

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

Notification of Contracting Parties

UNITED KINGDOM

By letter of 9 January 1961 the Government of the United Kingdom has transmitted to the secretariat the following notification under paragraph 1 of Article XVI in accordance with the revised questionnaire L/1315. This brings up to date the previous notifications submitted by the United Kingdom (L/964 and L/1131).

United Kingdom Notification under Paragraph 1 of Article XVI December 1960

1. This notification is made pursuant to the decision of the CONTRACTING PARTIES at the fifth session (GATT/CP/92, 11 January 1951), and provides the information requested in document L/1315.

AGRICULTURE

2. - The subsidies to agriculture in the United Kingdom comprise two main forms of support. Under the Agriculture Acts of 1947 and 1957 the Government is empowered to provide 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 prevailing level of the guaranteed price as determined annually after a review of the economic condition and prospects of the agricultural industry. The purpose of these price guarantees is, in the words of the Agriculture Act, 1947, 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". Further assistance to the industry is given by grants and subsidies in aid of particular kinds of production or farming practice and with the aim of directly lowering farm costs of production and increasing efficiency. These methods of support have been chosen so as to avoid Government intervention in the market and to allow the ordinary channels of trade to flow freely.

3. While the support given to home agriculture through deficiency payments and other measures may encourage a higher level of output than there would otherwise be, United Kingdom farmers produce less than half of 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 because the influence on export/import prices of the support given to agricultural production is limited by the fact that both home and export/import sales take place on a free market. This is an important factor which has to be taken into account in considering the effect upon trade of the system of support used in the United Kingdom. There is no special incentive to dispose of agricultural produce on export markets.

PRICE GUARANTEES

4. Fatstock

I. Nature and extent of the 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 paragraph 2 above.

(b) Incidence. A deficiency payments scheme enables producers to receive a subsidy payment on fat cattle (steers and heifers), fat lambs and sheep and fat pigs which they have sold and which have been certified as eligible under the fatstock guarantee scheme. The aim is to maintain the total returns to producers as a whole within prescribed limits of weekly standard prices which vary according to seasonal scales for cattle and sheep and according to movements in feed costs for pigs. The subsidy payments are calculated each week and, in broad terms, represent the shortfall between the average of current market prices (four weeks actual, four weeks estimated) and the current standard prices. A higher subsidy payment is made on fat cattle reaching certain standards of quality than on other eligible cattle and there are additional payments for quality on certain pigs sold to bacon factories.

(c) Amount of subsidy. The estimated cost of implementing the price guarantees for fatstock in the financial year 1959/60 was:

Cattle	£3.4 million
Sheep	£25.9 "
Pigs	<u>£21.3</u> "
Total	<u>£50.6 million</u>

(d) Estimated amount per unit

Cattle 4s. 5d. per live cwt.

Sheep 1s. 1d. per lb. dressed carcase weight

Pigs 6s. 0d. per 20 lb. deadweight

Note. These unit rates are the average rates paid on animals eligible for the 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) Fatstock. In addition to the points set out in paragraph 3 above, it is to be noted, so far as exports are concerned, that they consist mainly of animals not eligible for deficiency payments.

(b) Statistics of production, consumption, imports and exports of beef, mutton and lamb and pigmeat for the years 1953/54, 1957/58, 1958/59 and 1959/60 are given in Annex 1.

5. 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 paragraph 2 above.

(b) Incidence. The price guarantees for eggs are implemented by means of a deficiency payments scheme operated through a producers' marketing board. For hen eggs the Government pays to the Board a flat rate subsidy in respect of all eligible eggs sold by registered producers to the Board through packing stations appointed as its agents. The rate of subsidy is calculated by subtracting from the annual guaranteed price the average price which it is estimated (according

to an agreed formula) that the Board will receive from its sales of fresh eggs in the ensuing year. If the actual average market price provides to be different from the estimate, the subsidy payment to the Board is adjusted under a risk-sharing arrangement designed to encourage efficient marketing. The guarantee arrangements for duck eggs are slightly different but have much the same effect.

