

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## SUBSIDIES

### Notifications Pursuant to Article XVI:1

#### Addendum

#### CANADA

The Permanent Mission of Canada has submitted the following notifications relating to the years 1971-1972 and 1972-1973. The previous Canadian notification is contained in document L/3655/Add.17.

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The following notification relates to subsidies paid during the fiscal or crop year 1971-72, as indicated.

#### I. GRAIN AND GRAIN PRODUCTS

##### FEED FREIGHT ASSISTANCE

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

##### (a) Background and authority

This programme assists livestock producers in Eastern Canada and British Columbia by subsidizing freight and storage costs on feed grain used by them for livestock feed. This programme was placed under the jurisdiction of the Canadian Livestock Feed Board in April 1967, although the programme has been in existence since 1941. The authority is the Livestock Feed Assistance Act, 1966, and regulations established by Order in Council.

##### (b) Incidence

The subsidy is paid to wholesalers or retailers from whom farmers purchase grains or mill feeds. Claims must show that the commodities are fed to livestock and that the amount of assistance has been passed on to the purchaser. No payment is made on grains and feeds for export, nor on cereals used for domestic food consumption.

(c) Amount of subsidy

The estimated freight and storage expenditures on the quantity shipped during the fiscal year 1971-72 were \$19,460,502, compared with \$20,870,799 in 1970-71.

(d) Estimated amount per unit

Freight and storage payments averaged \$7.04 per ton during the 1971-72 fiscal year, compared with \$7.01 per ton in 1970-71.

2. Effect of the subsidy

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

STORAGE COSTS ON TEMPORARY WHEAT RESERVES

1. Nature and extent of the subsidy

(a) Background and authority

In March 1956, Parliament passed the Temporary Wheat Reserves Act to relieve producers of burdensome storage charges on wheat in commercial storage in Canada.

(b) Incidence

The Act provides for the payment of storage and interest costs on Canadian Wheat Board stocks of wheat in commercial storage in excess of 178 million bushels at the commencement of each crop year.

(c) Amount of subsidy

The amount owing for the 1971-72 crop year to 31 July 1972 was \$30,758,370. This amount was paid by the Government on the eligible wheat stocks of 153.6 million bushels in commercial storage on 1 August 1971.

(d) Estimated amount per unit

Storage and interest payments under the Act amounted to 20.02 Canadian cents per eligible bushel for 1971-72.

2. Effect of the subsidy

This programme has helped western grain producers to obtain a greater share of the price at which their wheat is sold. However, it has tended to distort production patterns at the expense of other grains and the Canadian Government hopes to discontinue this programme in future.

CASH ADVANCES ON FARM STORED GRAINS

1. Nature and extent of the subsidy

(a) Background and authority

The Prairie Grain Advance Payments Act, proclaimed on 25 November 1957, provides that interest-free cash advances may be made to producers by the Canadian Wheat Board through its line of credit with the chartered banks and the interest involved is paid by the Federal Government.

(b) Incidence

Advances are made to a maximum of \$6,000 per producer (including any outstanding balance from prior advances) at a per bushel rate which is fixed for each grain before the beginning of each crop year. The per bushel rates for the 1971-72 crop year were 95 cents for wheat, 50 cents for barley and 35 cents for oats. The advance may be obtained on one grain only or on a combination of grains by all producers in the Canadian Wheat Board's designated area having a permit book to deliver grain.

(c) Amount of subsidy

Repayment of advances is made when producers deliver grain as delivery quotas are increased. The amount of interest involved depends on the total amount of advances issued and the rate of repayment. Increased use is made of this Act when delivery opportunities are restricted. Repayment is slower under these conditions causing interest costs to be higher. Interest costs paid by the Government for the 1971-72 crop year amounted to \$2,273,656.

(d) Estimated amount per unit

No statistics have been compiled on the total quantities of grain on which cash advance are obtained each crop year.

## 2. Effect of the subsidy

Grain producers in western Canada, where the bulk of Canada's grain is produced do not receive any income until they deliver their grain to the country elevator and the excess of production over marketable quantities must be stored on farms at the producer's expense.

Cash advances are, in effect, a prepayment of a portion of the initial payments guaranteed by the Government on the basic grades of wheat, oats and barley when delivered by producers. The programme has a two-fold effect on the economy of western Canada. Farmers are able to obtain a portion of the price for their grain when delivery opportunities are restricted instead of having to borrow money at commercial interest rates. Secondly, millions of dollars are put into circulation during periods when the cash flow to the grains sector of the economy would otherwise be seriously restricted due to reduced marketings.

### INITIAL PAYMENTS

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

##### (a) Background and authority

Under the terms of the Canadian Wheat Board Act, initial payments on the basic grades of wheat, oats and barley are established each crop year by the Government having regard to current and prospective market demand and to any other circumstances which may render a specific level of initial payments advisable. These initial payments are, in effect, Federal Government guaranteed floor prices, since any deficit incurred by the Canadian Wheat Board in its marketing operations is paid by the Government, i.e. if the sales price obtained by the Board is insufficient to cover its operating costs plus the initial payment already received by producers, the deficit is met by the Government.

