

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## SUBSIDIES

### Notifications Pursuant to Article XVI:1

#### Addendum

#### UNITED KINGDOM

#### AGRICULTURE

1. The subsidies to agriculture in the United Kingdom comprise two main forms of support - guaranteed prices and production grants. Under the Agriculture Acts of 1947 and 1957 the Government provides guaranteed prices for certain agricultural products. These guarantees are in general implemented through deficiency payment schemes whereby the national average market price is made up by Government payments to the level of the guaranteed price. Guaranteed prices are determined annually after a review of the economic condition and prospects of the agricultural industry - in the course of this review detailed discussions are held with the Farmers' Union. Further assistance to the industry is given in the form of grants (called "production grants") which encourage farmers to improve the productivity and management of their businesses generally, and which include grants to promote improvements in farm structure, buildings, equipment, machinery and land and also the expansion of certain enterprises. Many of the production grants are designed to encourage long-term improvements, as distinct from the day-to-day support provided by the guaranteed price system. The aim of Government policy towards the agricultural industry remains, as stated in the 1947 Act, to promote and maintain "a stable and efficient agricultural industry capable of producing such part of the nation's food and other agricultural produce as in the national interest it is desirable to produce in the United Kingdom, and of producing it at minimum prices consistently with proper remuneration and living conditions for farmers and workers in agriculture and an adequate return on capital invested in the industry".

2. In recent years, United Kingdom agricultural policy has been somewhat modified to meet changes in international trade conditions. Imports of most major temperate agricultural products had been unrestricted, but the rate of expansion of world productivity and production was bringing about such pressures on the United Kingdom market for some products that the cost of the price guarantees was tending to rise and become unpredictable, and some traditional suppliers to the United Kingdom were suffering from falling returns.

3. In the light of this situation, arrangements for bacon and cereals were negotiated with major overseas suppliers in 1964, designed to secure market stability without denying overseas suppliers access to the United Kingdom market. The object of these arrangements was to maintain a fair and reasonable balance between home production and imports.

4. The bacon market sharing understanding seeks to relate bacon supplies to market needs so that prices are reasonable for both producers and consumers. "Minimum" and "reserve" quantities are determined each year by the United Kingdom Government after consultation with the Bacon Market Council, on which all participating countries are represented, and allocated between the participating countries including the United Kingdom itself. The level of domestic production is influenced by flexible guarantee arrangements for pigs.

5. For cereals and certain cereal products there are minimum import prices, supported as necessary by variable levies. The majority of suppliers observe the minimum import prices voluntarily.

6. The intention of these arrangements is to prevent United Kingdom market prices falling to excessively low levels, which would be against the interests both of traditional suppliers and of the United Kingdom domestic support system. The intention is not to raise prices generally by limiting supplies.

7. While the support given to home agriculture through deficiency payments and other measures encourages a higher level of output than there would otherwise be, United Kingdom farmers produce barely half the country's total supply of food. It is not possible to assess with any degree of accuracy the quantitative effect on trade of support measures, particularly as their influence on export/import prices is limited by the fact that in general sales take place on a free market. This is an important factor which has to be taken into account in considering the effect on trade of the United Kingdom support system. There are no special incentives to dispose of agricultural produce on export markets.

#### PRICE GUARANTEES

##### Fatstock

#### I. Nature and extent of subsidy

##### (a) Background and authority

Guaranteed prices for fat cattle, fat sheep and fat pigs are determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in the first paragraph of this notification.

(b) Incidence

A deficiency payments scheme administered by the Agricultural Departments enables producers to receive a subsidy payment on fat cattle, fat lambs and sheep and fat pigs not used for breeding which have been sold and which have been certified as eligible under the Fatstock Guarantee Scheme. Eligibility is based on prescribed standards of weight and conformation. The guarantee is varied according to a seasonal scale of standard prices for cattle and sheep, and according to feed costs for pigs. The guarantee for fat pigs is further varied according to the number of animals estimated to be coming forward in each year. Payments for pigs are calculated weekly and represent the difference between the average of current market prices (four weeks actual, four weeks estimated) and the standard price for that week. Payments for cattle and sheep are also calculated weekly and are, in broad terms, the difference between the average market price and the standard price for that week but these payments are reduced when the market price is low and increased when it is high.

(c) Estimated amount of subsidy in 1968/69

Cattle	£22.1 million
Sheep	£ 7.6 million
Pigs	£17.3 million
Total	£47.0 million

(d) Estimated amount per unit

Cattle	17s.5d.	per live.cwt.
Sheep	3 3/4d.	per lb. dressed carcase weight
Pigs	4s.0d.	per 20 lb. deadweight

Note: These unit rates are the average rates paid on animals eligible for subsidy payments. If related to total sales of fatstock the unit rates would be lower, particularly in the case of cattle and sheep.

II. Effect of subsidy

- (a) In addition to the points set out in the seventh paragraph of this notification, it is to be noted that a fair number of the animals exported have not been eligible for fatstock guarantee payments.
- (b) Statistics of production, consumption, imports and exports of beef, mutton and lamb, and pigneat for the years 1965, 1966, 1967 and 1968 are given in Annex 1.

Eggs - Hen and Duck

I. Nature and extent of subsidy

(a) Background and authority

Guaranteed prices for hen and duck eggs are determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in the first paragraph of this notification.