(c) Amount of subsidy. The estimated cost of implementing the price guarantees for hen and duck eggs in the financial year 1959/60 was £36.5 million.

(d) Estimated amount per unit. ls. 0 $\frac{3}{4}$ d. per dozen*

*Note. This unit rate is based on eggs eligible for the guarantee. If related to total sales of all eggs this unit rate would be lower.

II. Effect of subsidy

(a) Eggs. With regard to the quantitative effect on trade of the support measures on eggs, see paragraph 3 above. There is a prohibition upon the export of eggs which have received subsidy to countries which are recognized to be the normal export markets of Denmark and Holland; (consignments of eggs to British forces overseas are exempt from this prohibition).

(b) Statistics of production, consumption, imports and exports of eggs for the years 1953/54, 1957/58, 1958/59 and 1959/60 are given in Annex 2.

6. 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 paragraph 2 above.

(b) Incidence. The price guarantee for wool is implemented by means of a deficiency payments scheme operated through a producers' marketing board, which is responsible for the marketing of all fleece wool produced in the United Kingdom. The wool is sold by public auction and if the realized price is less than the fixed guaranteed price the deficiency is met from a price stabilization fund into which receipts in excess of the guaranteed price are paid. When the fund is exhausted any further deficiency is met by the Government. A form of profit and loss sharing between the Government and the Board provides an incentive to efficient marketing.

(c) Amount of subsidy. The estimated cost of implementing the price guarantee for wool in the financial year 1959/60 was £3 million.

(d) Estimated amount per unit. 7 $\frac{1}{2}$ d. per lb.

II. Effect of subsidy

(a) Wool. In addition to what is said in paragraph 3 above, it is to be 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 years 1953/54, 1957/58, 1958/59 and 1959/60 are given in Annex 2.

7. Milk

I. Nature and extent of the subsidy

(a) Background and authority. A guaranteed price for a limited quantity (related to liquid consumption) of cows' milk is determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in paragraph 2 above.

(b) Incidence. The price guarantee for milk is implemented through five producers' marketing Boards covering separate regions of the United Kingdom. All cows' milk produced for sale must be sold to or through the appropriate Board. Milk sold for liquid consumption is subject to a Government controlled maximum retail price, but any surplus sold by the Boards for manufacture into milk products realizes only the commercial return. The full guaranteed price to each Board applies only to a standard quantity related to the amount of milk sold for liquid consumption. For milk produced in excess of the standard quantity each Board receives only a lower price related to the prevailing prices for manufacturing milk, with a profit and loss sharing arrangement to encourage the Boards to obtain the best commercial return possible. Subsidy payments are made to each Board to cover any deficit between its net commercial returns and its entitlement under the guarantee. If there is no deficit but a surplus then this is payable by the Board to the Government.

(c) Amount of subsidy. The estimated cost of implementing the price guarantee for milk in the financial year 1959/60 was £8.5 million.

(d) Estimated amount per unit. $\frac{3}{4}$ d. per gallon.

II. Effect of subsidy

(a) Milk. The guaranteed price for milk is limited to a standard quantity related to the requirements of milk for liquid consumption. Any excess milk for manufacture into milk products e.g. butter, cheese, realizes only the commercial return - see paragraph 3 above.

(b) Statistics of production, consumption, imports and exports of milk and milk products for the years 1953/54, 1957/58, 1958/59 and 1959/60 are given in Annex 3.

8. Cereals

I. Nature and extent of the subsidy

(a) Background and authority. Guaranteed prices for wheat, barley, oats and rye are determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in paragraph 2 above.

(b) Incidence. The price guarantees for wheat, barley, oats and rye are implemented through a deficiency payments system administered by the agricultural departments. Individual producers receive a payment representing the difference between the national average market price and the guaranteed price, which for wheat is expressed as a rising seasonal scale to encourage an even spread of marketings over the year. Payments to growers of wheat and rye are based on the quantity of millable grain certified by authorized merchants as sold and delivered. For barley and oats any price deficiency per cwt. is converted to a rate per acre and payments are made according to individual growers' acreages without reference to sales.

