

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## SUBSIDIES

### Notifications Pursuant to Article XVI:1

#### CANADA

##### A. Agricultural Products

##### I. GRAIN AND GRAIN PRODUCTS<sup>1</sup>

###### Feed freight assistance

###### 1. Nature and extent of the subsidy

###### (a) Background and authority

During the fiscal year ended 31 March 1962 this policy continued to assist livestock producers in Eastern Canada and British Columbia by adjusting the freight charges on western grains and millfeeds used by them for livestock feed. The authorization is P.C. 1958-1628, 27 November 1958, as amended.

###### (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 the central region there is a flat rate but in the others the rate rises with increased distance from the point of shipment. During the 1961-62 fiscal year the assistance ranged from \$5 to \$28.20 per ton.

###### (c) Amount of subsidy

The estimated expenditure was \$17.5 million on the quantity shipped in the fiscal year 1961-62.

###### (d) Estimated amount per unit

Payments averaged \$7.81 per ton in 1961-62.

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<sup>1</sup>Statistical information concerning wheat, oats and barley, see Annex.

2. Effect of subsidy

The programme helps to equalize the cost of domestic feeds to livestock feeders across Canada.

Acreage payments to western grain producers

1. Nature and extent of the subsidy

(a) Background and authority

The 1961 drought in the grain-growing area of Canada cut wheat yields to almost half the previous five-year average and caused a sharp drop in the incomes of farmers, particularly about half the total number which depended on returns from grain crops grown on less than 300 acres. Acreage payments were again considered the most equitable way of partially compensating for the income deficiency that year without stimulating production or impeding the marketing of agricultural products.

(b) Incidence

The Canadian Wheat Board, as agent for the Minister of Agriculture, made payments to qualified farmers in Western Canada for the 1961 crop year at the rate of \$1 per cultivated acre, on up to 200 acres per farm or per Wheat Board permit holder. To qualify, farmers had to hold a 1961 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 expenditure was \$40.1 million in the 1961-62 fiscal year.

(d) Estimated amount per unit

One dollar per acre on up to 200 acres per farm or per permit holder. The \$40.1 million payment averaged \$0.39 per acre on the 103.4 million cultivated acres in the Prairie Provinces.

2. Effect of subsidy

It provided some cash income in the grain-growing area of Canada to help farmers, particularly those on small farms, meet harvesting or other expenses.

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 has paid 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. The programme is authorized under the Temporary Wheat Reserves Act (1956). 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 in excess of 178 million bushels held by the Board at 1 August (beginning of the crop year), by the current carrying charge rate per bushel, for each day in the crop year. 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 if returns warrant.

(c) Amount of subsidy

For the 1961-62 crop year the Board received \$48.8 million as the Treasury payment of carrying charges on about 262 million bushels.

(d) Estimated amount per unit

In the 1961-62 crop year, payments into the pool averaged 11.1 cents per bushel on total stocks held by the Board, or 18.6 cents per bushel on the quantity in excess of the 178-million-bushel basic stocks.

2. Effect of subsidy

The payments have relieved producers of burdensome storage charges on wheat in commercial storage 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 three Prairie Provinces and the Peace River District of British Columbia) in years of low crop yields arising from drought, flood 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 or impossibility of seeding, at rates ranging 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 (or a stated equivalent for oats, barley, rye, rape-seed or flax-seed) 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, rape-seed or flax-seed sold through licensed agencies. Proceeds of this levy are credited to a special fund out of which the awards are paid each December. 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

The Federal contribution required in addition to the amount in the fund, to meet the cost of awards was \$47.7 million in the 1961-62 crop year, a year of severe drought.

(d) Estimated amount per unit

The cost to the Federal Government of the average award per farm in eligible areas was \$326 in the crop year 1961-62.

2. Effect of subsidy

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

II. LIVESTOCK AND PRODUCTS<sup>1</sup>

Hog quality premiums

1. Nature and extent of the subsidy

(a) Background and authority

The payment is designed to improve the quality of Canadian hogs and has been in effect since 1944. The current programme was authorized under an Appropriation Act by P.C. 1960-1184 of 24 August 1960, and P.C. 1962-1283, 12 September 1962.

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<sup>1</sup>Statistical figures concerning pork, lamb and mutton, see Annex.

(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. Between 2 October 1960 and 3 September 1962 the rate was \$3.00 per Canada Grade A carcass. On and after 4 September 1962 the rate decreased to \$2 each for this grade of carcass.