(b) Incidence

The price guarantees for eggs are implemented by means of a deficiency payments scheme operated through a producers' marketing board. The subsidy is paid only on those eggs passing through the Board's packing stations. Eggs which are not sold through the Egg Marketing Board receive no subsidy payment; it is believed that about 45 per cent of the total production is consumed by producers or is sold other than through the Board. Indicator prices are fixed which represent the price which the Board would be expected to receive from a market that was not over-supplied. The basic deficiency payment is therefore limited to the difference between the guaranteed price and the indicator price. The Exchequer bears only a proportion (30 per cent at 31 January 1969) of any deficit when the market price falls below the indicator price. Correspondingly the Board is allowed to retain one third of the excess when the market price exceeds the indicator price. For hen eggs, the Board will receive additional payments when, due to imports rising above pre-determined norm, the market price falls below the indicator price. Under arrangements introduced in April 1966 producers who have signed contracts with the Board receive premiums above the Board's published minimum prices for eggs delivered in accordance with the terms of their contracts. These premiums do not represent an increase in the total payment to the industry, but are a redistribution of the Board's funds.

(c) Estimated amount of subsidy in 1968/69

Hen eggs	£18.2 million
Duck eggs	negligible

(d) Estimated amount per unit

Hen eggs	7d. per dozen
Duck eggs	negligible

Note: The unit cost for hen eggs is based on eggs eligible for the guarantee. If related to total sales of all eggs this figure would be substantially lower.

## II. Effect of subsidy

- (a) With regard to the quantitative effect on trade of the support measures for eggs see the seventh paragraph of this notification. There is a prohibition upon the export of eggs which have received subsidy to countries recognized to be the normal export markets of Denmark and Holland (except for consignments to British forces overseas).
- (b) Statistics of production, consumption, imports and exports of eggs for the years 1965, 1966, 1967 and 1968 are given in Annex 2.

### Wool

## I. Nature and extent of the subsidy

### (a) Background and authority

A guaranteed price for fleece wool is determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in the first paragraph of this notification.

### (b) Incidence

The price guarantee for wool is implemented by means of a deficiency payments scheme operated, in association with price stabilization arrangements, through a producers' marketing board, which is responsible for marketing all fleece wool produced in the United Kingdom. The wool is sold by public auction and if the realized price is in excess of the fixed guaranteed price the excess is paid into a price stabilization fund. If the realized price is less than the fixed guaranteed price the deficiency is met from the price stabilization fund and if the fund is exhausted any further deficiency is met by the Government.

### (c) Amount of subsidy

The estimated cost of implementing the price guarantee for wool for the financial year 1968/69 is £7.0 million.

## II. Effect of subsidy

- (a) Wool. In addition to what is stated in the seventh paragraph of this notification it is noted that the United Kingdom production of wool forms only a small proportion of total wool consumption.
- (b) Statistics of production, consumption, imports and exports of wool for the clip years 1965, 1966, 1967 and 1968 (estimated home production only) are given in Annex 3.

## Cereals

### I. Nature and extent of the subsidy

#### (a) Background and authority

Guaranteed prices for wheat, barley, oats, rye and mixed corn are determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in the first paragraph of this notification.

#### (b) Incidence

The price guarantees for wheat, barley, oats and rye are implemented through a deficiency payments system administered by the Agricultural Departments. On 1 July 1964, standard quantities and target indicator prices (the latter related to the minimum import prices) were introduced for wheat and barley. The standard quantity for wheat was abolished as from the beginning of the 1968/69 cereal year and that for barley is being abolished as from the beginning of the 1969/70 cereal year. With the abolition of the standard quantity the rate of deficiency payment is based on the difference between the guaranteed price and either the average market price or the target indicator price, whichever is the higher. For oats, rye and mixed corn individual producers receive a payment representing the difference between the national average market price and the guaranteed price. Payments to growers of wheat and rye are based on the quantity of millable grain for which a certificate has been issued by an authorized merchant as sold and delivered. For barley and oats the deficiency payment per hundredweight is converted to a rate per acre and payments are made according to individual growers' acreages without reference to sales. Certain crops of mixed corn are eligible for payment at the rate for oats (or at only 70 per cent of the acreage in the case of cereals mixed with pulse).

#### (c) Estimated amount of subsidy in 1968/69

Wheat	£17.7 million
Rye	negligible
Barley	£30.5 million
Oats and mixed corn	£10.8 million
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	£59.0 million

#### (d) Estimated amount per unit of the 1968 crop

Wheat	4s.5d. per cwt.
Rye	negligible
Barley	3s.5d. per cwt.
Oats	8s.4d. per cwt.

## II. Effect of subsidy

- (a) See the seventh paragraph of this notification.  
Exports are comparatively small in quantity and usually occur in fulfilment of overseas demand for specialized types of cereals.
- (b) Statistics of production, consumption, imports and exports for the crop years 1964/65, 1965/66, 1966/67 and 1967/68 (estimated home production only) are given in Annex 4.

### Potatoes

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

##### (a) Background and authority

A guaranteed price for potatoes is determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in the first paragraph of this notification.