(c) Amount of subsidy. The estimated cost of implementing the price guarantees for cereals in the financial year 1959/60 was as follows:

Wheat and rye	£20.4 million
Barley	£25.1 "
Oats and mixed corn	£12.7 "
<u>Total</u>	<u>£58.2 million</u>

(d) Estimated amount per unit of the 1959 crops

Wheat	6s. 10½d. per cwt.
Rye	1s. 1½d. " "
Barley	8s. 6½d. " "
Oats and mixed corn	6s. 1½d. " "

II. Effect of subsidy

(a) Cereals. See paragraph 3 above. 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 of cereals for the years 1953/54, 1957/58, 1958/59 and 1959/60 are given in Annex 4.

9. 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 paragraph 2 above.

(b) Incidence. The price guarantee for potatoes is implemented through a producers' marketing Board and takes the form of a deficiency payment payable to the Board in any season in which the average market price obtained by growers for potatoes (other than new potatoes) sold for human consumption falls below the guaranteed price. The deficiency payment is limited to the tonnage of home-produced potatoes (other than new potatoes) estimated to have been sold for human consumption. In certain exceptional circumstances additional payments may be made by the Government as a contribution towards any losses which may be incurred by the marketing Board in a purchasing programme to strengthen the market for potatoes.

(c) Amount of subsidy. The estimated cost of implementing the price guarantee for potatoes in the financial year 1959/60 was £1 million.

(d) Estimated amount per unit. 2d. per cwt.

II. Effect of subsidy

(a) The quantitative effect on trade of the deficiency payment system of support for potatoes in the United Kingdom is negligible; the subsidy has not appreciably affected the import/export trade position.

(b) Statistics of production, consumption, imports and exports of potatoes for the years 1953/54, 1957/58, 1958/59 and 1959/60 are given in Annex 4.

10. Sugar beet

A guaranteed price for sugar beet is determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in paragraph 2 above. However, the guarantee arrangements for sugar beet do not, in the view of the United Kingdom and for the reasons outlined in the notification of 19 August 1959 (L/1131), constitute a subsidy within the terms of Article XVI.

FARMING GRANTS AND SUBSIDIES

11. In addition to the price guarantees for the commodities referred to above, assistance (totalling £94.6 million in 1959/60) is also given to the farming industry by way of various schemes designed to encourage the development of agricultural efficiency. 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) Fertilizers and lime. Schemes under the Agriculture (Fertilizers) Act, 1952, provide grants (at varying rates not exceeding 50 per cent of the cost) to assist farmers in the purchase of nitrogenous and phosphatic fertilizers. Farmers can also obtain a refund of 65 per cent of the cost of liming the land to improve soil fertility. The cost of these subsidies in 1959/60 is estimated to have been £29 million in respect of fertilizers and £11 million for lime.
- (ii) Ploughing up grass. Ploughing grants of £7 per acre are available under the Ploughing Grants Act, 1952 for land that has been continuously under grass for not less than three years, to encourage the regular ploughing up and extended use of leys. An increased rate of £12 per acre applies only to land that has been continuously under grass since before 1 June 1946, and in respect of which the cost of the ploughing operation is substantially heavier than normal. The cost of these grants in 1959/60 is estimated to have been £9.3 million.
- (iii) Silo grants, amounting to about half the cost of approved projects, up to a maximum of £250 a farm, are available under the Agriculture (Silo Subsidies) Act, 1956, for constructing and improving silos for conserving grass and fodder. The cost in 1959/60 is estimated to have been £1.4 million.
- (iv) Calf subsidy. To stimulate the breeding and rearing of calves suitable for beef production, schemes made under the Agriculture (Calf Subsidies) Act, 1952, enable a subsidy to be paid to rearers of suitable calves at the rate of £9 5s. a head for steers and £7 10s. a head for heifers. The cost of this subsidy in 1959/60 is estimated to have been £16.4 million.
- (v) Hill cow subsidy. To encourage the production of breeding cattle on hill farms, schemes under the Hill Farming and Livestock Rearing Acts, 1946 to 1956, authorize the payment of a subsidy of £12 per head on breeding cows in regular breeding herds maintained on hill and upland farms. The cost of this subsidy in 1959/60 is estimated to have been £4 million.
- (vi) Eradication of bovine tuberculosis. Bonus payments are made to farmers through the Tuberculosis (Attested Herds) Scheme, 1950, made under the Diseases of Animals Act 1950, towards the initial capital costs of eradicating bovine tuberculosis from their herds. Payment takes the form of either a rate of 2d. per gallon of milk produced for four years, followed by 1d. per gallon for two years or, at the farmers' option, at a rate of £2 per head of cattle for four years, followed by £1 per head for two years. The estimated cost of these payments in 1959/60 was £8.9 million but because the whole country is now declared to be attested, entry into the scheme has ended and bonus payments will decline.

