

# 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. 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. 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 coal in the past on any significant scale. The prices of imported coal made it unattractive for private interests to do so. In recent years coal prices have eased but it has been Government policy not to authorize coal imports whether by the National Coal Board or by private importers, except in a case of specific emergency.

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.

B. 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. Iron and steel

Figures for the Corporation's production and overseas trading in 1967, 1968 and 1969 to date are given in Annex II, 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.

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Previous notifications for 1966-68 were contained in L/2593/Add.6 (1966), L/2741/Add.4 (1967), L/3030/Add.8 (1968), and L/3177/Add.6 (1969).

Annex I

STATISTICS OF COAL TRADE AND PRODUCTION

	Tonnage ('000 tons)			Value (£'000)		
	1967	1968	1969	1967	1968	1969
(a) Imports	7	2	2	62	23	20
(b) Re-exports	-	-	-	-	-	-
(c) (i) Total exports	1,891	2,678	3,456	8,869	12,105	16,450
(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	165,059	157,224	153,076	887,200	766,457	746,245
Recovered slurry	2,710	3,160	2,670	3,650	4,420	3,790
Opencast	7,085	6,864	6,324	38,965	35,350	33,675
	174,854	167,248	162,070	929,815	806,227	783,710
(ii) Production from licensed mines included in (d) (i)	1,042	968	834	5,600	4,719	4,066

Annex II  
UNITED KINGDOM - IRON AND STEEL

( 000 statute tons)

			1967		1968				1969			
			3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
<u>PRODUCTION</u>												
Iron ore	B.S.C.		2,760	3,092	3,500	3,420	3,007	3,248	3,213	3,043	2,733	2,600
	Other		114	129	126	146	115	66	94	114	105	113
	Total		2,882	3,221	3,634	3,566	3,202	3,314	3,307	3,157	2,837	2,801
Pig iron (including blast furnace ferro-alloys)	B.S.C.		3,416	3,644	3,679	4,111	3,957	4,242	4,178	4,266	3,644	4,029
	Other		116	121	116	121	123	125	485	68	40	90
	Total		3,532	3,765	3,795	4,232	4,080	4,367	4,262	4,334	3,684	4,109
Crude steel	B.S.C.		4,988	5,547	5,643	6,147	5,535	6,248	6,405	6,410	5,165	6,003
	Other		461	548	592	586	517	594	626	623	558	632
	Total		5,449	6,095	6,235	6,733	6,052	6,842	7,031	7,033	5,723	6,635
Iron castings	B.S.C.		187	238	216	209	189	233	245	223	193	224
	Other		597	671	702	682	619	707	734	727	639	771
	Total		784	909	918	891	808	940	979	950	832	995
<u>IMPORTS<sup>1/</sup></u>												
Iron ore	B.S.C. <sup>2/</sup>		3,942	3,807	3,488	3,943	4,693	4,457	4,157	4,420	4,403	4,457
	UK total		4,391	3,833	3,711	4,145	4,920	4,480	4,391	4,473	4,455	4,660
Manganese ore	B.S.C. <sup>2/</sup>		71	98	91	102	84	122	118	104	95	84
	UK total		56	108	105	135	107	129	112	123	105	92
Pig iron	B.S.C. <sup>2/</sup>		4	6	4	4	5	-	-	-	-	-
	UK total		78	65	55	50	77	55	48	67	36	36
Other iron and steel products	B.S.C. <sup>3/</sup>		20	41	38	66	45	65	134	205	229	234
	UK total <sup>4/</sup>		395	492	558	595	500	482	525	575	504	532
Iron and steel scrap	B.S.C.		-	-	-	-	-	-	-	30	175	59
	UK total		1	1	1	-	1	1	2	67	147	75

('000 statute tons)

		1967		1968				1969			
		3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
<u>EXPORTS</u> <sup>1/</sup>											
Pig iron	B.S.C. <sup>2/</sup>	50	14	47	6	4	33	46	1	1	19
	UK total	81	14	24	35	10	14	8	52	7	34
Other iron and steel products	B.S.C. <sup>3/4/</sup>	-	801	892	883	907	817	610	792	799	767
	UK total <sup>4/</sup>	-	807	1,024	1,164	1,059	1,132	815	927	1,042	1,203
Iron and steel scrap	B.S.C.	-	-	-	-	-	-	-	-	-	-
	UK total	506	700	547	504	129	120	163	197	100	92

<sup>1/</sup> United Kingdom total from Overseas Trade Account

<sup>2/</sup> Receipts at works

<sup>3/</sup> Ingots and semi-finished steel

<sup>4/</sup> Excludes ferro-alloys

<sup>5/</sup> As reported by producers

<sup>6/</sup> Ingots, semi-finished and finished steel