##### (b) Incidence

The price guarantee applies to maincrop potatoes only, (i.e. those marketed for human consumption on and after 1 August in year in which grown) and is implemented in Great Britain by the Potato Marketing Board and in Northern Ireland by the Ministry of Agriculture there. The Great Britain arrangements provide for market support operations financed jointly by the Government and the Board with the aim of bringing the average market price for the season up to the level of the guaranteed price. Similar arrangements are operated in Northern Ireland. If, over the season as a whole, the average market price received by growers is less than the guaranteed price a deficiency payment is paid calculated on the tonnage of home produced potatoes estimated to have been sold for human consumption in the United Kingdom. Seven eighths of the total deficiency payment is paid to the Board and one eighth to the Ministry of Agriculture, Northern Ireland.

##### (c) Amount of subsidy

The estimated cost of implementing the price guarantee for potatoes in the financial year 1968/69 is 36.1 million.

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

9 1/4d. per cwt. for the 1968/69 crop.

## II. Effect of subsidy

- (a) With regard to quantitative effect on trade of the support measures for potatoes, see the seventh paragraph of this notification.
- (b) Statistics of production, consumption, imports and exports for the crop years 1964/65, 1965/66, 1966/67 and 1967/68 (estimated home production only) are given in Annex 4.

### FARMING GRANTS AND SUBSIDIES

In addition to the price guarantees for the commodities referred to above, assistance (totalling an estimated £132.1 million in 1968/69) was also given to the farming industry by way of various schemes designed to encourage the development of agricultural efficiency by improving farm management, structure equipment and machinery, land and livestock. In most cases it is not possible to attribute the cost of these schemes to a particular commodity. The principal grants and subsidies are as follows:

#### (i) Fertilizer and lime subsidies

Schemes under the Agriculture (Fertilizers) Act, 1952 provides subsidies (at varying rates not exceeding 50 per cent of the cost) to assist farmers in the purchase of nitrogenous and phosphatic fertilizers. Subsidy is also paid to farmers towards the cost of liming land to improve soil fertility. This latter subsidy now takes the form of flat rate contributions depending on the kind and quality of lime used and the distance it is transported. On average this subsidy now meets 50 per cent of farmers' costs, and may not exceed 60 per cent in any individual case. The cost of these subsidies in the financial year 1968/69 is estimated at £32.7 million for fertilizers and £5.0 million for lime.

#### (ii) Calf subsidy

To stimulate the production of calves for beef, schemes are made under the Agriculture (Calf Subsidies) Act 1952, as amended by Section 10 of the Agriculture Act 1967, under which subsidy may be paid on suitable calves either when the animal is still a calf or after slaughter for beef. The rates of subsidy for steer calves and heifers are £10.5s. and £8 respectively for those born before 1 January 1967 and £11.5s. and £9 respectively for those born after that date. The estimated cost of this subsidy for the financial year 1968/69 is £27.6 million.

#### (iii) Ploughing grants

Grant of £12 an acre is available under the Agriculture (Ploughing Grants) Act 1952 for ploughing and sowing to a crop grassland at least twelve years old, provided the cost of such operations (including clearing) is substantially heavier than normal. The cost of this grant for the financial year 1968/69 is estimated at £1.2 million.

#### (iv) Farm improvement scheme

Under the Agriculture Act 1967 grants of one quarter of the cost are available for making long-term improvements for the benefit of agricultural land, such as for farm buildings, fixed equipment, plant and machinery, sewage disposal, farm road, electricity, fences, land reclamation etc. Estimated cost in 1968/69 is £13.7 million.



(v) Assistance for small farmers

Grants under schemes authorized by the Agriculture (Small Farmers) Act 1959 are offered to small farmers to help them increase the productivity and profitability of their business. The revised scheme introduced in 1965, the Small Farm (Business Management) Scheme, requires farmers to implement a three-year farm management programme, an essential part of which is the keeping and using of farm records as a basis for farm management decisions. The maximum total grant for any one farm business is £1,000. The estimated cost of these schemes for the financial year 1968/69 is £2.0 million.

(vi) Hill farming

To encourage the production of breeding cattle on hill land, schemes under the Hill Farming Act 1946 as amended authorize payment of £16.5s.0d. per head on cows and in-calf heifers in regular breeding herds maintained on hill farms or land used for livestock rearing throughout the year. The cost of this subsidy for the financial year 1968/69 is estimated at £10.2 million.

The Hill Sheep Schemes under the Hill Farming Act 1946 as amended are designed to stabilize the income of hill sheep farmers at a reasonable level in order to encourage them to maintain foundation flocks of hill sheep. Originally only hardy hill breeds were eligible but in 1967 the subsidy was extended to include flocks within the wider area eligible for hill cow subsidy. Subsidy is payable each year at a rate sufficient to cover normal variations in weather conditions from year to year. The rates are 2ls. a head for ewes of specified hardy hill breeds and 10s.6d. a head for ewes in other flocks. The cost of the subsidy for 1968/69 is estimated at £7.5 million.

In England, Wales and Northern Ireland winter-keep grant is paid as a supplement to the hill cow and hill sheep subsidies under the Hill Cow and Hill Sheep Schemes; £5 for hill cows, 3s.6d. for hill ewes. In Scotland a Scheme made under the Agriculture (Miscellaneous Provisions) Act 1963 as amended provides for acreage grants payable on specified crops grown for winter feed on farms consisting predominantly of livestock rearing land; grant is payable at either 50s., 70s. or 100s. per acre, differentiating in favour of poorer quality land, but averaging out at approximately £3.10s.0d. per acre. These acreage payments in Scotland are supplemented by a grant of 2s.0d. per hill ewe. The cost of the winter-keep grants in the financial year 1968/69 is estimated at £4.7 million.