- (vii) Assistance for small farmers. To establish on a firm basis small farm businesses whose main handicap is lack of working capital, grants under schemes authorized by the Agriculture (Small Farmers) Act, 1959, are offered to small farmers who carry out approved three-, four- or five-year improvement plans. The limit is £1,000 for any one farm business plan. Supplementary grants are available to assist those farmers who are not immediately able to commence an approved plan. The estimated cost in 1959/60, the first year of operation of the schemes, was £1.9 million.
- (viii) Hill farming. Under the Hill Farming and Livestock Rearing Acts, 1946-59, grants of 50 per cent of the cost of comprehensive schemes for putting the farms in sound working order are available to owners and occupiers of upland farms suitable only for rearing livestock as their main enterprise. The cost of these grants in 1959/60 is estimated to have been £1.5 million.
- (ix) Farm drainage. Grants of 50 per cent of the cost of approved schemes for ditching and field drainage are made under the Agriculture (Miscellaneous War Provisions) Act, 1940, as amended by later enactments. The cost of these grants in 1959/60 is estimated to have been £2.3 million.
- (x) Water supply. 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 cost of such grants in 1959/60 is estimated to have been £800,000.
- (xi) Farm improvement scheme. Under Part II of the Agriculture Act, 1957 grants of one-third of the cost are available to the owners and occupiers of agricultural land towards the cost of improving certain kinds of fixed equipment, including farm buildings, roads and fences and the supply of electricity. Grants are also available towards the incidental costs of amalgamating uneconomic holdings. The cost of the farm improvement grants in 1959/60 is estimated to have been £6.3 million.
- (xii) Horticulture improvement scheme. This Scheme was introduced last April under the Horticulture Act, 1960. It provides for grants of one-third of the cost of certain improvements to the premises and equipment of horticultural production businesses and of horticultural producers' co-operative marketing associations. To qualify under the Scheme a grower's production business must occupy at least four acres of open land (or its "equivalent" under glass or other forms of especially intensive cultivation) that has been used for horticultural production for at least the preceding two years, and must be capable of providing a full-time livelihood. Approval is given only to

improvements that result in a worthwhile benefit to the efficiency of the business. The primary object of the Scheme is to encourage improvements in the storage of horticultural produce and its preparation for market. Grants are available for such improvements as the erection of packing sheds, temperature-controlled stores and implement sheds, the provision of machines for washing and grading, and the modernization of existing glasshouse heating systems. The Act provides for total expenditure not exceeding £8 million on applications received in the five years following the introduction of the Scheme.

12. FISHERIES

I. Nature and extent of the subsidies

(a) Background and authority

The subsidies consist of the following:

- (i) The white fish and herring subsidies paid in respect of white fish and herring landed in the United Kingdom from United Kingdom registered fishing vessels not exceeding 140 feet in length, or voyages made by such vessels for the purpose of catching white fish or herring and landing them in the United Kingdom.
- (ii) Grants and loans for the acquisition and modernization of fishing vessels not exceeding 140 feet in length.

Purpose of the subsidies

- (i) 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.

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) The grants and loans for fishing vessels were intended to encourage and speed up the modernization and reconstruction of the inshore, near and middle water fleets.