(c) Amount of subsidy

The estimated expenditure for carcasses graded in the fiscal year 1961-62 was \$6.7 million.

(d) Estimated amount per unit

The average payment per hog graded was \$1.00 in the fiscal year 1961-62.

2. Effect of subsidy

The premium is a small part of the present return and has little effect on production levels. It has however assisted in improving and maintaining hog quality and in channelling hogs for slaughter to Government-approved plants.

Pork price stabilization

1. Nature and extent of subsidy

(a) Background and authority

The Agricultural Stabilization Board from 1 April 1958 has established a guaranteed minimum price annually, which it implemented prior to January 1960 by offering to buy any hogs and pork offered to it when market prices fell below this level. On 11 January 1960 the Board was authorized to discontinue its purchase programme and substitute a limited deficiency payment plan of support. The authority for these programmes is the Agricultural Stabilization Act and orders in council thereunder which state the support level for the period.

(b) Incidence

Since 11 January 1960 each hog producer registered with the Board has been eligible for any deficiency payment on an annual quota of up to 100 Grade A and Grade B hogs. The Board determines any annual deficiency payment as the amount by which the national average market price to producers during the marketing year falls below the support level. A national average producer price of \$22.65 per 100 pounds warm dressed weight for Grade A carcasses was the support price for the calendar year 1962, and of \$23.65, same basis, for 1963.

(c) Amount of subsidy

No deficiency payments were required to 31 December 1962 but disposal of pork acquired before January 1960 under the purchase programme cost the Federal Government \$2.02 million in the fiscal year 1961-62.

(d) Estimated amount per unit

Not available.

2. Effect of subsidy

During 1959 and until purchases were discontinued in January 1960, considerable stocks of pork were accumulated by the Stabilization Board. These stocks have been disposed of through three main channels: (a) sales and donations on the domestic market, (b) sales and donations to international relief agencies, (c) sales on certain export markets. The costs to the Government shown above result from disposal of the product at a price less than the purchase price plus storage and other marketing costs. No distinction is made in the Public Accounts between losses on export operations and those on domestic disposals.

Lamb quality premiums

1. Nature and extent of the subsidy

(a) Background and authority

This programme complemented support programmes for lamb and wool in aiding Canada's sheep industry and encouraged production of high quality lambs. It was authorized by P.C. 1961-1122, 4 August 1961 and P.C. 1962-749, 22 May 1962 under general Appropriation Acts.

(b) Incidence

From 14 August 1961 producers have been eligible for premiums on properly identified (tagged) lambs slaughtered at Canadian plants where Federal carcass grading is available. With his settlement statement the producer receives a warrant signed by the government grader which covers the appropriate premium. The warrants are negotiable at par at any chartered bank, which claims the refund from the Government. The rate of premium is \$2.00 per lamb carcass grading Canada Choice and \$1.00 per carcass grading Canada Good weighing between 36 and 56 pounds warm dressed weight.

(c) Amount of subsidy

Premium payments on eligible carcasses graded during the 1961-62 fiscal year totalled \$495 thousand.

(d) Estimated amount per unit

Payment per lamb carcass federally graded during the 1961-62 fiscal year was \$1.10.

2. Effect of subsidy

It has encouraged the marketing of lambs at desirable weights. The programme has not been in effect long enough to determine whether the desired improvement in quality will be achieved.

Sheep price stabilization

1. Nature and extent of the subsidy

(a) Background and authority

The support for lambs during 1961-62 was 80 per cent and during 1962-63 was 92 per cent, of the ten-year average market price, under authority of the Agricultural Stabilization Act and subsidiary Orders in Council.

(b) Incidence

Between 1 April 1961 and 31 March 1962 the Board had authority to stabilize the price of Good lambs at \$19.35 per cwt. live weight at public stockyards, Toronto, by means of an offer to purchase top grade lamb carcasses at the equivalent of the support level. For the period 1 April 1962 to 30 June 1962 the purchase programme was continued but the support level was set at a national average price to producers of \$18.80 for Good quality or better lambs. On 1 July 1962 and effective until 31 March 1963 the purchase programme was replaced with a deficiency payment method of support at the same level.

(c) Amount of subsidy

The losses incurred by the Board on lamb acquired under the purchase programme and sold on the domestic market during 1961-62 were \$928 thousand. No deficiency payment was made up to the end of December 1962.