Fifty per cent of the cost of comprehensive improvement of hill livestock rearing farms is paid under powers in the Hill Farming and Livestock Rearing Act 1946-56, and the Agricultural Improvement Grants Act 1959, in respect of schemes submitted by 5 November 1963. The estimated cost for the financial year 1968/69 is £0.7 million.

The Hill Land Improvement Scheme, under Section 41 of the Agriculture Act 1967, provides for 50 per cent grants for improvements designed to benefit hill land, such as cultural operations, reclamation of hill pastures, shelter belts, fencing,

roads, etc. In addition, a supplementary grant of 10 per cent of the cost of the work approved under a field drainage scheme may be given to the extent that it benefits hill land. Estimated expenditure in 1968/69 is £0.7 million.

(vii) Farm drainage grants

Under the Agriculture (Miscellaneous War Provisions) Act 1940, as later amended and extended, grants of 50 per cent of approved schemes for ditching and field drainage of agricultural land are available subject to certain minimum cost limits. See also paragraph (vi). The estimated cost of these grants in the financial year 1968/69 is £4.9 million.

(viii) Water supply grants

The Agriculture (Miscellaneous Provisions) Act 1941, as amended by later enactments, provides for grants of 25 per cent and 40 per cent of the cost of providing water supplies to farms. The estimated cost of these grants for the financial year 1968/69 is £0.5 million.

(ix) Agricultural and horticultural co-operatives

The Agricultural and Horticultural Co-operation Scheme 1967, made under Part IV of the Agriculture Act 1967 came into operation on 3 October 1967. It replaced the previous grants for co-operation, the statutory provisions which were repealed as from that date. (Grants will, however, continue to be paid in respect of proposals, etc., submitted under the previous schemes before 3 October 1967.) The Scheme applies to the whole of the United Kingdom and is administered by the Central Council for Agricultural and Horticultural Co-operation on behalf of the Agricultural Departments. It provides for grants for co-operation mainly in the production and marketing of primary agricultural and horticultural produce. Examples of activities and items of expenditure towards which grants are available are the setting up and initial operation of co-operative bodies, the provision of working capital, the cost of buildings and fixed equipment, the training and remuneration of managers and the carrying out of surveys and feasibility and business efficiency studies. The Council receives and considers proposals, makes recommendations as to approvals and rates of grant, reviews the progress of approved proposals, verifies applications for grant, and is authorized to make payments on behalf of Ministers. Grant paid under the Scheme in the financial year 1968/69 totalled approximately £254,000 and during the year sums totalling £60,000 were paid in respect of various grant schemes for agricultural and horticultural co-operatives which have been superseded by this new Scheme.

(x) Market Development Scheme

Grants are payable under the Agriculture (Miscellaneous Provisions) Act 1963 to encourage research and development in the marketing of agricultural and horticultural produce. In the financial year 1968/69 expenditure was £140,000 approximately. The Scheme has been extended to 31 March 1971.

(xi) Agricultural credit

Under Section 64 of the Agriculture Act 1967, and earlier enactments, grants may be made towards expenditure incurred by a body in fulfilling its guarantees of loans for business purposes made by banks to farmers or their co-operatives. Grants are available in respect of the implementing of guarantees given during the four-year period ended on 31 March 1969 and extended for a further five years to 31 March 1974. To the end of the financial year 1968/69 there has been no expenditure.

(xii) Special assistance to Northern Ireland

Under the Agriculture Act, 1957, payments are made to the Northern Ireland Exchequer by the United Kingdom Exchequer for expenditure on approved schemes for the benefit of Northern Ireland producers. These payments are intended to compensate Northern Ireland producers for their remoteness from the main market in the United Kingdom. Expenditure on such approved schemes in the financial year 1966/67 is estimated to be £1.9 million.

(xiii) Other assistance to Northern Ireland

Expenditure by the Northern Ireland Government under the Agriculture Act (Northern Ireland) 1949 on drainage, water supply and other schemes for agricultural development is estimated to be £0.7 million for the financial year 1968/69.

(xiv) Farm business recording scheme

Grant of up to £100 a year for a maximum of three years is payable under the Agriculture Act 1967 to farmers and growers to encourage the keeping of farm business records as an aid to sound management decisions. The Scheme was introduced on a pilot basis in November 1965 and was extended to the whole country during 1966. It is estimated that expenditure during the financial year 1968/69 will be about £1 million.

(xv) Beef cow subsidy

In order to stimulate beef production subsidy is payable, under the Agriculture Act 1967, on cows in regular herds kept primarily for breeding calves for beef. The rate of subsidy for cows kept during 1968 was £9 a head. The number of eligible cows is limited by reference to the acreage of grass and forage crops available for maintaining them. The subsidy is not payable on a cow in addition to hill cow subsidy. The estimated cost of the subsidy in 1968/69 is £4.5 million.

(xvi) Field beans

Grant of £5 per acre for field beans is available under the Agriculture (Miscellaneous Provisions) Act 1968 for a period of three years beginning in 1968/69 because of the importance of field beans as a break crop in the cereals rotation and as a source of protein for animal feeding stuffs. The estimated cost of the scheme for the financial year 1968/69 is £1.2 million.

