

# GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

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## Group on Meat

### SUPPORT IN THE UNITED KINGDOM CATTLE AND SHEEP

#### Note prepared by the delegation of the United Kingdom

1. The subsidy on fat cattle and fat sheep takes the form of a deficiency payment, i.e. for each type of fatstock producers are paid the difference between its guaranteed price (determined each year under Part I of the Agriculture Acts 1947 and 1957) and its average market price.

2. All animals are required to meet certain criteria as to weight, conformation and finish in order to be eligible for subsidy. Fatstock producers who wish to claim subsidy must present their stock for official inspection and certification at a certification centre approved for the purpose. The stock may be certified either alive or dead.

#### CATTLE

3. Home-bred steers and heifers, whether dead or alive, which achieve certain standards of finish and conformation are eligible provided they comply with the following minimum weights:

	<u>General</u> <u>Standard</u>	<u>Standard for young</u> <u>beasts of special</u> <u>conformation</u>
<u>Steers</u>		
liveweight:	7½ cwt.	7 cwt.
dressed carcass weight:	450 lb.	430 lb.
<u>Heifers</u>		
liveweight:	6½ cwt.	6 cwt.
dressed carcass weight:	390 lb.	365 lb.

Cattle of any weight, above the minimum, may be presented for certification but the guarantee payment is restricted to the following maximum weights:

	<u>Liveweight</u>	<u>Dressed carcass weight</u>
Steers:	13 cwt.	830 lb.
Heifers:	11 cwt.	700 lb.

Bulls, cows and calves are ineligible.

4. Imported animals are eligible provided they have been in the United Kingdom for at least thirteen weeks.

5. The need for subsidy payment is determined each week throughout the year and any payment which might be due is made on eligible cattle certified under the Scheme in that week. For purposes of calculating the amount of subsidy payable each week, the guaranteed price for the year (which is expressed in terms of shillings per live cwt.) is broken down into weekly standard prices which vary seasonally throughout the year but which are calculated to equate over the year as a whole to the guaranteed price. The scale of weekly standard prices is subject to adjustment annually to take account of changes in the seasonal pattern of marketing that have occurred over the previous three years. If in any week the average market price per live cwt. realized by certified cattle sold in that week is less than the standard price for that week, then a deficiency payment equivalent to the difference becomes payable, subject, however, to an arrangement under which the amount of the deficiency payment is reduced if the average market price for the week is below the standard price by more than a pre-determined amount and is supplemented in the converse situation. The object of this so-called "graduated deficiency payments arrangement" is to provide an incentive for producers to study the market and, where possible, to sell when the market is strong and hold off when it is weak. If over the year the total amount by which deficiency payments have been reduced under this arrangement exceeds the total amount by which they have been supplemented, a balancing payment to make good the difference becomes payable at the end of the year.

6. It is estimated that in 1964/65 the actual amount of subsidy per eligible unit was 8s.0d. per live cwt. The total amount of subsidy for 1964/65 was £9.8 million. The guaranteed price for 1964/65 was 170s.0d. per live cwt.; this has been increased to 174s.0d. for 1965/66.

#### Calf Subsidy

7. Under schemes made under the Agriculture (Calf Subsidies) Act 1952 any steer or heifer calf (except heifer calves of the Jersey, Guernsey, Friesian and Ayrshire breeds) born in the United Kingdom is eligible for a subsidy payment while it is still a calf provided that it is reasonably well reared and is suitable for further rearing for beef production (or, if a heifer calf, for use for breeding for beef production) and that after further rearing and fattening it would, on slaughter, yield reasonable good quality beef.

8. The subsidy is a single payment per head at a rate, for calves born on or after 1 January 1965, of £10.5s.0d. for a steer and £8 for a heifer.

9. This scheme will be supplemented later this year by arrangements under which an animal not subsidized at the calf stage will be eligible for a similar payment, in this case without restriction of breed, provided it proves after slaughter to be eligible for the fatstock guarantee referred to above.

10. The total amount spent on this subsidy in 1964/65 was £20.4 million.

Hill Cow Subsidy

11. Authority for the payment of Hill Cow Subsidy derives from the Hill Farming and Livestock Rearing Acts 1946-1956 as extended by Section 2 of the Agriculture (Miscellaneous Provisions) Act, 1963. A subsidy of £13 per head is payable on cow and in-calf heifers in regular breeding herds which are grazed at the appropriate time of the year throughout their normal breeding life on hill land under certain management conditions.
12. Recipients of the subsidy may be required to spend 40 per cent of the money on improvements to grazings, e.g. fencing, or the application of lime and fertilizers.
13. In 1964/65 this subsidy was estimated to cost £5.6 million. The Government is committed to paying this subsidy up to and including 1967.
14. As from 1965 a winter keep supplement is added to the Hill Cow Subsidy at the rate of £5 per eligible animal - (see paragraphs 23-26 below).

