

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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STATE TRADING

Notifications Pursuant to Article XVII:4(a)

Addendum

UNITED KINGDOM

I. ENUMERATION OF STATE-TRADING ENTERPRISES

- A. Coal
- B. Jute
- C. Iron and Steel

II. REASON AND PURPOSE FOR INTRODUCING AND MAINTAINING THE STATE-TRADING ENTERPRISE

A. Coal

The National Coal Board was established in 1946 when the coal industry was nationalized. It is a public corporation and its main duties as set out in S.I. of the Coal Industry Nationalization Act, 1946 are:

- (a) working and getting the coal in Great Britain to the exclusion (save as is provided in the Act) of any other person;
- (b) securing the efficient development of the coal mining industry; and
- (c) making supplies of coal available, of such qualities and sizes, in such quantities and at such prices, as may seem to the Board best calculated to serve the public interest.

The principal qualification of the Board's monopoly is that under S.36(2) of the 1946 Act, as amended by S.46 of the Opencast Coal Act, 1958, the Board may grant licences for the working and getting of:

- (a) coal comprised in small mines in which the number of persons employed below ground is at no time likely greatly to exceed thirty;
- (b) coal present among other minerals which is of such small value that its working is unlikely to be undertaken except as ancillary to the working of these other materials;
- (c) coal in small opencast sites which are unlikely to yield substantially more than 25,000 tons.

B. Jute goods

Following a review in 1968 of the arrangements governing State trading in jute and jute goods carried on by the Board of Trade Jute Control, it was decided that the control be abolished. The Control ceased to trade on 30 April 1969, and all imports of jute goods then reverted to private trade. Jute goods of the type remaining subject to Control since the last review in 1964, will however continue to be subject to quota limitations, but only when intended for retention on the United Kingdom domestic market. These limitations will cover imports from all countries except the Irish Republic and the Eastern Area, and yarn from EFTA sources. The new arrangements constitute a considerable extension of liberalization of imports of jute goods; it is estimated that overseas suppliers will initially have opportunities of access to the British market for goods in the present jute control range, for domestic use and re-export taken together, of at least 25 per cent more than they had in 1967. The quota levels will be increased provided such increase is commensurate with the growth of the United Kingdom market for the types of jute goods in question and does not endanger the employment position in the Dundee area.

C. Iron and steel

The Iron and Steel Act, 1967, which provided for the public ownership of the major part of the iron and steel industry, became law on 22 March 1967 and ownership of the fourteen major steel-producing companies in the United Kingdom was transferred to the British Steel Corporation on 28 July 1967. The British Steel Corporation, established by the Act, is a public corporation and its main statutory duties, as laid down in the Iron and Steel Act, 1967, are:

- (a) to promote the efficient and economical supply of iron and steel products by the nationalized steel industry;
- (b) to produce iron and steel products so as to satisfy the reasonable demands of manufacturing consumers in the United Kingdom;
- (c) to avoid undue preference and unfair discrimination in the supply of iron and steel products, but subject to ordinary commercial considerations or the public interest;
- (d) to take such steps as appear to them to be practicable and desirable to promote the export of any products by the nationalized industry;
- (e) to promote research and development;
- (f) to ensure that the combined revenues of the Corporation, and the publicly-owned companies, taking one year with another, at least over their combined charges, after making proper provision for depreciation and allocation to reserves.

III. DESCRIPTION OF THE FUNCTIONING OF THE STATE-TRADING ENTERPRISE

A. Coal

The National Coal Board has no legal monopoly of the import of coal, but in practice only the National Coal Board has imported on any significant scale. Formerly the landed cost of imported coal was appreciably higher than that of indigenous coal and the Board's practice of spreading the loss on the coal they imported over the whole field of their coal sales made it financially unattractive for private interests to enter the coal import field. Latterly, with the easing of the coal situation in the United Kingdom and the continent and the consequential fall in transatlantic freight rates, foreign coal has been on offer at competitive prices. It is, however, present Government policy not to authorize coal imports, either by the National Coal Board or by private importers.

Solid fuel exports are free of export control and both the National Coal Board and private non-vested coal interests are free to compete for overseas markets on a commercial basis. There is no governmental control of export prices which are related to the world prices prevailing at the time. Currently export prices tend to be below home levels whereas formerly they tended to be higher. Exporters are free to enter into long-term contracts if commercial considerations so require.