### Horticulture

There are no guaranteed prices or deficiency payments for the United Kingdom horticultural industry. Until 1960 tariffs on supplies from foreign sources were virtually the only form of protection available to this sector of agriculture. Since 1960 various horticultural grant schemes have been introduced, the general object of which is to help producers in the United Kingdom to increase the efficiency of their businesses. Grants are available to growers towards the cost of improvements in buildings, equipment and machinery for the production, storage, preparation for market and transport of horticultural produce. In addition, growers whose businesses are small and who need working capital to help them to increase their efficiency by changing their cropping programmes or adopting up-to-date techniques may obtain grants for this purpose.

The Horticulture Improvement Scheme 1966, made under the Horticulture Act 1960, as amended by the Agriculture and Horticulture Act 1964, has as its primary aim the encouragement of improvements in facilities for the production, storage, preparation for market and transport of horticultural produce. Horticultural production businesses may qualify for grants of 33 1/3 per cent of the approved costs of a wide range of facilities, including the erection, replacement, reconstruction or other improvements of glasshouses and other production buildings and the supply of equipment for heating, control of environment and pest and disease control. Grants are also available for the erection of improvement of storage and other buildings and for a wide range of equipment used in the storage and preparation for market of horticultural produce. Since 17 January 1966, improvements in respect of which grant is paid may also qualify under Section 33 of the Agriculture Act 1967, for an additional investment supplement equivalent to 5 per cent of the approved expenditure. Since 3 October 1967 grant-aid to horticultural marketing co-operatives has been available under the Agricultural and Horticultural Co-operation Scheme (see above).

The Scheme, which came into force on 21 July 1966, replaces the Horticulture Improvement Schemes of 1960 and 1964. The total amount of grant paid for the United Kingdom during the financial year 1968/69 is £4,040,000: the average amount of grant paid in respect of each approved application completed during this period was £479.

The Small Horticultural Production Business Scheme 1964, made under the Agriculture and Horticulture Act 1964, also came into operation on 1 July 1964. The Scheme is intended to help small growers to improve the efficiency of their businesses. The grant is a contribution to the working capital needed while they are carrying out an approved three-year programme of reorganization or improvements. The total amount of grant paid for the United Kingdom for the financial year 1968/69 was £252,000 approximately. The average amount of grant payable in respect of each approved application was £380 - which is payable over a period of three years.

Grant for grubbing orchards. Section 3 of the Agriculture and Horticulture Act 1964, provides for grants of a third of the cost of clearing orchards planted originally for profit but which are now producing only poor quality fruit. The

grant is available to owners or occupiers of any commercial orchards of quarter acre or more provided it is intended to use the land for agriculture when the orchard has been cleared. The total amount of grant paid for the United Kingdom for the financial year 1968/69 was £23,500 and the average grant payment for each application approximately £75.

#### Grants to horticultural marketing co-operatives

Grants under Section 4 of the Horticulture Act 1960. Under Section 4 of the Horticulture Act 1960, grants are available to central co-operative bodies (for example, the Agricultural Co-operative Association Limited) for the encouragement and development of horticultural producers' marketing co-operatives. Grant may take account of a number of activities including expenditure on consultancy, legal and accountancy advice, as well as on other items necessary for the formation of new horticultural marketing co-operatives. Both newly established and existing marketing co-operatives may benefit from assistance with managerial expenses and the cost of such items as work studies and training of managerial staff. Rates of grant range from 33 1/3 per cent to 100 per cent over varying periods of up to three years. The expenditure in the financial year 1966/67 approximated to £27,000.

Grants under Section 4 of the Agriculture and Horticulture Act 1964. Section 4 of the Agriculture and Horticulture Act 1964, provides for grants of up to 33 1/3 per cent of the total approved estimated expenses of programmes covering periods of initial operation of new horticultural producers' marketing co-operatives and of programmes for the expansion or for increasing the efficiency of such existing co-operatives. The cost of land and buildings may not be taken into account for grant purposes. Grant is paid direct to the applicant co-operatives. Expenditure in the financial year 1966/67 approximated to £20,000.

Effect of grants. The purpose of the horticultural grants is to assist the industry to reduce costs of production and improve marketing. It is not intended to influence the quantity of production nor is it possible to attribute the cost of the schemes to particular commodities. For this reason statistics of production, consumption, imports and exports are not meaningful and they are not therefore provided. But home production accounts for rather less than half the country's total supplies of fresh fruit and vegetables, and exports are very small, accounting for no more than 1 per cent of output.

Credit. Under Section 64 of the Agriculture Act 1967, and earlier enactments, grants may be made towards expenditure incurred by a body in fulfilling its co-operatives. Grants are available in respect of the implementing of guarantees given during the five-year period ended on 31 March 1969 and extended for a further five years to 31 March 1974. To the end of the financial year 1968/69 there has been no expenditure.

## FISHERIES

### 1. Nature and extent of the subsidies

#### (a) Background and authority

The subsidies consist of the following:

(i) The white fish and herring subsidies are paid in respect of white fish and herring landed in the United Kingdom from vessels registered in the United Kingdom or voyages made by such vessels for the purpose of catching white fish or herring and landing them in the United Kingdom. They are paid under the White Fish and Herring Industries Acts, 1953 and 1957, the Sea Fish Industry Acts, 1959 and 1962, and the Sea Fisheries Act 1968.