(d) Estimated amount per unit

The average payment per lamb slaughtered under Federal inspection in the fiscal year 1961-62 was \$1.60.

2. Effect of subsidy

Producer prices were stabilized. Domestic production has risen very little above pre-support levels, and imports in 1961 were well above those in 1960.

Wool price stabilization<sup>1</sup>

1. Nature and extent of the subsidy

(a) Background and authority

Price support was provided for the 1961 and 1962 wool clips under the authority of the Agricultural Stabilization Act and pertinent orders in council.

(b) Incidence

The Agricultural Stabilization Board has offered producers a deficiency payment of one cent per pound on all grades of wool from sheep, except rejects, delivered during each of the fiscal years 1961-62 and 1962-63 to registered warehouses throughout Canada for each cent by which the support level of 60 cents per pound f.o.b. Toronto is above the average of the prices for Western Range Choice 58/60's, half-blood staple and Eastern Domestic 48/50's, quarter-blood staple.

(c) Amount of subsidy

During the 1961-62 fiscal year producers received the remaining \$32 thousand of the total \$1.28 million deficiency payment on the 1960 clip, and \$1.20 million deficiency payment on the 1961 clip.

(d) Estimated amount per unit

1960 clip - about 23 cents per pound.

1961 clip - about 22 cents per pound.

2. Effect of subsidy

Provides encouragement to sheep producers to remain in production in spite of unfavourable wool prices. Wool production in Canada continues to meet only a small proportion of domestic requirements.

III. DAIRY PRODUCTS<sup>2</sup>

Butter and butterfat price support

1. Nature and extent of the subsidy

(a) Background and authority

The price of butter continues to be supported by the Agricultural Stabilization Board which 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 annual orders in council.

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<sup>1</sup>Statistical figures, see Annex.

<sup>2</sup>Statistical figures concerning butter and cheese, see Annex.

(b) Incidence

Between 1 May 1961 and 30 April 1962 and the corresponding period of 1962-63 the Agricultural Stabilization Board had authority to purchase First Grade creamery butter scoring 40-93 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. From 1 May 1962 the Board was directed to sell its butter stocks at 52 cents per pound to encourage greater consumption.

(c) Amount of subsidy

Stabilization Board losses on butter in the fiscal year 1961-62 amounted to \$2.48 million.

(d) Estimated amount per unit

Not available as butter on which Board losses occurred in 1961-62 was acquired during the previous four marketing years. However, on the basis of production in the fiscal year 1961-62 the loss amounted to 0.7 cents per pound.

2. Effect of subsidy

The operations of the Stabilization Board resulted in the price of butter remaining reasonably stable, avoiding serious seasonal fluctuations. Butter stocks are normally disposed of on the domestic market. The reduced selling price increased consumption by households and industry between 1 May 1962 and the end of the year.

Cheddar cheese price support

1. Nature and extent of the subsidy

(a) Background and authority

The Agricultural Stabilization Board continued its offer to purchase programme for cheese during 1961-62. This authority was granted under the Agricultural Stabilization Act and Orders in Council issued under it.

(b) Incidence

Between 1 May 1961 and 30 April 1962 the Board offered to purchase Canada First Grade waxed cheddar cheese produced in Ontario at 32 cents per pound f.o.b. Ontario warehouse, and the same grade at 31.5 cents per pound for cheese produced in Quebec and delivered at Montreal. For the 1962-63 period the offer-to-purchase price for both Ontario and Quebec cheese of Canada First Grade is 32.5 cents per pound.

(c) Amount of subsidy

The net cost of the support programme during the 1961-62 fiscal year for 1961 produced cheddar cheese was \$608 thousand, and for the remainder of 1960 cheese sold, \$67 thousand.

(d) Estimated amount per unit

The loss averaged about 3.5 cents per pound on Board sales of 1960 and 1961 cheese during the 1961-62 fiscal year or 0.565 cents per pound on the 119.5 million pounds produced during that fiscal year.

2. Effect of subsidy

Price of cheese was stabilized and traditional export sales to Britain were maintained.

Cheese quality premiums

1. Nature and extent of the subsidy

(a) Background and authority

Cheese quality premiums are 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

A quality premium is paid to the cheese factories, for distribution to their milk suppliers, on high grade cheese of the cheddar type and blue-vein cheese of the Roquefort type. All such cheese scoring 94 points or over received a premium of 2 cents per pound and cheese scoring 93 points received a premium of one cent per pound.