Authority for the subsidies

- (i) White fish and herring subsidies are paid under the White Fish and Herring Industries Acts, 1953 and 1957, and the Sea Fish Industry Act, 1959. The total expenditure on grants is limited to £14 million, and the amount outstanding at any time in respect of loans to £25 million. Applications for grants and loans must be made by the end of March 1963, except for those in respect of the conversion of engines from coal to oil firing, which must be made by the end of March 1961.
- (b) Incidence
- (i) White fish subsidy is paid by one of the following two methods:
- (A) At 10d. per stone for gutted and 8d. per stone for ungutted fish landed and sold (otherwise than by retail) for human consumption, from vessels under 70 ft. in length (with the exception of seiners which normally make voyages of eight days or more).
- (B) At a flat rate per day at sea, which varies between £2 and £17 5s. 6d. according to the length of the vessel and the method of propulsion, for vessels between 70 ft. and 140 ft. in length, and to seiners under 70 ft. which normally make voyages of eight days or more. (Payments for vessels normally fishing with seine nets on voyages of eight days or more are restricted to voyages in the period between 1 November and 30 April.)
- (ii) Herring subsidy is paid by one of the following two methods:
- (A) At 3½d. per stone of herring landed from vessels under 40 ft. in length.
- (B) At a flat rate per day at sea, which varies between £6 10s. 0d. and £12 0s. 0d. according to the length of the vessel and its method of propulsion, for vessels between 40 ft. and 140 ft. in length.
- (iii) The grants payable towards the cost of new vessels are 25 per cent of the total cost, with a maximum of £37,500 per vessel. Where the owner is a working fisherman and the cost of the new vessel is £20,000 or less, the grant is 30 per cent of the cost, with a maximum of £5,000. Working fishermen can also obtain a grant of 30 per cent, with a maximum of £1,250, towards the cost of a new engine for an existing vessel. Grants for the conversion of coal-burning engines are 25 per cent of the total cost with a limit of £7,500 for the conversion of a vessel's engine boilers from coal-firing to oil-firing, or £10,000 where a complete new engine is installed to replace one which was coal fired.
- (iv) Loans are normally limited to 60 per cent of the cost of the new vessel, engine, etc.

(c) Amount of subsidy

- (i) Expenditure on white fish subsidy in 1959/60 was £2.2 million and is expected to be slightly less than this in 1960/61.
- (ii) Expenditure on herring subsidy in 1959/60 was £400,693, and is expected to be approximately £397,000 in 1960/61.
- (iii) Expenditure on the grant and loan schemes in 1959/60 was £2.9 million for grants and £5.2 million for loans. In 1960/61 it is estimated that £2.4 million will be spent on grants and £6.1 million on loans.

(d) Estimated amount per unit

Generally, the amount of subsidy paid is not related directly to the quantity of fish landed, but to the time spent at sea by the vessel concerned.

II. Effect of the subsidies

(a) Estimated quantitative trade effects

The distant water fleet (vessels of 140 ft. in length and over) which catches 45 per cent of the fish landed in the United Kingdom, receives neither subsidy nor grants and loans towards new building. As some of the white fish landed by this fleet is of the same kind as that caught by the inshore, near and middle water fleets, it is impossible to say what precise effect the assistance given to the near and middle water fleets has on the trade in fish.

It will be noted that exports of herring increased in 1959. There is a long-established overseas market for British herring, and in recent years it has not been possible to satisfy the demand by this market. It is not considered that the subsidy payable on catches of herring, which started in 1953, has had any effect on exports.

(b) Statistics of Production, etc. (all fish excluding shellfish)

	1956		1957		1958		1959	
	<u>white fish</u>	<u>Herring</u>						
<u>Production (cut.)</u> (excl. salmon and aquatory trout)								
England and Wales	-	12,596,219	10,747,323	684,333	10,767,629	509,035	10,500,056	443,132
Scotland	-	5,656,600	4,198,104	1,678,116	4,163,557	1,665,410	3,836,123	2,226,385
Northern Ireland	-	79,630	82,654	60,647	103,133	71,606	111,227	73,153
		17,733,649	15,027,901	2,423,296	15,073,719	2,246,051	14,449,406	2,742,720
Consumption (oz./hd./wk)	6.50		5.84		5.58		5.82	
Imports		2,636,157	2,919,361	346,122	3,214,074	253,745	3,306,238	294,373
Exports		1,362,376	753,302	33,363	812,622	47,923	777,766	156,384

13. 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 1947 Act came into force and the dedication schemes 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.