The white fish subsidy was instituted in 1950 as a temporary measure to help the inshore, near, and middle-water sections of the industry through the period during which the fleets were being reconstructed and modernized. Its objects were to prevent the existing obsolescent fleet of coal-burning vessels from going out of existence too quickly and to encourage the provision of a continuous and plentiful supply of white fish. All of the coal burners have now been replaced by modern diesel vessels, but, owing to the financial state of the fishing industry, these subsidies were extended to include the distant water fleet under the White Fish and Herring Industries Act 1961, but reducing in value year by year, until 1972. Revised subsidy arrangements for the deep sea fleet (i.e. white fish vessels of 80 ft. and over) were announced in July 1968, following the Government's review of policy towards the fishing industry. Subsidies to this sector of the industry over the three years to 31 July 1971 are to be set out on a basic level of £2 million a year, which will be adjusted upwards or downwards depending on the level of profitability of that industry as a whole, subject to a maximum total subsidy of £4 million. The three-year period will be divided into subsidy periods, the first of which covered the six months from 1 August 1968 to 31 January 1969. Distribution of subsidy will be related to the operating efficiency of vessels instead of being paid a flat rate per day tied to their group classification. The Sea Fisheries Act 1968 gave effect to this from 1 August 1968. These new arrangements replace the previous policy of progressively decreasing operating subsidies to the deep sea fleet. Special subsidies will no longer be payable in cases of particular hardship.

The herring subsidy was instituted in 1957 to arrest the trend away from herring catching to white fishing and to prevent a further decline in the size of the herring fleet.

#### (ii) Grants for the acquisition and improvement of fishing vessels

Under the Fishing Vessels (Acquisition and Improvement) (Grants) Scheme 1967 grants are available from the White Fish Authority or Herring Industry Board at a rate of 40 per cent of gross cost for fishing vessels under 80 ft. in length and 35 per cent for larger vessels. These rates were

increased by 5 per cent during the calendar years 1967 and 1968 in line with increased investment grants for industry generally. The improvements that may be aided include those contributing to greater safety or greater catching power of fishing vessels. Grants at similar rates are made by the Government of Northern Ireland.

(b) Incidence

(i) White Fish subsidy is paid by one of the following methods:

(a) Inshore vessels on stonage rates

Under 60 ft. in length at 11d. per stone for gutted and certain types of whole ungutted fish. 8<sup>1</sup>/<sub>2</sub>d. for all other whole ungutted fish sold for human consumption. 2 3/4d. all other whole fish of a kind normally sold for human consumption.

An amendment to the Subsidy Scheme removed the restrictions whereby subsidy is payable only for voyages made for the purpose of catching and landing fish of a kind normally sold for human consumption or in respect of the landing of such fish.

(b) Inshore vessels receiving a flat rate per day at sea according to the registered length

35 ft. but under 80 ft. in length which varies between £3.10s.0d. and £5.5s.0d.

Vessels between 35 ft. and 60 ft. commenced receiving voyage rates as from 1 August 1966 if the subsidy payments amounted or would, but for the special circumstances beyond the control of the owner or charterer have amounted in the year 1965 to at least £500, in the year 1966 to at least £300 or in the year 1967 to at least £250 for either or both white fish or herring landed.

(c) Trawler vessels

80 ft. and over received a flat rate per day which varied between £4.10s.0d. and £7.10s.0d. basic subsidy, plus between £2.14s.0d. and £4.10s.0d. special supplementary rates as from 1 August 1968 but such payments made to be deducted from the total amount of payment due to the industry under the new Scheme.

The sum shared by deep sea vessel owners for the first subsidy period, 1 August 1968 to 31 January 1969 was £1.188 million.

(ii) Herring subsidy is paid by one of the following methods:

(a) at 4d. a stone of herring landed from vessels under 40 ft.;

(b) at a flat rate per day at sea which varies between £3.10s.0d. and £6.10s.0d. for vessels of 40 ft. and over;

- (c) at 2ls.0d. per cran of herring landed from vessels and sold for conversion into oil and meal or other approved product.

The subsidy payable at (c) above came into operation on 1 September 1963.

(iii) The grant payable towards the cost of a new vessel less than 80 ft. in length is 40 per cent of the total cost and 35 per cent for larger vessels. Improvement grants are available at the same rates.

(c) Amount of subsidy in the United Kingdom

(i) Expenditure on white fish subsidy in the financial year 1968/69 was £3,897,000 and provision is made for £4,089,000 in 1969/70.

(ii) Expenditure on herring subsidy in 1968/69 was £207,000 and provision is made for £242,000 in 1969/70.

(iii) Expenditure on grants in 1968/69 was £4,109,000 and provision is made for £3,500,000 in 1969/70.

(d) Estimated amount per unit

Generally, the amount of subsidy is not related directly to the quantity of fish landed.

II. Effect of the subsidies

It is impossible to say what precise effect the subsidies have on trade in white fish and herring. However, exports of white fish are very small in proportion to total landings and it is not considered that the subsidy payable on catches of herring has had any effect on exports. Statistics are given in Annex 5.

FORESTRY

I. Nature and extent of the subsidy

(a) Background and authority

The Forestry Act 1919, empowers the Forestry Commissioners, subject to Treasury approval, to "make advances by way of grant or by way of loan ... upon such terms as they think fit, to persons (including local authorities) in respect of the afforestation (including the replanting) on land belonging to those persons". Grants have only been available in their present form however, since the Forestry Act 1947 came into force, and the dedication scheme began to operate, although for five years or so even after this date the Scheme went very slowly and it was not until 1952 or 1953 that it began to work more or less as it does today. The Forestry Acts 1919 to 1963 were consolidated in the Forestry Act 1967.