(c) Amount of subsidy

For the fiscal year 1961-62 the expenditure amounted to \$874,000.

(d) Estimated amount per unit

The expenditure during 1961-62 averaged 0.83 cent per pound of cheese graded and 0.73 cent per pound of cheese produced in 1961-62.

2. Effect of subsidy

The quality premium encourages the production of high quality cheese.

Whole milk for processing price stabilization

1. Nature and extent of the subsidy

(a) Background and authority

The Agricultural Stabilization Board was authorized to make a fixed payment to producers of manufacturing milk during 1961-62 and 1962-63 under the Agricultural Stabilization Act and the appropriate Order in Council.

(b) Incidence

Producers of manufacturing milk, not selling any for fluid bottled use, received a payment of 25 cents per 100 pounds on deliveries made to factories between 1 May 1961 and 30 April 1962, and the corresponding period in 1962-63, as they had during the two previous fiscal years.

(c) Amount of subsidy

The expenditure during the 1961-62 period amounted to \$12.37 million.

(d) Estimated amount per unit

25 cents per 100 pounds of milk produced and sold only for manufacturing.

2. Effect of subsidy

Incomes of dairy producers have been stabilized without any serious dislocation in the dairy industry between products being produced.

IV. EGGS<sup>1</sup> 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. During 1961-62 and 1962-63 support was provided under the Agricultural Stabilization Act and Orders in Council thereunder.

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<sup>1</sup>Statistical figures, see Annex.

(b) Incidence

Since 1 October 1959 the Agricultural Stabilization Board has had authority to support eggs under a limited deficiency payment programme. During 1961-62 and 1962-63 this method provided that any payment to producers would amount to the difference between the national average producer price for Canada Grade A Large eggs at registered egg grading stations for the period concerned, and the support price. Any payment under this programme is limited to egg producers registered with the Board who have marketed their eggs through registered grading stations or through retail outlets as producer-graders, and to a quantity in a payment period which would not exceed an annual rate of 4,000 dozen Canada Grade A Large or Extra Large, or Canada Grade A Medium eggs per producer.

(c) Amount of subsidy

During the fiscal year 1961-62 the cost of the support programme amounted to \$23 thousand on disposal of eggs acquired under the former purchase programme, \$8 thousand as delayed deficiency payments on the 1959-60 production and \$7 thousand on administrative costs. As prices were above the support level no deficiency payments were required on the 1960-61 production.

(d) Estimated amount per unit

The loss averaged about 0.02 cent per dozen on the quantity of eggs marketed through registered egg-grading stations during the fiscal year.

2. Effect of subsidy

Egg prices to producers were stabilized. The change-over to the deficiency payment plan permitted Board stocks acquired under the programme to be liquidated.

V. FRUITS AND VEGETABLES

Potatoes, price support

1. Nature and extent of the subsidy

(a) Background and authority

Stocks of 1960 Ontario potatoes were almost half a million bushels greater than a year earlier by the time the large 1961 crop was harvested. The supply position in that Province decreased the movement of New Brunswick potatoes to central Canada by some 375,000 barrels (165 pounds each) below 1960 shipments, causing excess stocks and low prices for potatoes in the three Maritime Provinces. Price support for the 1961 New Brunswick potato crop was authorized under the Agricultural Stabilization Act and relevant Orders in Council.

(b) Incidence

Under a deficiency-payment programme New Brunswick producers were guaranteed a support price of \$1.35 per 165-pound barrel of 1961-Crop Canada No. 1 grade potatoes (including up to 12 per cent Canada No. 1 Small) delivered to starch factories for processing, and producers in the three Maritime Provinces were guaranteed a return of \$1.45 per barrel of Canada No. 1 table stock potatoes (1½" - 4" in diameter) loaded on cars for export to approved non-North American markets in accordance with Board terms and conditions. In each case the support price represented 50 per cent of producers' average returns during the previous ten-year period.

(c) Amount of subsidy

During the 1961-62 fiscal year the deficiency payment on potatoes for processing into starch totalled \$257 thousand, and on potatoes exported, \$145 thousand.

(d) Estimated amount per unit

The cost of support during the 1961-62 fiscal year averaged 3.74 cents per barrel (about 2.27 cents per 100 pounds) on potatoes produced in 1961 in the Maritime Provinces.