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

(c) Amount of subsidy. The actual amount paid in grants for the forest year ended 30 September 1959 was £900,000. The estimated expenditure for the year ending 30 September 1960 was £1,150,000. The estimated expenditure for the year ending 30 September 1961 is £1,100,000.

(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 becomes self-supporting or, alternatively, £20 per acre for planting plus an annual management grant of 18s. per acre for the first one hundred acres, 12s. per acre for the second one hundred acres and 7s. per acre for the remainder;
- (ii) a grant of £20 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 £20 per acre referred to in (i) in respect of any planting carried out in the woodlands;
- (iv) a grant in respect of the clearance of unproductive scrub from land which the owner undertakes to re-stock with trees. The amount of the grant depends on the net cost of clearance, being £8 10s. 0d. per acre where this is between £17 and £27 per acre, and £13 10s. 0d. where it exceeds £27 per acre.

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 or exports for at least fifty years.

(b) Statistics of production, consumption and exports

Not applicable.

14. NORTHERN IRELAND FLAX

I. Nature and extent of the subsidy

(a) Background and authority. Under the terms of the Northern Ireland Flax Act, 1954, the Ministry of Agriculture in Northern Ireland may in any year make terms and conditions in agreement with the flax spinners under which the latter contract to purchase the entire flax crop grown in Northern Ireland in the following year. One of the conditions is that the spinners must purchase at not less than world prices obtaining at the time. The purpose of the agreement is to endeavour to ensure that the technical knowledge of flax growing in Northern Ireland is not lost.

(b) Incidence. Government support has taken the form of a guaranteed minimum price (based on world price) to flax growers in each year (except 1959, when there was no agreement). The Government makes up any difference between the agreed minimum and the price based on the world price actually paid by the spinners for the Northern Ireland crop. For the 1960 crop, the Ministry of Agriculture (Northern Ireland) has guaranteed prices which are 40 per cent higher than the current world prices, and the Flax Spinners Association has undertaken to purchase the entire crop at the world price.

(c) Amount of subsidy. In 1958 the Northern Ireland Government paid £8,000 in subsidies (£3,000 for unretted straw) to Ulster flax growers, as against £24,000 (£4,000 for unretted straw) in 1957; £137,000 (£7,000) in 1956; £69,000 (£3,000) in 1955; £63,000 (£3,000) in 1954.

(d) Estimated amount by unit. See I (b) above.

II. Effect of subsidy

(a) Acreages have declined steadily since 1953. By 1958, flax growing in Northern Ireland had fallen to about 1,000 acres and to about 40 acres only in 1959. (An agreement is in force in respect of the 1960 crop which is estimated to about 120 acres but no decision has yet been reached about the crop which will be sown in the Spring of 1961.) The quantities produced from such low acreages, however, represent an extremely small proportion of the Northern Ireland flax spinners' requirements which are, in fact, almost entirely met by imported flax.

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

Not applicable.

15. 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 Production Fund) which derives its revenues from a levy payable on cinema admissions. The statutory authority for this scheme is the Cinematograph Films Act, 1957. 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. Under the scheme, levy is currently assessed at the rate of one-ninth of the amount by which any payment for admission exceeds elevenpence. At the same time provision is made for exemption from levy where the total receipts at a cinema in any week are less than £250. Overall payments into the Fund at present amount to some 5 per cent of total box office receipts.

(c) Amount of levy. The Act provides that the levy collected shall be not less than £2 million and not more than £5 million per year. At present the levy amounts to about £3 $\frac{3}{4}$ 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. Overall, about one-quarter of British film producers' receipts from all sources at home and abroad come from the levy.