(b) Incidence

Financial assistance to encourage the expansion to private commercial forestry in the United Kingdom is given to the owners of woodlands on the terms set out in I(d) below.

(c) Amount of subsidy

The actual amount paid in grants for the eighteen-month period ending 31 March 1969 was £1,930,000. Owing to a change in the Forestry Commission's year to align itself with the United Kingdom's financial year, it is necessary to institute an eighteen-month period initially to effect this change. Subsequent figures will of course be based on the normal twelve-month financial year period.

(d) Estimated amount by unit

Financial assistance is given on the following basis:

(i) Where the owner dedicates his woodland permanently to forestry a grant of up to 25 per cent of his operating losses until the woodland became self-supporting or, alternatively, £23.3s.6d. per acre for planting plus an annual management grant of £1.1s.3d. per acre for the first 100 acres of eligible land, 14s.3d. per acre for the second 100 acres, and 8s.9d. for the remainder.

(ii) A grant of £23.3s.6d. per acre for planting woodlands not suitable for dedication.

(iii) Where woodlands are considered suitable for dedication and the owner has not dedicated, but is working to a plan of operations approved by the Forestry Commissioners, the planting grant of £23.3s.6d. per acre referred to in (i) in respect of any planting carried out in the woodlands.

(e) As a result of the catastrophic effect of the windblow of 1968 on woodlands in Scotland, a special transport allowance was paid to private woodland owners and this amounted to £114,000 during the period in question. This has not been included in the overall grant aid figure.

II. Effect of subsidy

(a) Forestry is a long-term project and it is not thought that grants to woodland owners can have any effect on imports and exports for at least fifty years.

(b) Statistics of production consumption and exports

Not applicable.

## FILMS

### I. Nature and extent of the levy

#### (a) Background and authority

The receipts of British films are augmented from a Fund (The British Film Fund) which derives its revenues from a levy payable on cinema admissions. The statutory authority for this Scheme is the Cinematograph Films Act 1957 and 1966. The Scheme is a successor to a similar arrangement which was operated voluntarily by the various trade associations in the industry from 1950 to 1957, and ensures that a reasonable amount of British film production continues to come forward.

#### (b) Incidence

From 14 July 1968 the levy became payable at the rate of one ninth of the amount by which any payment for admission exceeds 1s.6d. Exemption from levy can be claimed where the total receipts at a cinema in any week do not exceed £400. Overall payments into the Fund in 1967 amounted to some  $7\frac{1}{2}$  per cent of total box office receipts.

#### (c) Amount of levy

The Act provides that the levy collected shall not be less than £2 million and not more than £5 million per year. In 1968 the levy amounted to about £4.4 million a year.

#### (d) Estimated amount per unit

The proceeds of the levy are divided between British films in proportion to their box office success in the home market.

### II. Effect of the levy

(a) Over the past five years the United Kingdom film production has been maintained at a level of about seventy films a year.

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

##### (i) For the three most recent years for which statistics are available

Long films (over 72 minutes) registered by the Board of Trade

Table A1

Year	British	Foreign
1966	70	259
1967	70	232
1968	71	289

Table B1<sup>1</sup>

Year	Total receipts from overseas in respect of earnings of cinematograph films	Total payments to overseas countries in respect of earnings of cinematograph films
1965	£10.0 million	£16.7 million
1966	£11.5 million	£17.1 million
1967	£12.0 million	£14.7 million

<sup>1</sup>Because of changes in coverage the figures for 1956 and 1965 are not strictly comparable with the earlier years' totals quoted in Table B1.

- (ii) For previous representative years, which, where possible and meaningful should be the latest period preceding the introduction of the subsidy or preceding the last major change in the subsidy

Long films (over 72 minutes) registered by the Board of Trade

Table A2

Year	British	Foreign
1950	74	308

Table B2<sup>1</sup>

Year	Overseas earnings of British films actually remitted to the United Kingdom	Sums payable to producers of foreign films in respect of exhibition in the United Kingdom
1956	£3,972,000	£9,647,000

<sup>1</sup>Because of changes in coverage the figures for 1956 and 1965 are not strictly comparable with the earlier years' totals quoted in Table B1.

ANNEX 1

UNITED KINGDOM

Carcass Meat

('000 tons)

	Home-fed produc- tion <sup>3</sup>	Imports		Exports and re-exports		Disap- pearance <sup>2</sup>
		As meat	As live <sup>1</sup> animals	As meat	As live <sup>1</sup> animals	
<u>Beef and veal</u>						
1965 <sup>3</sup>	801	290	18	12	82	1,120
1966	826	285	27	7	42	1,133
1967	902	269	5	7	64	1,260
1968	889	257	3	3	31	1,137
<u>Mutton and lamb</u>						
1965 <sup>3</sup>	240	345	...	3	8	577
1966	265	316	1	6	3	591
1967	258	339	...	8	4	600
1968	243	347	...	4	5	589
<u>Pork</u>						
1965 <sup>3</sup>	628	21	...	4	6	646
1966	603	10	...	12	6	613
1967	549	11	...	3	2	560
1968	567	18	...	2	2	586
<u>Total all carcass meat</u>						
1965 <sup>3</sup>	1,668	656	19	18	96	2,343
1966	1,695	611	28	25	50	2,338
1967	1,708	619	6	18	70	2,361
1968	1,698	622	3	9	38	2,311
<u>Bacon and ham</u>						
1965 <sup>3</sup>	233	397	-	2	-	630
1966	215	397	-	1	-	602
1967	202	402	-	1	-	612
1968	216	406	-	1	-	622

<sup>1</sup> Estimated meat equivalent.