B. Jute goods

See IIB.

C. Iron and steel

The Corporation exports substantial quantities of iron and steel products. Its imports, mainly raw materials, are for British Steel Corporation internal consumption. There is no governmental control of either imports or exports of iron and steel and private interests are free to compete with the Corporation on a commercial basis on both fronts. The quantities to be exported and imported are a matter for the Corporation's own commercial judgment as is the determination of its export prices. The Corporation's export prices are, to a large extent, dictated by those prevailing on the world market. The Corporation is free to enter into long-term contracts if commercial considerations so require. There are no contractual obligations between the Government and the Corporation.

IV. STATISTICAL INFORMATION

A. Coal

See Annex I.

B. Jute goods

See Annex II.

C. Iron and steel

Figures for the Corporation's production and overseas trading in 1967, 1968 and 1969 to date are given in Annex III, and compared with private sector production and total United Kingdom imports and exports of the products covered.

V. REASONS WHY NO FOREIGN TRADE HAS TAKEN PLACE (IF THIS IS THE CASE) IN PRODUCTS AFFECTED

Does not apply.

VI. ADDITIONAL INFORMATION

None.

Previous notifications for 1966-68 were contained in L/2593/Add.6 (1966), L/2741/Add.4 (1967) and L/3030/Add.8 (1968).

Annex I
STATISTICS OF COAL TRADE AND PRODUCTION

| | | Tonnage ('000 tons) | | | Value (£'000) | | |
|---------|---|---------------------|---------|---------|---------------|---------|---------|
| | | 1966 | 1967 | 1968 | 1966 | 1967 | 1968 |
| (a) | Imports | 30 | 7 | 2 | 253 | 62 | 23 |
| (b) | Re-exports | - | - | - | - | - | - |
| (c) (i) | Total exports | 2,875 | 1,891 | 2,678 | 13,540 | 8,869 | 12,185 |
| (ii) | Exports from non-vested (licensed) mines and opencast sites included in (c) (i) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| (d) (i) | Total home production | | | | | | |
| | Deep mined | 167,556 | 165,059 | 157,224 | 829,400 | 887,200 | 766,457 |
| | Recovered slurry | 1,500 | 2,710 | 3,160 | 1,950 | 3,650 | 4,420 |
| | Opencast | 7,039 | 7,095 | 6,864 | 31,680 | 39,020 | 34,663 |
| | | 176,095 | 174,864 | 167,248 | 863,030 | 929,870 | 805,540 |
| (ii) | Production from licensed mines included in (d) (i) | 1,095 | 1,042 | 968 | 5,420 | 5,600 | 4,719 |

Annex II
STATISTICS OF JUTE GOODS
(tons to the nearest hundred)

| | 1966 | 1967 | 1968 |
|---|----------------------|--------|--------|
| 1. Imports | | | |
| Yarn - State trading | 400 | 100 | 300 |
| Private trading | 3,700 | 1,400 | 900 |
| Total yarn | 4,100 | 1,500 | 1,200 |
| 2. Cloth and sacks and bags | | | |
| State trading (cloth sacks and bags) | 2,300 ^{1/} | 4,900 | 3,400 |
| Private trading (cloth sacks and bags) | 43,200 ^{1/} | 45,000 | 50,800 |
| Total | 45,500 | 49,900 | 54,200 |
| 3. Total cloth | 37,400 | 42,400 | 46,100 |
| Total sacks and bags | 8,100 | 7,500 | 8,100 |
| Total 1, 2 and 3 | | | |
| State trading | 2,700 | 5,000 | 3,700 |
| Private trading | 46,900 | 46,400 | 51,700 |
| Total | 49,600 | 51,400 | 55,400 |
| Exports | | | |
| Yarn | 2,400 | 1,800 | 1,500 |
| Cloth | 5,500 | 3,900 | 4,900 |
| Bags (new) | 1,600 | 1,500 | 1,200 |
| Total | 9,500 | 7,200 | 7,600 |

^{1/} Figures of State trading in cloth and sacks and bags separately are not available after 1963 when a large part of imports began to be returned to private trade.

Annex II (cont'd)

| | 1966 | 1967 | 1968 |
|---------------------------|----------------------|---------|---------|
| United Kingdom Production | | | |
| Yarn | 120,900 | 112,000 | 109,700 |
| Cloth | 71,900 ^{1/} | 63,600 | 58,800 |
| Sacks and bags | n.a. | n.a. | n.a. |

^{1/} Estimated from yarn consumption by weavers.

