to \$68,940 on 21,473 tons of coal shipped to Japan and 842 on 55 net tons used as ships' stores.

Effect - In the calendar year 1958 the total Canadian exports of coal was 338,544 tons and the small amount of coal shipped under subsidy from Western Canada had little effect on the movement.

(b) Nova Scotia Coal-Export Subsidy

The Orders in Council covering the export of Nova Scotia coal were, prior to this year, for specific tonnages. These orders were left open in the hope of moving coal to Europe in 1958. However, no shipments were made during the year.

3. Coke bounty

Authorization - Coke Bounty Act (1930) 20-21 Geo. VI - chapter 6.

Circumstances - This subsidy provides that any iron and steel producer, not entitled to a drawback of duty on imported coal, may be granted a subsidy on the coal of Canadian origin converted into coke and used for the smelting

of iron ore. It was designed to assist those iron and steel producers who, because of their geographical position, are not able to take advantage of the reduction in duty on imported coal for coking purposes. It thus tends to equalize the cost differentials between various Canadian primary steel producers.

Extent and nature - This subsidy amounts to 49.5 cents per net ton of Canadian coal used by primary iron and steel producers for converting to coke.

Cost - In the calendar year 1958 the subsidy amounted to \$275,935 on 557,445 tons of coal.

Effect - This subsidy has no adverse effect on imports of coal into Canada. Those companies receiving the subsidy would not be able to use imported coal for coking purposes because of their geographical location.