<sup>2</sup> Domestic and exports, (and including re-exports which are negligible); also includes carcass meat subsequently used for canning, and takes account of changes in public and Government-owned cold store stocks.

<sup>3</sup> Fifty-three week statistical year in 1965. Imports and exports are on a calendar year basis.

... = less than 500 tons.

ANNEX 2

UNITED KINGDOM

Eggs (Hen and Duck)

(Million dozen)

Calendar years	Home <sup>1</sup> production	Imports	Exports and re-exports	Disappearance <sup>2</sup>
1965 <sup>3</sup>	1,212	23	4	1,235
1966	1,181	20	2	1,201
1967	1,242	27	2	1,269
1968 (prov.)	1,262 (prov.)	20	4	1,282

<sup>1</sup>Production for human consumption.

<sup>2</sup>Disappearance includes home production, imports and any stock change.

<sup>3</sup>Fifty-three week year.

<sup>4</sup>Less than 500,000 dozen.

ANNEX 3

UNITED KINGDOM

Raw wool

(Million lb.)

	1966	1967	1968
<u>Virgin wool - clean weight</u>			
Production <sup>1</sup>	86	85	80
Imports	355	356	383
Consumption	388	368	401
Exports <sup>2</sup>	49	44	51
Re-exports	12	11	8

<sup>1</sup>Estimated.

<sup>2</sup>Including imported wool scoured etc. in the United Kingdom and wool from imported skins.

ANNEX 4  
UNITED KINGDOM  
Crops

(1000 tons)

July/June year	Home production	Imports	Exports	Disappearance
<u>Wheat</u>				
1964/65	3,753	4,120 <sup>1/</sup>	13 <sup>1/</sup>	7,934 <sup>1/4/</sup>
1965/66	4,105	4,590 <sup>1/</sup>	12 <sup>1/</sup>	8,547 <sup>1/4/</sup>
1966/67 <sup>3/</sup>	3,420	4,109 <sup>1/</sup>	15 <sup>1/</sup>	7,577 <sup>1/4/</sup>
1967/68	3,841	4,004 <sup>1/</sup>	15 <sup>1/</sup>	7,741 <sup>1/4/</sup>
<u>Barley</u>				
1964/65	7,404	274	109	7,451 <sup>4/</sup>
1965/66	8,062	192	668	7,502 <sup>4/</sup>
1966/67 <sup>2/</sup>	8,586	188	1,092	7,738 <sup>4/</sup>
1967/68 <sup>2/</sup>	9,069	107	782	8,226 <sup>4/</sup>
<u>Oats</u>				
1964/65	1,325	23	1	1,347
1965/66	1,213	33	-	1,246
1966/67	1,102	25	-	1,127
1967/68 <sup>2/</sup>	1,364	5	72	1,297
<u>Mixed corn</u>				
1964/65	101	-	-	101
1965/66	91	-	-	91
1966/67 <sup>3/</sup>	93	-	-	93
1967/68 <sup>2/</sup>	117	-	-	117
<u>Rye</u>				
1964/65	25	4	-	29
1965/66	21	8	-	29
1966/67 <sup>3/</sup>	11	9	-	20
1967/68 <sup>2/</sup>	12	11	-	23
<u>Potatoes</u> <sup>2/</sup>				
1964/65	6,952	255	119	7,088
1965/66	7,458	296	205	7,549
1966/67 <sup>2/</sup>	6,476	374	82	6,768
1967/68 <sup>2/</sup>	7,087	349	78	7,358

<sup>1/</sup> Includes flour as wheat at 72 per cent extraction.

<sup>2/</sup> Includes ware, new and seed potatoes.

<sup>3/</sup> Provisional figures.

<sup>4/</sup> Allowing for estimated stock change.



ANNEX 5

UNITED KINGDOM

Fisheries

STATISTICS OF PRODUCTION, CONSUMPTION AND TRADE (ALL FISH EXCLUDING SHELLFISH)

(cwt.s. except where stated to the contrary)

	1965			1966			1967			1968		
	White fish	Herring		White fish	Herring		White fish	Herring		White fish	Herring	
<u>Production</u> (excluding salmon and migratory trout)												
England and Wales	9,364,411	301,133		9,664,841	256,225		10,033,834	247,319		10,218,315	193,582	
Scotland	5,723,946	1,627,479		6,008,606	1,995,730		4,815,531	1,734,960		4,945,319	1,648,345	
Northern Ireland	134,850	33,507		84,791	16,711		111,469	28,354		108,222	18,561	
Total	15,723,207	1,962,119		15,758,238	2,268,666		14,960,834	2,010,633		15,271,856	1,860,388	
<u>Household consumption</u> (ozs./head/week)	5.78			5.79			5.79			5.69		
<u>Trade imports</u>	3,887,694	121,243		3,584,095	157,166		3,721,028	265,324		4,001,580	449,841	
<u>Exports</u>	672,781	349,223		1,101,610	388,941		558,998	487,337		625,590	407,212	