2. Effect of subsidy

It helped stabilize the prices of potatoes both in the Maritimes and Central Ontario by withdrawing a quantity from the fresh market in New Brunswick, the major producer in the Maritimes, at a time when supplies were greater than requirements.

VI. OTHER CROPS

Sugar beet price support<sup>1</sup>

1. Nature and extent of the subsidy

(a) Background and authority

Canadian sugar beets supply between 15 and 20 per cent of the refined sugar used in Canada with the balance imported mainly in the form of raw cane sugar. Since 1957 price support for sugar beets has been provided under the Agricultural Stabilization Act as part of the over-all agricultural policy of stabilizing farm incomes.

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<sup>1</sup>Statistical figures concerning sugar, see Annex.

(b) Incidence

A deficiency payment support programme was in effect in each of the four main producing areas of Canada on the 1960, 1961 and 1962 crops of sugar beets. Support for the 1960 crop was \$14.23 per ton national average price to producers for beets of 17 per cent sugar content (yielding 270 pounds of sugar per ton). Producers were to receive through their respective marketing boards, a deficiency payment equivalent to any difference between the national average producer price at which 17 per cent beets were sold to processors, and the support price. Under a similar deficiency payment programme for the 1961 crop, the support price in three of the provinces was \$13.18 per ton for 16 per cent beets (yielding 250 lbs. of sugar per ton), equivalent to the 1960 support level for beets with the higher sugar content. In the Province of Ontario the support price on the same basis was \$13.00 per ton of beets and the Ontario Government agreed to pay 50 cents per ton towards any deficiency payment made in the Province. For the 1962 crop the support price rose to a national average price of \$13.72 per ton for 16 per cent sugar content beets. However, the basis of payment was changed, the Board being authorized to make any deficiency payment to producers on an equivalent basis - 1.22 cents per lb. for each cent by which the average declared value of imported raw sugar for the period 1 September 1962 to 31 August 1963 was less than 4.5 cents per lb.

(c) Amount of subsidy

In the 1961-62 fiscal year the Federal Government paid producers \$1.67 million in deficiency payments on their 1960 crop of sugar beets. Estimate of the cost of the deficiency payment on the 1961 crop is not yet available.

(d) Estimated amount per unit

Payments on the 1960 crop were made at the rate of \$1.51 per ton of sugar beets yielding 270 pounds of sugar.

2. Effect of subsidy

It provides some stability of income for sugar beet growers. It is not considered that the price support programme had any effect on sugar imports. The harvested acreage of sugar beets has continued to decline since 1958, dropping from 86,000 in 1960 to 85,000 in each of the years 1961 and 1962. Imports of sugar have continued to increase each year.

VII. SUPPLIES

Agricultural 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 be limed before they can benefit from fertilizer, particularly where forage crops are grown. Federal-provincial assistance has been available to farmers for this purpose since 1945. This programme is authorized by P.C. 1958-6/336, 4 March 1958 under an Appropriation Act.

(b) Incidence

The Federal Government pays to each province up to 60 per cent of the amount expended annually by it on any activity undertaken to increase lime utilization.

(c) Amount of subsidy

The expenditure during 1961-62 was \$2.7 million.

(d) Estimated amount per unit

The Federal share of this assistance in 1961-62 averaged \$2.30 per ton of lime transported.

2. Effect of subsidy

The programme encourages soil improvement in areas having acid soils.

B. Mineral Products

I. COAL FREIGHT SUBVENTIONS

1. Nature and extent of the subsidy

(a) Background

The major coal consuming areas of Canada are in the central provinces where there are no coal occurrences, while the coal deposits lie far to the East and to the West. In these distant areas, the coal consumption is comparatively small.

This form of assistance, which has been in effect since 1928, was designed to overcome this geographical handicap.

The amount of aid provided is the amount necessary to enable the Canadian coal to lay down at the point of consumption at the same price as imported coal.

(b) Authority

The authority for the expenditure lies in the annual provision by Parliament of the necessary sums of money. This money vote specifies that the payments shall be made as directed by the applicable Orders in Council. These Orders in Council vary in their terms from area to area and are subject to change at any time when competitive conditions alter.