##### (b) Incidence

Very few payments have been necessary to cover deficits during the twenty-nine years that this practice has been followed. A deficit occurred in the pool account for barley during the 1971-72 crop year. When a deficit occurs, the Government payment is made to the Canadian Wheat Board, but the ultimate benefit goes to the producers in the Wheat Board designated area who have grown the grain in that pool.

(c) Amount of the subsidy

A deficit of \$3,790,956 was incurred by the 1971-72 pool account for barley and this amount, plus interest, is to be paid to the Wheat Board by the Government. 1971-72 pool accounts for wheat and oats show a surplus.

(d) Estimated amount per unit

The sum amounts to 1.34 cents per bushel of barley purchased from producers by the Board during the 1971-72 crop year.

2. Effect of the subsidy

This subsidy helped to cushion to some extent the effects of the low price for barley that prevailed during the period of the pool's operation.

CROP FAILURE ASSISTANCE

1. Nature and extent of the subsidy

(a) Background and authority

This programme is 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 is authorized under the Prairie Farm Assistance Act of 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, with respect to not more than one half of a farmer's cultivated acreage up to a maximum of 400 acres. A minimum payment of \$200 applies only when the average acreage yield is 5 bushels or less per farm. A levy of 1 per cent is deducted from the price a producer receives for wheat, oats, barley, rye, rapeseed or flaxseed. Proceeds of this levy are credited to a special fund (Prairie Farm Emergency Fund) out of which the awards are paid. If the amount in the fund is inadequate to defray the cost of the awards, the Federal Government makes up the deficit. Farmers who participate in a provincial crop insurance scheme are not subject to this levy and are not eligible for benefits under this assistance programme.

(c) Amount of the subsidy

During the 1971-72 crop year a contribution from the Canadian Government of \$3,482,116 was required since claims paid (\$4,955,807) exceeded the total levy collected from producers (\$1,473,691). This programme is being phased out and levy collections were discontinued effective 1 August 1971.

GRASSLAND INCENTIVE PROGRAM

1. Nature and extent of the subsidy

This special programme was designed as an incentive to divert grainland to grassland in order to control Canada's grain surplus at an acceptable level and to assist expansion of the livestock industry to meet the increasing demand for beef. This programme was authorized under the Appropriation Act by P.C. 1971-892 on 11 May 1971.

(b) Incidence

The programme involved a payment of \$10 for each acre diverted from grain to grass and forage. Payment consisted of \$5 per acre in the first year to contribute to costs of seeding grass. In the second year, a payment of \$5 an acre would be made to compensate for loss of production in the first and second years. The programme is to remain in effect until 31 December 1974.

(c) Amount of the subsidy

Payments during the 1971-72 year amounted to \$9,806,874 with respect to approximately 2 million acres.

(d) Estimated amount per unit

This sum amounts to an average of \$5 per acre diverted from grain production to grass in the 1971-72 crop year.

2. Effect of the subsidy

In addition to the Wheat Inventory Reduction Program of 1970 another 2 million acres of grainland was diverted to grass in 1971 to further reduce grain stocks and expand the Canadian livestock industry.

## TWO PRICE WHEAT PROGRAM

### 1. Nature and extent of the subsidy

#### (a) Background and authority

This programme was designed to guarantee that Canadian wheat producers receive \$3.00 per bushel for wheat sold in Canada for human consumption. Because of regional differences in marketing structures two individual programmes for eastern and western Canada were designed. Order in Council P.C. 1972-1775 of August 1972 provides the authority for eastern Canada and Order in Council P.C. 1972-728 of April 1972 provides the authority for western Canada.

#### (b) Incidence

In eastern Canada the payment was made to wheat producers on the basis of their deliveries to the Ontario Wheat Producers Marketing Board during the 1970-71 crop year, to a maximum of 500 bushels (later raised to 750 bushels), per producer.

In western Canada the payment was made to grain producers registered with the Canadian Wheat Board on the basis of their 1971-72 total grain acreage as shown in their Wheat Board Delivery Permit Book, to a maximum of 640 acres per eligible producer.

#### (c) Amount of subsidy

A total of \$63,175,237 was paid for the 1971-72 crop year, \$57,322,592 to producers in western Canada and \$5,852,644 to producers in eastern Canada.

#### (d) Estimated amount per unit

For producers in eastern Canada the payment averaged \$1.045 per bushel delivered and for producers in western Canada the payment averaged 84.6 cents per eligible acre.

### 2. Effect of the subsidy

The Two-Price Wheat Program has had the effect of increasing returns to producers at a time when grain prices were low, while at the same time maintaining the price Canadian consumers had to pay for bread and other wheat flour products.