SHEEP

15. Home-bred clean fat lambs and other clean fat sheep, whether dead or alive, which achieve certain standards of conformation and finish are eligible for the guarantee provided they have an estimated minimum dressed carcass weight of not less than 17 lbs. Payment of the guarantee is restricted to maximum weights of 50 lbs. for lambs and 60 lbs. for hoggets and other clean sheep though animals of any weight above the minimum are eligible. Ewes and rams are ineligible; imported animals are eligible provided they have been in the United Kingdom for at least thirteen weeks.
16. The arrangements for paying the sheep subsidy are similar to those described for cattle above save that any reduction in the deficiency payment under the graduated deficiency payments arrangement is not applied in full to light lambs; lambs of 38 lbs. estimated dressed carcass weight or under are relieved of the first 2d. of any reduction, lambs of 39 lbs. of the first  $1\frac{1}{2}$ d. lambs of 40 lbs. of the first 1d., and lambs of 41 lbs. of the first  $\frac{1}{2}$ d.
17. It is estimated that in 1964/65 the actual amount of subsidy per eligible unit was 3d. per lb. estimated dressed carcass weight. The total amount of subsidy in 1964/65 was £5.6 million. The guaranteed price for 1964/65 was 3s.2d. per lb. estimated dressed carcass weight and this is unchanged for 1965/66.

### Hill Sheep Subsidy

18. The Hill Sheep Subsidy was introduced in 1941 to stabilize the income of hill sheep farmers at a reasonable level in order to encourage them to maintain foundation flocks of hardy hill sheep. The three separate but similar Statutory Schemes for England and Wales, Scotland and Northern Ireland are made under the Hill Farming and Livestock Rearing Acts 1946 to 1956, as extended by the Agriculture (Miscellaneous Provisions) Act, 1963.

19. The subsidy is paid in respect of flocks of hardy mountain breeds kept on hill land in accordance with the recognized practices of hill sheep farming. There is now a standard rate of subsidy of 18s.0d. for each eligible ewe or shearling in self-maintaining flocks. In England, Wales and Northern Ireland, but not Scotland a reduced, i.e. half-rate subsidy of 9s.0d. is paid on eligible ewes and shearlings in flocks which are not self-maintaining, or which are used mainly for producing cross-breeds for sale.

20. As from 1965, a winter keep supplement is added to the Hill Sheep Subsidy at the rate of 3s.6d. per eligible ewe at the full or half-rate subsidy rate.

### GENERAL

#### Livestock rearing land improvement grants

21. Expenditure up to a total of £30 million was authorized under the Hill Farming and Livestock Rearing Acts 1946 to 1956 and the Agriculture (Miscellaneous Provisions) Act 1963 for the payment of grants of 50 per cent of the approved cost of comprehensive schemes for the rehabilitation of livestock rearing land in the hill areas of the United Kingdom. Fresh schemes are no longer being accepted, but by the time all outstanding work has been completed, it is estimated that over 14,000 holdings will have benefited.

22. The expenditure in 1964/65 was about £1.5 million.

#### Winter Keep Scheme

23. A three year Scheme for Scotland came into operation on 1 January 1964 under the Agriculture (Miscellaneous Provisions) Act, 1963. It provides for the payment of annual grants for the production of winter keep on livestock rearing units. Eligible farms are classified into three grades according to quality of land and other natural characteristics. Grant at different rates (50s., 70s., and 100s. per acre) is payable, according to classification, on specified crops, including hay and silage, grown on the unit for the winter feeding of cattle and sheep maintained on it. Grant is limited to the acreage judged necessary to provide winter feed for the livestock expected to be wintered on the unit. In addition a special winter keep supplement of 2s. per hill ewe is payable.

24. The cost of these arrangements was £1.5 million in 1964/65.

25. In England and Wales and Northern Ireland a similar Scheme providing for acreage payments at a flat rate of £3 per acre of certain specified crops has been discontinued and in its place special winter keep supplements are being added to the Hill Cow and Hill Sheep Subsidies at rates of £5 and 3s.6d. respectively for each cow or ewe eligible for these subsidies. These winter keep supplements are intended to assist the hill farmer engaged in livestock rearing in purchasing or growing his winter feed requirements.

Livestock improvement grants

26. Government grants have been available for very many years to enable small farmers to share the use of better breeding sires than they could otherwise afford. The cost to the Exchequer is very small.