The Orders in Council in effect during the calendar year 1961 were as follows:

Order in Council P.C. 1960-398  
Order in Council P.C. 1961-18  
Order in Council P.C. 1961-484  
Order in Council P.C. 1961-485  
Order in Council P.C. 1961-486  
Order in Council P.C. 1961-488  
Order in Council P.C. 1961-762  
Order in Council P.C. 1961-973

(c) Incidence

The payments are designed to overcome the geographical position by reducing the cost of transportation. The payments are made to the transportation agents. These include the railways and also companies engaged in coal production and distribution in those cases where they themselves undertake the carriage of the coal by chartered vessels, owned vessels or other means.

The amount paid per ton of coal is fluctuating depending upon the cost of the Canadian product at the destination compared with the cost of the imported coal at the same point. The area within which assistance is available is defined in the Order in Council by geographical description and is also limited by the provision in the Order of a States maximum amount of assistance.

(d) Amount of subsidy

The total cost of subventions in the calendar year 1961 was \$14,615,477.

(e) Estimated amount per unit

The tonnage of eligible coal moved was 2,612,863 net tons giving an average cost of subvention per ton of \$5.59.

2. Effect of subsidy

(a) Estimated quantitative trade effects of the subsidy

The effect of the assistance during the calendar year 1961 was to provide a market for 2,612,863 tons of Canadian coal. This amount of coal displaced a similar tonnage of imported coal.

The provision of a market for this amount of coal has maintained mines in operation that could not survive if dependent on the local market alone; it has provided employment and maintained communities in Eastern and Western Canada that would otherwise be derelict.

(b) Statistics of production, consumption, imports and exports

(i) These statistics are as follows in short tons (2,000 lbs.):

		<u>1961</u>	<u>1960</u>	<u>1959</u>
Production		10,397,704	11,011,138	10,626,722
Imports	Bituminous	11,147,232	11,090,245	12,147,655
	Briquettes	10,149	15,830	25,450
	Anthracite	985,217	1,199,809	1,456,366
Exports		939,336	852,921	473,768

(ii) It is not possible to present statistics that would be meaningful on earlier production, etc. The subvention policy was adopted in the late 1920's and since that time the coal trade has altered tremendously due to competition with other fuels. For example, the railways that used to consume approximately 25 per cent of the total coal supply now use practically none; the household market has also fallen from some 15,000,000 tons of Canadian and imported coal to 5,000,000 tons. Under these conditions, it is not possible to isolate statistics that would illustrate in a meaningful fashion, the effects of the assistance over the years.

## II. COAL EXPORT SUBSIDY

### 1. Nature and extent of the subsidy

#### (a) Background

The previous section outlines the basis for the coal subvention policy adopted in 1928. Because of geographical difficulties and distance, coal mines in the extreme west were unable to benefit from the subventions granted to move coal to Central Canada. There was an outlet for coal from these mines in the bunker trade and in exports to other countries in the Pacific area. Assistance was, therefore, provided in 1931 on coal exported to countries other than the United States and its territorial possessions or used as fuel for vessels and has been continued since that time.

#### (b) Authority

As outlined in the previous section, the authority lies in the annual vote by Parliament of the funds for this specific purpose. The relevant Orders in Council regulating the payments are:

Order in Council P.C. 1960-398

#### (c) Incidence

The payments are made to the companies producing and shipping the coal.

The assistance is defined as the amount deemed necessary to enable the Canadian coal to lay down at destination at a cost equal to, but not above, that of competitive coal. There is provision that the payment shall not be more than \$4.50 per net ton.

#### (d) Amount of subsidy

The total cost in the calendar year 1961 was \$3,239,279.

#### (e) Estimated amount per unit

The tonnage of coal assisted was 719,840 net tons giving an average cost over the year of \$4.50 per net ton.

### 2. Effect of subsidy

#### (a) Estimated quantitative trade effects of the subsidy

The effect of the assistance was to provide a market for 719,840 tons of Canadian coal. This tonnage was purchased by Japan for use in the making of coke for blast furnace use and complemented the supply of native coal which is unsatisfactory for such purpose if used alone.

(b) Statistics of production, consumption, imports and exports

(i) These statistics refer only to the mines directly concerned in the movement. Imports are not given since it is not possible to isolate the imports of the coal into Canada that have been in direct competition with these mines.

	<u>1961</u>	<u>1960</u>	<u>1959</u>
Production	1,441,299	1,458,074	1,298,574
Mine shipments	746,429	656,299	259,350

(ii) The same remarks apply here as in Section A above.