## II. LIVESTOCK AND LIVESTOCK PRODUCTS

### HOG SUPPORT PROGRAM

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

##### (a) Background and authority

Under terms of the Agricultural Stabilization Act, hog prices must be supported at not less than 80 per cent of the previous ten-year average. At the close of 1971 the Agricultural Stabilization Board recorded that the 1971 accumulated average price to producers was \$23.67 per hundredweight, while the ten-year average was \$24.14 per hundredweight. Therefore, authority to pay a subsidy on hogs slaughtered in 1971 was granted by Order in Council, P.C. 1972-469 of 14 March 1972.

##### (b) Incidence

To reflect, to a degree, the added input costs to this industry, and to raise returns to producers, authority was granted to pay each eligible producer \$5.00 per hog delivered for slaughter in 1971 up to a maximum of 200 hogs of grades index 100 or higher.

##### (c) Amount of subsidy

Expenditure during the 1971-72 fiscal year amounted to \$10,762,425 and an additional \$7,813,531 was paid during the 1972-73 fiscal year for hogs slaughtered in 1971.

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

The average payment per eligible hog slaughtered in 1971 was \$5.00.

#### 2. Effect of the subsidy

Returns to hog producers were stabilized at a level consistent with increased costs of production.



WOOL SUPPORT PROGRAM, DEFICIENCY PAYMENTS

1. Nature and extent of the subsidy

(a) Background and authority

Annual Orders in Council under the Agricultural Stabilization Act have granted authority to the Agricultural Stabilization Board to support wool prices.

(b) Incidence

In fiscal year 1970-71, the Board was authorized to support the price of wool at 45 cents per pound compared with 60 cents per pound in 1969-70. This programme applied to wool of all grades, except Rejects, produced in Canada and delivered to registered warehouses in Canada in the above-mentioned period. Payment was calculated as the amount by which 45 cents per pound exceeded the price determined by the Board to be the average market price to producers, f.o.b. Toronto, of representative grades during the period. A wool producer, to be eligible for a deficiency payment under the programme, must have marketed at least 100 pounds of wool of the eligible grades during the fiscal year. This programme was discontinued effective 31 March 1971.

(c) Amount of subsidy

For the fiscal year 1971-72, total payments of \$102,962 were made on wool delivered in 1970-71, in addition to the \$394,299 paid during the previous fiscal year.

(d) Estimated amount per unit

In 1970-71, an average deficiency payment of 17.3 cents per pound of eligible wool was paid to producers compared with an average of 29 cents per pound in 1969-70.

2. Effect of the subsidy

Wool prices to producers were stabilized.

### III. DAIRY PRODUCTS

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

##### (a) General background and authority

At the beginning of the fiscal year 1967-68, administration of the federal dairy stabilization policy was placed under the Canadian Dairy Commission which was established by the Canadian Dairy Commission Act in 1966.

##### (b) Incidence

Federal dairy stabilization policy consists of supporting the market price of the major dairy products (butter, skim milk powder and cheddar cheese) through an "offer-to-purchase" programme and making direct subsidy payments under a quota system to farmers for milk and cream used for manufacture into dairy products. Cost of export assistance is borne by the producer through a "holdback" from the gross direct subsidy payment.

In 1971-72 the programme was as follows:

(1) Offer to purchase programmes for: first grade cheddar cheese at 51 cents per pound from 1 April 1971 until 11 August 1971 and at 54 cents from 12 August 1971 until 31 March 1972; first grade butter at 65 cents per pound from 1 April 1971 until 11 August 1971 and at 68 cents per pound from 12 August 1971 until 31 March 1972; the first grade skim milk powder at 24 cents per pound from 1 April 1971 until 11 August 1971 and at 26 cents per pound from 12 August 1971 until 31 March 1972; and

(2) A gross direct subsidy payment on an eligibility quota basis, of \$1.25 per 100 pounds on manufacturing milk, basis 3.5 per cent butterfat, with an equivalent payment on a butterfat basis for cream. The cost of export assistance was borne by the producer through a holdback from the gross subsidy payment of 10 cents per 100 pounds on deliveries up to the level of the quota and \$1.25 per 100 pounds on deliveries in excess of quota.

##### (c) Amount of subsidy and per unit estimate

##### (1) Direct manufacturing milk subsidy payments

Net direct payments by the Commission to dairy producers in fiscal year 1971-72 on 1971-72 production amounted to \$84,650,293. In addition, \$20,356,408 was paid in fiscal year 1971-72 on the balance of production from previous years. The total average payment made in fiscal 1971-72 was \$1.08 per 100 pounds of manufacturing milk, basis 3.5 per cent butterfat, including the equivalent payments on a butterfat basis for cream.

(2) Skim milk powder, export subsidy

Export assistance paid on dry skim milk powder exported to all major destinations except the United States during the fiscal year 1971-72 amounted to \$4,925,469. On the basis of total export shipments, assistance averaged 2.0 cents per pound (shipments included some production from previous years).

(3) Cheddar cheese, export subsidy

In fiscal year 1971-72 export assistance of \$1,218,719 was paid on cheese exported to countries other than the United States. On the basis of total shipments (including some production from previous years) export assistance averaged 14.8 cents per pound.