II. Effect of levy

(a) The effect of the levy over the last ten years has been to maintain United Kingdom feature film production at a level of about eighty films a year.

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

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

TABLE A1

Long films (over 6,500 ft.) registered by
the Board of Trade

<u>Year</u>	<u>British</u>	<u>Foreign</u>
1957	81	300
1958	105	324
1959	84	266

TABLE B1

<u>Year</u>	<u>Overseas earnings of British films actually remitted to the United Kingdom</u>	<u>Sums payable to producers of foreign films in respect of exhibition in the United Kingdom</u>
1957	£4,553,000	£8,199,000
1958	£5,061,000	£8,174,000
1959	£4,959,000	n.a.

(ii) For a previous representative year, 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

TABLE A2

Long films (over 6,500 ft.) registered by
the Board of Trade

<u>Year</u>	<u>British</u>	<u>Foreign</u>
1950	81	283

TABLE B2

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

* Statistics on the export earnings of British films are not available before 1956.

ANNEX 1
UNITED KINGDOM
Carcase Meat

'000 tons

	Home Production	Imports		Exports		Disappearance (c) (e)
		As Meat	As Live Animals (b)	As Meat	As Live Animals (b)	
<u>BEEF and VEAL</u>						
July-June 1953/54 ^(d)	468.0	323.0	13.0	N/A	...	795.0
" " 1957/58	846.0	415.0	8.0	N/A	64.0	1,278.0
" " 1958/59	729.0	397.0	10.0	N/A	31.0	1,120.0
" " 1959/60 (Prov.)	723.0	365.0	28.0	N/A	22.0	1,114.0
<u>MUTTON and LAMB</u>						
July-June 1953/54 ^(d)	170.0	313.0	...	N/A	...	485.0
" " 1957/58	201.0	321.0	2.0	N/A	1.0	530.0
" " 1958/59	198.0	352.0	2.0	N/A	3.0	542.0
" " 1959/60 (Prov.)	228.0	372.0	4.0	N/A	5.0	628.0
<u>PORK (a)</u>						
July-June 1953/54 ^(d)	293.0	38.0	...	N/A	-	337.0
" " 1957/58	405.0	21.0	...	N/A	-	427.0
" " 1958/59	433.0	14.0	...	N/A	-	449.0
" " 1959/60 (Prov.)	416.0	16.0	...	N/A	-	432.0
<u>BACON and HAM</u>						
July-June 1953/54 ^(d)	227.0	295.0	-	1.0	-	513.0
" " 1957/58	214.0	348.0	-	1.0	-	561.0
" " 1958/59	228.0	329.0	-	1.0	-	557.0
" " 1959/60 (Prov.)	191.0	387.0	-	1.0	-	578.0
<u>TOTAL ALL CARCASE MEAT</u>						
July-June 1953/54 ^(d)	931.0	674.0	14.0	2.0	...	1,617.0
" " 1957/58	1,452.0	757.0	10.0	16.0	65.0	2,235.0
" " 1958/59	1,360.0	763.0	12.0	8.0	34.0	2,111.0
" " 1959/60 (Prov.)	1,367.0	753.0	32.0	6.0	27.0	2,174.0

- (a) Includes imported pork subsequently used as bacon.
- (b) Estimated meat equivalent.
- (c) Domestic and exports - includes carcase meat subsequently used for canning. Canned and other processed meat otherwise excluded.
- (d) The deficiency payments system of support for fatstock was introduced in 1954; prior to this the sale and distribution of all carcase meat was controlled by the Government.
- (e) Excludes re-exports.

ANNEX 2

UNITED KINGDOM

Eggs (Hen and Duck)

million dozen

	Home Production (b)	Imports	Exports and Re-exports	Disappearance
July-June 1956/57 ^(a)	927	25	8	955
" " 1957/58	961	14	3	973
" " 1958/59	1,046	19	1	1,060
" " 1959/60 (Prov.)	1,091	17	1	1,115

(a) The present guarantee arrangements for eggs came into operation in 1957 with the setting up of the British Egg Marketing Board.