Annex III
UNITED KINGDOM - IRON AND STEEL

('000 statute tons)

1000 statute tons

| | | 1967 | | 1968 | | | 1969 | |
|---|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | 3rd Qtr. | 4th Qtr. | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | 1st Qtr. |
| <u>PRODUCTION</u> | | | | | | | | |
| Iron ore | B.S.C. | 2,768 | 3,092 | 3,508 | 3,420 | 3,087 | 3,248 | 3,213 |
| | Other | 114 | 129 | 126 | 146 | 115 | 66 | 94 |
| | Total | 2,882 | 3,221 | 3,634 | 3,566 | 3,202 | 3,314 | 3,307 |
| Pig iron (including blast furnace ferro-alloys) | B.S.C. | 3,416 | 3,644 | 3,679 | 4,111 | 3,957 | 4,242 | 4,178 |
| | Other | 116 | 121 | 116 | 121 | 123 | 125 | 485 |
| | Total | 3,532 | 3,765 | 3,795 | 4,232 | 4,080 | 4,367 | 4,663 |
| Crude steel | B.S.C. | 4,988 | 5,547 | 5,643 | 6,147 | 5,535 | 6,248 | 6,405 |
| | Other | 461 | 548 | 592 | 586 | 517 | 594 | 626 |
| | Total | 5,449 | 6,095 | 6,235 | 6,733 | 6,052 | 6,842 | 7,031 |
| Iron castings | B.S.C. | 187 | 238 | 216 | 209 | 189 | 233 | 245 |
| | Other | 597 | 671 | 702 | 682 | 619 | 707 | 734 |
| | Total | 784 | 909 | 918 | 891 | 808 | 940 | 979 |
| <u>IMPORTS</u> ^{1/} | | | | | | | | |
| Iron ore | B.S.C. ^{2/} | 3,942 | 3,807 | 3,488 | 3,943 | 4,963 | 4,457 | 4,137 |
| | UK total | 4,391 | 3,833 | 3,711 | 4,145 | 4,920 | 4,480 | 4,391 |
| Manganese ore | B.S.C. ^{2/} | 71 | 98 | 91 | 102 | 84 | 122 | 118 |
| | UK total | 56 | 108 | 105 | 133 | 107 | 129 | 112 |
| Pig iron | B.S.C. ^{2/} | 4 | 6 | 4 | 4 | 5 | - | - |
| | UK total | 78 | 65 | 55 | 50 | 77 | 55 | 48 |
| Other iron and steel products | B.S.C. ^{3/} | 20 | 41 | 38 | 66 | 45 | 65 | 134 |
| | UK total ^{4/} | 395 | 492 | 558 | 593 | 500 | 482 | 525 |

Annex III (cont'd)

('000 statute tons)

| | | 1967 | | 1968 | | | 1969 | |
|---------------------------------------|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | 3rd Qtr. | 4th Qtr. | 1st Qtr. | 2nd Qtr. | 3rd Qtr. | 4th Qtr. | 1st Qtr. |
| <u>IMPORTS</u> ^{1/} (cont'd) | | | | | | | | |
| Iron and steel | B.S.C. | - | - | - | - | - | - | - |
| scrap | UK total | 1 | 1 | 1 | - | 1 | 1 | 2 |
| <u>EXPORTS</u> ^{1/} | | | | | | | | |
| Pig iron | B.S.C. ^{5/} | 58 | 14 | 47 | 6 | 4 | 33 | 46 |
| | UK total | 41 | 14 | 24 | 35 | 10 | 14 | 8 |
| Other iron and | B.S.C. ^{5/6/} | 789 | 801 | 892 | 993 | 907 | 817 | 610 |
| steel products | UK total ^{4/} | 984 | 869 | 1,024 | 1,164 | 1,059 | 1,132 | 818 |
| Iron and steel | B.S.C. | - | - | - | - | - | - | - |
| scrap | UK total | 398 | 208 | 347 | 304 | 129 | 120 | 163 |

^{1/} United Kingdom total from Overseas Trade Account.

^{2/} Receipts at works.

^{3/} Ingots and semi-finished steel.

^{4/} Excludes ferro-alloys.

^{5/} As reported by producers.

^{6/} Ingots, semi-finished and finished steel.