(4) Casein and caseinates, production subsidy

In fiscal year 1971-72, the Commission paid a direct production subsidy to dairy plants which manufactured dried casein and caseinates from the skim milk portion of milk delivered by producers. The rate was 36 cents per pound from 1 April 1971 to 21 December 1971; and 26 cents per pound from 22 December 1971 to 31 March 1972. The amount paid on the 1971-72 production was \$2,865,394, an average of 35.4 cents per pound. In addition, in fiscal year 1971-72 a payment of \$92,528 was made on the balance of 1970-71 production, an average of 36.0 cents per pound.

(5) Butter, export subsidy

In fiscal year 1971-72, export assistance of \$72,640 was paid on butter exported during the 1970-71 year to countries other than the United States. This amount was paid in addition to the \$839,440 paid in fiscal year 1970-71 for butter exported during the 1970-71 year. Therefore, total payments for butter exported during the 1970-71 year amount to \$912,080. This export assistance averaged 20.1 cents per pound.

There was no export assistance for butter exported during the 1971-72 year.

(6) Evaporated and condensed milk, export subsidy

In fiscal year 1971-72, export assistance totalling \$29,435 was paid for evaporated and condensed milk. Of this total, \$20,665 was paid for evaporated and condensed milk exported during the 1971-72 year, with the remainder being paid for product shipped the previous year. The average export assistance for the product exported during the 1971-72 year was 3.5 cents per pound.

## 2. Effects of subsidies

A fundamental objective of the aggregate Canadian dairy support programme is to keep production of manufacturing milk reasonably within the limits of the amount which can be sold domestically and to discourage surplus production. The quota system for direct subsidy payments is a means to that end, as is the practice of charging export losses to producers. It should be noted that in fiscal year 1970-71 the "holdback" from direct subsidy payments on milk in excess of quota was increased to \$1.25 per 100 pounds, compared to 52 cents the previous year. This action represents an intensification of measures designed to limit surplus production while stabilizing the price of manufacturing milk through supporting the prices of the various manufactured products.

## IV. FRUIT AND VEGETABLES

### POTATO PURCHASE PROGRAM

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

##### (a) Background and authority

This purchase programme was authorized by Order in Council P.C. 1972-8 of 18 January 1972, to strengthen the very low prices then being paid to potato producers. Potatoes purchased by the Board were processed into starch or fed to livestock.

##### (b) Incidence

The Agricultural Stabilization Board was authorized to purchase a minimum of 200 hundredweight and a maximum of 1,333 hundredweight of Canada No. 1 grade potatoes from individual producers. Initial payment on acceptance of the Board's offer to purchase was to be 75 cents per hundredweight to each eligible producer, plus an additional 75 cents per hundredweight on delivery to the Board of all potatoes purchased by the Board from the producer.

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

Total Government expenditures on this programme during the 1971-72 fiscal year were \$953,059 and an additional \$872,834 was spent during the 1972-73 fiscal year.

(d) Estimated amount per unit

The average payment was \$1.50 per hundredweight purchased from eligible producers.

2. Effect of the subsidy

Canadian potato prices were strengthened.

CARROT PRICE SUPPORT

1. Nature and extent of the subsidy

(a) Background and authority

This programme was authorized by Order in Council P.C. 1971-2839 of 21 December 1971 to ensure that carrot producers received a prescribed price.

(b) Incidence

This subsidy was paid by the Agricultural Stabilization Board to distributors for the benefit of carrot producers providing the distributor paid at least the prescribed price during the period from 16 August 1971 to 30 April 1972, or such date prior to 30 April 1972 designated by the Board.

(c) Amount of the subsidy

During the 1971-72 fiscal year payments to distributors for the benefit of carrot producers totalled \$128,118 and an additional \$23,598 was paid in 1972-73.

(d) Estimated amount per unit

The payment averaged 0.5 cents per pound.

2. Effect of the subsidy

Carrot prices to producers were supported at the prescribed price.

RUTABAGA PRICE SUPPORT

1. Nature and extent of the subsidy

(a) Background and authority

This programme was authorized by Order in Council P.C. 1971-2840 of 21 December 1971 to ensure that rutabaga producers received a prescribed price.

(b) Incidence

This subsidy was paid by the Agricultural Stabilization Board to distributors for the benefit of rutabaga producers providing the distributor paid at least the prescribed price during the period 16 August 1971 to 31 December 1971.

(c) Amount of subsidy

During the 1971-72 fiscal year payments to distributors for the benefit of rutabaga producers totalled \$79,100 and an additional \$10,414 was paid in 1972-73.

(d) Estimated amount per unit

The payment averaged 0.24 cents per pound.

2. Effect of the subsidy

Rutabaga prices to producers were supported at the prescribed price.

BLUEBERRY PRICE SUPPORT

1. Nature and extent of the subsidy

(a) Background and authority

This programme was authorized by Order in Council P.C. 1971-2463 of 9 November 1971 to stabilize returns to blueberry producers.