(b) Production for human consumption.

Raw Wool

million lbs.

	Home Production	Imports	Exports	Re-exports	Dis- appearance
June-May 1950/51 ^(a)	87.4	623.7	20.9	117.5	572.7
" " 1957/58	113.6	639.8	29.1	59.9	664.4
" " 1958/59	118.7	702.4	40.3	57.3	723.5
" " 1959/60 (Prov.)	128.1	720.2	38.4	66.5	743.4

(a) The present guarantee arrangements for wool came into operation in 1951 with the setting up of the British Wool Marketing Board.

ANNEX 3
UNITED KINGDOM
Milk Products

'000 tons

	Home Production	Imports	Exports	Disappearance (b)
<u>BUTTER</u>				
June-May 1953/54 ^(a)	27	298	...	319
" " 1957/58	43	377	...	414
" " 1958/59	25	418	...	469
" " 1959/60 (Prov.)	29	404	...	421
<u>CHEESE</u>				
June-May 1953/54 ^(a)	92	146	...	224
" " 1957/58	114	115	4	232
" " 1958/59	87	125	2	221
" " 1959/60 (Prov.)	98	144	2	216
<u>CONDENSED MILK</u>				
June-May 1953/54 ^(a)	158	20	7	180
" " 1957/58	249	2	44	232
" " 1958/59	255	8	31	228
" " 1959/60 (Prov.)	258	10	40	220
<u>MILK POWDER</u>				
June-May 1953/54 ^(a)	48	66	3	79
" " 1957/58	71	50	15	107
" " 1958/59	47	77	6	125
" " 1959/60 (Prov.)	65	76	7	117

(a) The present guarantee arrangements for milk were introduced in 1954, when full marketing powers were restored to the Milk Marketing Boards. Prior to this, under wartime arrangements, the sale and distribution of all milk and milk products was controlled by the Government.

(b) Excludes re-exports.

ANNEX 4
UNITED KINGDOMCrops

'000 tons

	Home Production	Imports	Exports	Disappearance
<u>WHEAT</u>				
July-June 1953/54 ^(a)	2,664	3,853 ^(d)	19	6,846
" " 1957/58	2,683	5,032 ^(d)	22	7,790
" " 1958/59	2,711	5,216 ^(d)	24	7,719
" " 1959/60 ^(b) (Provs.)	2,785	4,401 ^(d)	11	7,282
<u>BARLEY</u>				
July-June 1953/54 ^(a)	2,521	1,255	50	3,829
" " 1957/58	2,957	1,285	44	4,188
" " 1958/59	3,170	1,125	135	4,154
" " 1959/60 ^(b) (Provs.)	4,016	816	355	4,451
<u>OATS</u>				
July-June 1953/54 ^(a)	2,821	82	66	2,790
" " 1957/58	2,145	131	5	2,280
" " 1958/59	2,133	182	10	2,288
" " 1959/60 ^(b) (Provs.)	2,187	25	70	2,153
<u>MIXED CORN</u>				
July-June 1953/54 ^(a)	845	-	-	845
" " 1957/58	325	-	-	325
" " 1958/59	275	-	-	274
" " 1959/60 ^(b) (Provs.)	262	-	-	262
<u>RYE</u>				
July-June 1953/54 ^(a)	65	1	23	44
" " 1957/58	24	3	-	27
" " 1958/59	21	8	-	29
" " 1959/60 ^(b) (Provs.)	13	9	-	22
<u>POTATOES</u>				
July-June 1957/58 ^(c)	5,691	623	66	6,248
" " 1958/59 ^(c)	5,556	720	65	6,211
" " 1959/60 ^(b) (Provs.)	6,820	326	142	7,004

- (a) The present deficiency payments system of support for cereals came into operation in 1954. Prior to this the sale and distribution of cereals was controlled by the Government.
- (b) Provisional
- (c) New guarantee arrangements for potatoes were introduced with effect from the 1959 crop.
- (d) Includes flour imports as wheat at 72 per cent extraction.
- (e) Includes ware, new and seed potatoes.