III. COKE BOUNTY

1. Nature and extent of the subsidy

(a) Background

In 1929, representations were made to Government that the duty of 50 cents per ton levied on imported bituminous coal should be removed when that coal was used to produce coke that, in turn, was used in the manufacture of iron or steel. It was held that this duty was, in effect, a levy upon the users of the end products. Action was taken, in consequence to provide a drawback of 99 per cent of the duty on the imported coal.

Immediately, further representations were made by the one iron and steel producer using Canadian coal that this action had altered the competitive position of their product by reducing the cost of coal to their competitors who used imported coal.

The Government, therefore, to restore the status quo, provided that, as long as the concession in regard to the duty on imported coal remained in effect, a subsidy of  $49\frac{1}{2}$  cents per net ton would be paid on bituminous coal mined in Canada and converted into coke to be used in the manufacture in Canada of iron or steel.

(b) Authority

Canadian Coal Equality Act.

(c) Incidence

The subsidy is paid to the company operating the coke ovens. The payment is as noted above, fixed at  $49\frac{1}{2}$  cents per ton.

(d) Amount of subsidy

In the calendar year 1961, the subsidy paid was \$221,284,447,040 tons of coal.

(e) Estimated amount per unit

49½ cents per net ton.

2. Effect of subsidy

(a) Estimated quantitative trade effects of the subsidy

This subsidy, as noted in the background item above, permits the producer of iron and steel, using Canadian coal as the source of the necessary coke, to operate under these competitive conditions in the iron and steel trade as developed and were effective prior to the action of Government in reducing the duty on the imported coal used by other producers.

(b) Statistics of production, consumption, imports and exports

Statistics of this type are not available nor are they relevant to this type of subsidy.

C. Fishery Products

I. SALT REBATE

1. Nature and extent of the subsidy

(a) In July 1955, as a measure of income assistance to the fishermen of the Atlantic coast, the Canadian Government 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. This programme is carried out under relevant Appropriations Acts and was specifically authorized for 1962-63 under Order in Council P.C. 1962-370, 22 March 1962.

(b) The salt rebate is paid directly to fishermen and through processors to fishermen in respect of the production of specified products destined for domestic and foreign markets, except the United States. The salt rebate is payable on the amount of salt used. Thus the amount paid per unit of product, insofar as it could be calculated, fluctuates with the price of salt and the amount used.

(c) Salt rebate:

1958-59	\$735,538.30
1959-60	\$600,000.00
1960-61	\$755,105.00
1961-62	\$562,461.00

(d) The salt rebate is paid to fishermen and through processors to fishermen on salt used in the production of certain salt cod, scale fish and pickled fish products. As the quantity of salt used in these different processes varies, an attempt has not been made to determine the equivalent amount of assistance paid per unit of product.

2. Effect of subsidy

(a) The salt rebate was initiated to help raise the income of fishermen living in low-income fishing areas. The rebate is in effect a welfare payment. For this reason it is not considered pertinent to estimate its quantitative effects on trade.

(b) As imports and consumption of salt fish in Canada are considered negligible, exports and production are usually held to be identical except insofar as they diverge due to increases or decreases in stocks. Hereafter are given the volumes of exports of the fish enumerated in C(I)1(d) above, in millions of pounds. For salt cod and scale fish the figure is given in equivalent dried weight.

(i)	<u>Salt Cod</u>	<u>Scale Fish</u>	<u>Pickled Fish (incl. bloaters)</u>
1957	97.5	15.1	19.1
1958	90.6	17.4	16.5
1959	75.2	26.6	15.4
1960	81.5	21.4	11.8
1961	79.3	15.8	10.3
(ii) 1954	102.4	13.8	30.2

(in millions of pounds)

II. CONSTRUCTION GRANTS

1. Nature and extent of the subsidy

(a) Assistance is given to fishing vessel owners on the Atlantic coast in the construction of boats to be used in commercial fishing. The assistance is designed to encourage the construction of modern fishing craft of a size under 100 tons, gross tonnage. The current specific authority is Order in Council P.C. 1961-1333 of 19 September 1961 and is the latest in a series of authorities provided under annual Appropriation Acts covering a programme first implemented in 1947.

(b) Payment of up to \$250 per ton, gross tonnage is paid to vessel owners in respect of the cost of constructing all types of fishing vessel over 45' in length but not to exceed a maximum size of 100 tons.