(b) Incidence

This subsidy was paid by the Agricultural Stabilization Board to blueberry producers for berries delivered to distributors in the period 16 August 1971 to 15 October 1971.

(c) Amount of the subsidy

During the 1971-72 fiscal year payments to eligible producers totalled \$216,187 and an additional \$21,933 was paid in 1972-73.

(d) Estimated amount per unit

The payment averaged 1.5 cents per pound of blueberries delivered by eligible producers during the prescribed period.

2. Effect of the subsidy

Returns to blueberry producers were stabilized.

V. SPECIAL PRODUCTS

SUGAR BEETS, PRICE SUPPORT

1. Nature and extent of the subsidy

(a) Background and authority

In 1971-72 (as in the three previous years), the Agricultural Stabilization Board was authorized to support Canada's 1971 sugar beet crop at a national average producer return of \$15.98 per standard ton. A standard ton is defined as a ton of sugar beets yielding 250 pounds of refined sugar. Authority was granted under the Agricultural Stabilization Act and Order in Council P.C. 1970-1157 of 30 June 1970.

(b) Incidence

In view of the higher prices prevailing in fiscal year 1971-72, it was agreed by the Board and the Sugar Beet Associations that an interim payment to producers against the estimated final deficiency payment for the 1971 crop would not be made. Sugar beets are now produced in only three provinces, Quebec, Manitoba and Alberta.

(c) Amount of subsidy

As stated above, no interim payment was made in fiscal 1971-72 on the 1971 crop. The total final payment to producers for their 1970 crop which was made in fiscal 1971-72 amounted to \$746,332. No deficiency payment was required for the 1971 crop since prices were above the support level.

(d) Estimated amount per unit

Total deficiency payments on the 1970 crop amounted to \$746,332 or an average of \$0.86 per standard ton.

2. Effect of the subsidy

The deficiency payment programme stabilizes prices to sugar beet producers when market price falls below the support price.



**TABLE I**  
**SUPPLY AND DISTRIBUTION OF CANADIAN AGRICULTURAL COMMODITIES COVERED BY REPORT: 3 RECENT YEARS**

Commodities	Years <sup>1/</sup>	Units	Beginning stocks	Production	Imports	Domestic disappearance	Exports	Ending Stocks
Wheat <sup>2/</sup>	1969-70	thousand bushels	851,828	684,276	-	180,916	346,498	1,008,690
	1970-71	" "	1,008,690	331,519	-	170,842	435,213	734,154
	1971-72	" "	734,154	529,552	-	170,464	503,891	569,351
Oats <sup>2/</sup>	1969-70	" "	128,657	371,387	-	353,539	5,165	141,340
	1970-71	" "	141,340	367,850	-	370,451	13,366	125,373
	1971-72	" "	125,373	363,479	-	360,141	10,454	118,257
Barley <sup>2/</sup>	1969-70	" "	199,383	378,383	-	289,375	88,313	200,078
	1970-71	" "	200,078	415,704	-	291,918	179,595	144,269
	1971-72	" "	144,269	601,628	-	319,526	230,528	195,843
Corn <sup>2/</sup>	1969-70	" "	6,141	73,426	27,719	103,085	208	3,993
	1970-71	" "	3,993	100,925	12,710	115,098	370	2,160
	1971-72	" "	2,160	115,977	11,691	122,185	1,311	6,332
Rye <sup>2/</sup>	1969-70	" "	8,673	16,493	-	10,690	3,829	10,647
	1970-71	" "	10,647	22,427	-	11,414	8,917	12,743
	1971-72	" "	12,743	21,915	-	8,105	10,757	15,796
Rapeseed <sup>2/</sup>	1969-70	" "	5,069	33,400	-	12,623	22,213	3,633
	1970-71	" "	3,633	72,200	-	17,993	46,811	11,029
	1971-72	" "	11,029	95,000	-	20,287	42,603	43,139
Flaxseed <sup>2/</sup>	1969-70	" "	4,909	27,548	7	7,883	18,611	5,970
	1970-71	" "	5,970	48,932	-	7,102	21,194	26,606
	1971-72	" "	26,606	22,321	-	7,154	25,741	16,032
Sugar Beets	1970	short tons	-	916,906	-	916,906	-	-
	1971	" "	-	1,215,917	-	1,215,917	-	-
	1972	" "	-	1,069,730	-	1,069,730	-	-
Creamery Butter	1970	thousand pounds	90,010	327,793	1,938	329,785	6	89,950
	1971	" "	89,950	286,630	7,859	328,623	4,473	51,343
	1972	" "	51,343	290,598	4,516	316,832	22	29,603
Cheddar Cheese	1970	" "	80,866	165,709	-	155,850	29,911	60,814
	1971	" "	60,814	190,767	-	158,719	29,352	63,510
	1972	" "	63,510	192,071	-	166,334	18,384	70,863

<sup>1/</sup> Calendar year unless otherwise noted.

<sup>2/</sup> Crop years 1 August to 31 July.

<sup>4/</sup> (-) means less than one half the unit used.

TABLE I (cont'd)

Commodities	Years <sup>1/</sup>	Units		Beginning stocks	Production	Imports	Domestic disappearance	Exports	Ending stocks
Skim Milk Powder	1970	thousand	pounds	153,594	362,440	-	133,002	297,154	85,878
	1971	"	"	85,878	301,077	-	108,920	240,396	37,639
	1972	"	"	37,639	343,239	-	103,540	114,506	162,832
Casein	1970	"	"	8,744	8,983	2,467	7,994	8,516	3,684
	1971	"	"	3,684	N/A	2,725	N/A	7,478	N/A
	1972	"	"	N/A	N/A	4,249	N/A	1,686	N/A
Evaporated Whole Milk	1970	"	"	43,070	256,433	-	258,547	11,873	29,083
	1971	"	"	29,083	264,387	-	255,339	3,574	34,557
	1972	"	"	34,557	241,961	-	244,546	2,429	29,543
Dry Whole Milk	1970	"	"	59	1,147	-	1,016	10	180
	1971	"	"	180	1,957	-	1,718	10	409
	1972	"	"	409	N/A	-	1,720	4	N/A
Pork	1970	"	"	24,467	1,328,114	26,295	1,280,711	71,287	26,878
	1971	"	"	26,878	1,510,964	16,954	1,428,661	97,166	28,969
	1972	"	"	28,969	1,392,607	48,550	1,335,624	115,517	18,985
Potatoes <sup>2/</sup>	1969-70	"	hundredweight	-	51,843	2,174	49,521	4,496	-
	1970-71	"	"	-	55,123	2,094	54,500	2,717	-
	1971-72	"	"	-	48,810	2,133	48,492	2,451	-
Carrots <sup>2/</sup>	1969-70	"	pounds	-	395,623	78,501	418,767	55,357	-
	1970-71	"	"	-	461,953	60,953	460,999	61,907	-
	1971-72	"	"	-	329,835	73,028	352,968	49,895	-
Rutabagas <sup>2/</sup>	1969-70	"	"	-	170,302	-	94,228	76,074	-
	1970-71	"	"	-	216,093	-	125,619	90,474	-
	1971-72	"	"	-	164,880	-	81,922	82,958	-
Blueberries (fresh) <sup>3/</sup>	1969-70	"	"	-	28,700	2,871	27,366	4,205	-
	1970-71	"	"	-	28,570	2,242	26,144	4,668	-
	1971-72	"	"	-	22,471	3,289	21,759	4,001	-
Wool	1970	"	"	-	3,458	42,666	43,758	2,366	-
	1971	"	"	-	3,566	37,562	39,588	1,540	-
	1972	"	"	-	3,435	43,658	45,190	1,903	-

<sup>1/</sup> Calendar year unless otherwise noted.

<sup>2/</sup> Crop year 1 July to 30 June.

<sup>3/</sup> (-) means less than one half the unit used.

The following notification relates to subsidies paid during the fiscal or crop year 1972-73, as indicated.

I. GRAIN AND GRAIN PRODUCTS

FEED FREIGHT ASSISTANCE

1. Nature and extent of the subsidy

(a) Background and authority

This programme has assisted livestock producers in Eastern Canada and British Columbia by subsidizing freight costs on feed grain used by them for livestock feed. This programme was placed under the jurisdiction of the Canadian Livestock Feed Board in April 1967, although the programme has been in existence since 1941. The authority is the Livestock Feed Assistance Act, 1966, and regulations established by Order in Council.

(b) Incidence

The subsidy is paid to wholesalers or retailers from whom farmers purchase grains or mill feeds. Claims must show that the commodities are fed to livestock and that the amount of assistance has been passed on to the purchaser. No payment is made on grains and feeds for export, nor on cereals used for domestic food consumption.

(c) Amount of subsidy

The estimated freight expenditures on the quantity shipped during the fiscal year 1972-73 were \$20,957,182 compared with \$20,193,642 in 1971-72.

(d) Estimated amount per unit

Freight payments averaged \$7.03 per ton during the 1972-73 fiscal year, compared with \$7.02 per ton in 1971-72.

2. Effect of the subsidy

The programme has helped to equalize the cost of domestic feeds and feed grains to livestock feeders across Canada.

## STORAGE COSTS ON TEMPORARY WHEAT RESERVES

### 1. Nature and extent of the subsidy

#### (a) Background and authority

In March 1956, Parliament passed the Temporary Wheat Reserves Act to relieve producers of burdensome storage charges on wheat in commercial storage in Canada.

#### (b) Incidence

The Act provided for the payment of storage and interest costs on Canadian Wheat Board stocks of wheat in commercial storage in excess of 178 million bushels at the commencement of each crop year (1 August). The Act also provided that when Wheat Board stocks in commercial storage were less than 178 million bushels at the beginning of the crop year, no payments would be made for that or subsequent crop years and the terms of the Act would expire. Wheat Board stocks in commercial storage at the beginning of the 1973-74 crop year were less than 178 million bushels. The Temporary Wheat Reserves Act is therefore no longer operative and payments have been discontinued on a permanent basis.