(c)	<u>Number of boats</u>	<u>Expended</u>
1957-58	39	\$331,998.15
1958-59	48	349,633.35
1959-60	73	474,511.95
1960/61	49	345,887.85
1961/62	39	302,130.95
1962/63 (Nov. 30)	31 (est. 40)	303,786.75 (est. \$400,000)

2. Effect of subsidy

There is no direct connexion between the amount of grant and the quantity of fish products involved. Hence the amount of grant per unit of fish products cannot be estimated.

ANNEXWHEAT

Crop year beginning 1 August	Production	Imports <sup>a</sup>	Exports <sup>a</sup>	Consumption <sup>a</sup>
		(million bushels)		
1959	444	0	277	178
1960	517	0	353	94
1961	283	0	358	137
1962	551			

0 = Less than half the unit shown.

a = Includes wheat flour in terms of wheat.

OATS

Crop year beginning 1 August	Production	Imports <sup>a</sup>	Exports <sup>a</sup>	Consumption <sup>a</sup>
		(million bushels)		
1959	418	0	6	438
1960	401	0	3	376
1961	284	5	3	322
1962	484			

0 = Less than half the unit shown.

a = Includes oatmeal and rolled oats in terms of oats.

BARLEY

Crop year beginning 1 August	Production	Imports <sup>a</sup>	Exports <sup>a</sup>	Consumption <sup>a</sup>
		(million bushels)		
1959	226	0	64	169
1960	193	0	47	162
1961	113	0	43	124
1962	164			

0 = Less than half the unit shown.

a = Includes malt in terms of barley.

PORK, FRESH OR CURED

Calendar	Production <sup>ab</sup>	Imports <sup>c</sup>	Exports <sup>d</sup>	Consumption <sup>b</sup>
	(million pounds)			
1959	1,099.4	1.3	70.6	1,019.0
1960	1,000.4	17.7	68.6	984.9
1961	992.6	41.9	56.0	975.1

a = Includes total slaughter plus exports of live animals in terms of meat.

b = Excludes quantity used for canning.

c = Imports of meats only, live imports in terms of meat were negligible; includes canned meats.

d = Includes exports of live hogs in terms of meat; excludes canned meats.

LAMB AND MUTTON

Calendar year	Production <sup>ab</sup>	Imports <sup>c</sup>	Exports <sup>c</sup>	Consumption <sup>b</sup>
	(million pounds)			
1959	30.2	21.0	2.1	52.5
1960	34.2	24.6	0.2	56.8
1961	35.3	35.4	0.3	67.1

a = Includes exports of live animals in terms of meat but excludes imports of live animals in terms of meat.

b = Excludes quantity used for canning.

c = Includes live animals in terms of meat; excludes canned meats.

BUTTER

Calendar year	Production <sup>a</sup>	Imports	Exports	Consumption <sup>a</sup>
	(million pounds)			
1959	339.0	0	10.5	316.0
1960	333.0	0	3.0	303.0
1961	364.0	0	0	300.0

0 = Less than half the unit shown.

a = Includes creamery, dairy and whey butter.

CHEESE<sup>a</sup>

Calendar year	Production	Imports	Exports	Consumption
(million pounds)				
1959	119.0	13.0	20.0	105.0
1960	123.0	13.0	19.0	113.0
1961	130.0	15.0	20.0	118.0

a = Includes cheddar and other wholemilk cheese.

EGGS

Calendar year	Production	Imports <sup>a</sup>	Exports <sup>a</sup>	Consumption <sup>a</sup>
(million dozens)				
1959	460	2	30	420
1960	451	2	11	427
1961	447	5	7	429

a = Includes dried and frozen eggs in terms of shell eggs.

WOOL

Calendar year	Production <sup>a</sup>	Imports	Exports	Consumption
(million pounds)				
1959	8.3	51.5	5.0	54.8
1960	8.3	50.0	3.7	54.1
1961	8.0	54.4	5.1	57.4

a = Shorn and pulled.

SUGAR<sup>a</sup>

Calendar year	Production <sup>b</sup>	Imports	Exports	Consumption <sup>c</sup>
(million pounds)				
1959	290.3	1,523.5	1.5	1,812.6
1960	329.9	1,360.0	8.1	1,817.9
1961	275.0	1,519.0	17.2	1,871.4

a = In terms of raw sugar.

b = Production of raw sugar from sugar beet only.

c = Excludes refined sugar for non-food uses prior to 1959.