#### (c) Amount of subsidy

The amount owing for the 1972-73 crop year to 31 July 1973 was \$17,498,519. This amount was paid by the Government on the eligible wheat stocks of 90.0 million bushels in commercial storage on 1 August 1972.

#### (d) Estimated amount per unit

Storage and interest payments under the Act amounted to 19.4 Canadian cents per eligible bushel for 1972-73.

### 2. Effect of the subsidy

This programme has helped western grain producers to obtain a greater share of the price at which their wheat is sold. However, it tended to distort production patterns at the expense of other grains.

## CASH ADVANCES ON FARM STORED GRAINS

### 1. Nature and extent of the subsidy

#### (a) Background and authority

The Prairie Grain Advance Payments Act, proclaimed on 25 November 1957, provides that interest-free cash advances may be made to producers by the Canadian Wheat Board through its line of credit with the chartered banks and the interest involved is paid by the Federal Government.

#### (b) Incidence

Advances are made to a maximum of \$6,000 per producer (including any outstanding balance from prior advances) at a per bushel rate which is fixed for each grain before the beginning of each crop year. The per bushel rates for the 1972-73 crop year were 95 cents for wheat, 50 cents for barley, and 35 cents for oats. The advance may be obtained on one grain only or on a combination of grains by all producers in the Canadian Wheat Board's designated area having a permit book to deliver grain.

#### (c) Amount of subsidy

Repayment of advances is made when producers deliver grain as delivery quotas are increased. The amount of interest involved depends on the total amount of advances issued and the rate of repayment. Increased use is made of this Act when delivery opportunities are restricted. Repayment is slower under these conditions causing interest costs to be higher. Interest costs paid by the Government for the 1972-73 crop year amounted to \$826,988.

#### (d) Estimated amount per unit

No statistics have been compiled on the total quantities of grain on which cash advances are obtained each crop year.

### 2. Effect of the subsidy

Grain producers in western Canada, where the bulk of Canada's grain is produced, do not receive any income until they deliver their grain to the country elevator and the excess of production over marketable quantities must be stored on farms at the producer's expense.

Cash advances are, in effect, a prepayment of a portion of the initial payments guaranteed by the Government on the basic grades of wheat, oats and barley when delivered by producers. The programme has a two-fold effect on the economy of Western Canada. Farmers are able to obtain a portion of the price for their grain when delivery opportunities are restricted instead of having to borrow money at commercial interest rates. Secondly, millions of dollars are put into circulation during periods when the cash flow to the grains sector of the economy would otherwise be seriously restricted due to reduced marketings.

### INITIAL PAYMENTS

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

##### (a) Background and authority

Under the terms of the Canadian Wheat Board Act, initial payments on the basic grades of wheat, oats and barley are established each crop year by the Government having regard to current and prospective market demand and to any other circumstances which may render a specific level of initial payments advisable. These initial payments are, in effect, Federal Government guaranteed floor prices, since any deficit incurred by the Canadian Wheat Board in its marketing operations is paid by the Government, i.e. if the sales price obtained by the Board is insufficient to cover its operating costs plus the initial payment already received by producers, the deficit is met by the Government.

##### (b) Incidence

Very few payments have been necessary to cover deficits during the thirty years of operation. When a deficit occurs, the Government payment is made to the Canadian Wheat Board, but the ultimate benefit goes to the producers in the Wheat Board designated area who have grown the grain in the particular pool.

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

Nil payments were necessary for the 1972-73 pool accounts.

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

Not applicable.

## 2. Effect of the subsidy

When operative, this subsidy helps to cushion to some extent the effects of very low prices for grain that may prevail during the period of the pools operations.

### 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 of 1939, as amended, and regulations established by Order in Council.

##### (b) Incidence

Payments were 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, with respect to not more than one half of a farmer's cultivated acreage up to a maximum of 400 acres. A minimum payment of \$200 applied only when the average acreage yield was 5 bushels or less per farm. A levy of 1 per cent was deducted from the price a producer received for wheat, oats, barley, rye, rapeseed or flaxseed. Proceeds of this levy were credited to a special fund (Prairie Farm Emergency Fund) out of which the awards were paid. If the amount in the fund was inadequate to defray the cost of the awards, the Federal Government made up the deficit. Farmers who participated in a provincial crop insurance scheme are not subject to this levy and are not eligible for benefits under this assistance programme.

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

During the 1972-73 crop year a contribution from the Canadian Government of \$4.0 million was required since no levy was collected from producers. This programme is being phased out and levy collections were discontinued effective 1 August 1971. It is estimated that about \$1 million will be required during 1973-74, which it is anticipated will be the last effective year of the programme.

### GRASSLAND INCENTIVE PROGRAMME

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

This special programme originally designed as an incentive to divert grainland to grass in 1970 in order to control Canada's grain surplus at an acceptable level was continued for a further three years to assist expansion of the livestock industry to meet the increasing demand for beef. This programme was authorized under the Appropriation Act by P.C. 1971-892 on 11 May 1971.

##### (b) Incidence

The programme involved a payment of \$10 for each acre diverted from grain to grass and forage. The payment programme is being concluded during 1974.

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

In total payments will amount to some \$40 million.

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

This sum amounts to an average of \$10 per acre diverted from grain production to grass during the programme.

#### 2. Effect of the subsidy

An estimated 4.0 million acres of grainland has been diverted to grass to assist in the expansion of the Canadian livestock industry.

### TWO PRICE WHEAT PROGRAM

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

##### (a) Background and authority

This programme is designed to ensure that Canadian wheat producers receive a minimum price for wheat sold in Canada for human consumption. Because of regional differences in marketing structures, two individual programmes for Eastern and Western Canada have been developed. Changes in the programme were introduced in September 1974, which are presently in the process of obtaining legislative authority. Order in Council P.C. 1974-189 of January 1974 provided the authority for Eastern Canada and Order in Council P.C. 1973-989 of April 1973 provided the authority for Western Canada for payments made for the 1972-73 crop year.



(b) Incidence

In Eastern Canada the payment was made to wheat producers on the basis of their deliveries to the Ontario Wheat Producers Marketing Board during the 1971-72 and 1972-73 crop years.

In Western Canada the payment was made to grain producers registered with the Canadian Wheat Board on the basis of their 1972-73 total grain acreage as shown in their Wheat Board Delivery Permit Book, to a maximum of 640 acres per eligible producer.

(c) Amount of subsidy

A total of \$68,606,389 was paid for the 1972-73 crop year, \$60,165,824 to producers in Western Canada and \$8,440,565 to producers in Eastern Canada.

(d) Estimated amount per unit

For producers in Eastern Canada the payment averaged 30.6 cents per bushel delivered, and for producers in Western Canada the payment averaged 87.0 cents per eligible acre.

2. Effect of the subsidy

The Two-Price Wheat Program has had the effect of increasing returns to producers at a time when grain prices were low, while at the same time maintaining the price Canadian consumers had to pay for bread and other wheat flour products.

SUPPLY AND DISTRIBUTION OF CANADIAN AGRICULTURAL COMMODITIES COVERED BY REPORT: 5 RECENT YEARS

Commodities	Years (1 Aug.-31 July)	Beginning stocks	Production - thousand bushels -	Imports	Domestic disappearance	Exports	Ending stocks
Wheat	1969-70 1970-71 1971-72 1972-73 1973-74	851,828 1,008,690 734,154 583,757 365,401	671,212 331,579 529,552 533,288 628,738	- - - - -	167,853 170,858 176,185 175,050 -	346,398 435,257 503,784 576,594 -	1,008,690 734,154 583,757 365,401 -
Oats	1969-70 1970-71 1971-72 1972-73 1973-74	128,657 148,340 125,373 118,257 79,579	354,895 353,073 363,479 300,208 326,830	- - - - -	330,047 362,674 360,141 331,861 -	5,165 13,366 10,454 6,925 -	148,340 125,373 118,257 79,579 -
Barley	1969-70 1970-71 1971-72 1972-73 1973-74	197,303 205,078 144,269 175,843 193,024	371,288 408,287 601,628 518,316 474,570	- - - - -	275,281 289,501 339,496 335,887 -	88,313 179,595 230,558 165,243 -	205,078 144,269 175,843 193,024 -
Corn	1969-70 1970-71 1971-72 1972-73 1973-74	6,141 3,993 2,160 6,332 7,102	73,426 100,925 115,977 99,538 108,941	27,719 12,710 11,691 34,159 -	103,085 115,098 122,185 132,015 -	208 370 1,311 912 -	3,993 2,160 6,332 7,102 -
Rye	1969-70 1970-71 1971-72 1972-73 1973-74	8,673 11,247 12,943 15,796 10,304	15,155 18,905 21,915 13,524 14,262	- - - - -	8,752 8,292 8,305 10,780 -	3,829 8,917 10,757 8,236 -	11,247 12,943 15,796 10,304 -
Rapeseed	1969-70 1970-71 1971-72 1972-73 1973-74	5,269 3,683 11,029 43,139 20,678	33,400 72,200 95,000 57,300 53,200	- - - - -	12,773 18,043 20,287 25,702 -	22,213 45,811 42,603 54,059 -	3,683 11,029 43,139 20,678 -
Flaxseed	1969-70 1970-71 1971-72 1972-73 1973-74	4,909 6,570 25,306 16,032 7,673	28,048 47,966 72,387 17,617 19,400	7 - 3 - -	7,883 8,036 5,920 6,338 -	18,611 21,194 25,741 19,640 -	6,570 25,306 16,032 7,673 -