

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

Notifications of Subsidy Measures

Addendum

UNITED KINGDOM

AGRICULTURE

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

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

3. In the light of this situation, arrangements for bacon and cereals were negotiated with major overseas suppliers in 1964, designed to secure market stability without denying overseas suppliers access to the United Kingdom market. The object of these arrangements is to maintain a fair and reasonable balance between home production and imports.
4. The bacon market sharing understanding seeks to relate bacon supplies to market needs so that prices are reasonable for both producers and consumers. "Minimum" and "reserve" quantities are determined each year by the United Kingdom Government after consultation with the Bacon Market Council, on which all participating countries are represented, and allocated between the participating countries including the United Kingdom itself. The level of domestic production is influenced by flexible guarantee arrangements for pigs.
5. For cereals and certain cereal products there are minimum import prices, supported as necessary by variable levies. The majority of suppliers observe the minimum import prices voluntarily. As a counterpart to this system, there are standard quantity arrangements for home-produced wheat and barley.
6. The intention of these arrangements is to prevent United Kingdom market prices falling to excessively low levels, which would be against the interests both of traditional suppliers and of the United Kingdom domestic support system. The intention is not to raise prices generally by limiting supplies.
7. While the support given to home agriculture through deficiency payments and other measures encourages a higher level of output than there would otherwise be, United Kingdom farmers produce barely half the country's total supply of food. It is not possible to assess with any degree of accuracy the quantitative effect on trade of support measures, particularly as their influence on export/import prices is limited by the fact that in general sales take place on a free market. This is an important factor which has to be taken into account in considering the effect on trade of the United Kingdom support system. There are no special incentives to dispose of agricultural produce on export markets.

PRICE GUARANTEES

Fatstock

I. Nature and extent of subsidy

(a) Background and authority

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

(b) Incidence

A deficiency payments scheme administered by the Agricultural Departments enables producers to receive a subsidy payment on fat cattle, fat lambs and sheep and fat pigs not used for breeding which have been sold and which have been certified as eligible under the Fatstock Guarantee Scheme. Eligibility is based on prescribed standards of weight and conformation. The guarantee is varied according to a seasonal scale of standard prices for cattle and sheep, and according to feed costs for pigs. The guarantee for fat pigs is further varied according to the number of animals estimated to be coming forward in each year. Payments for pigs are calculated weekly and represent the difference between the average of current market prices (four weeks actual, four weeks estimated) and the standard price for that week. Payments for cattle and sheep are also calculated weekly and are, in broad terms, the difference between the average market price and the standard price for that week but these payments are reduced when the market price is low and increased when it is high. Bacon pigs reaching a certain standard of quality attract a premium payment. The rates of premium payments have been successively reduced and the intention is to eliminate these payments by 1967: similar arrangements previously in force for cattle have already been discontinued.

(c) Estimated amount of subsidy in 1965/66

Cattle	£5.5 million
Sheep	£5.9 million
Pigs	£43.1 million
Total	£54.5 million

(d) Estimated amount per unit

Cattle	4s. 6 $\frac{1}{2}$ d. per live cwt.
Sheep	3d. per lb. dressed carcass weight
Pigs	3s. 4d. per 20 lb. deadweight

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

II. Effect of subsidy

- (a) In addition to the points set out in the seventh paragraph of this notification, it is to be noted that many of the animals exported have not been eligible for fatstock guarantee payments and, further, that the rise in exports in recent years (mainly in cattle and beef) has in fact occurred at a time when subsidy payments have declined sharply.
- (b) Statistics of production, consumption, imports and exports of beef, mutton and lamb, and pigmeat for the years 1962, 1963, 1964 and 1965 are given in Annex 1.

Eggs - Hen and DuckI. Nature and extent of subsidy(a) Background and authority

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

(b) Incidence

The price guarantees for eggs are implemented by means of a deficiency payments scheme operated through a producers' marketing board. The subsidy is paid only on those eggs passing through the Board's packing stations. Eggs which are not sold through the Egg Marketing Board receive no subsidy payment; it is believed that about 40 per cent of the total production is consumed by producers or is sold other than through the Board. New arrangements were introduced for hen eggs in 1963 and duck eggs in 1964. Indicator prices have been fixed which represent the price which the Board would be expected to receive from a market that was not over-supplied. The basic deficiency payment is therefore limited to the difference between the guaranteed price and the indicator price. The Exchequer bears only a proportion (at present 40 per cent) of any deficit when the market price falls below the indicator price. Correspondingly the Board is allowed to retain one third of the excess when the market price exceeds the indicator price. For hen eggs, the Board will receive additional payments when, due to imports rising above pre-determined norm, the market price falls below the indicator price.

(c) Estimated amount of subsidy in 1965/66

Hen eggs	£16.9 million
Duck eggs	negligible

(d) Estimated amount per unit

Hen eggs	6 1/4d. per dozen
Duck eggs	negligible

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

II. Effect of subsidy

- (a) With regard to the quantitative effect on trade of the support measures for eggs see the seventh paragraph of this notification. There is a prohibition upon the export of eggs which have received subsidy to countries recognized to be the normal export markets of Denmark and Holland (except for consignments to British forces overseas).
- (b) Statistics of production, consumption, imports and exports of eggs for the years 1962, 1963, 1964 and 1965 are given in Annex 2.

Wool

I. Nature and extent of the subsidy

(a) Background and authority

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

(b) Incidence

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

(c) Amount of subsidy

The estimated cost of implementing the price guarantee for wool for the financial year 1965/66 is £3.8 million.

II. Effect of subsidy

- (a) Wool. In addition to what is stated in the seventh paragraph of this notification it is noted that the United Kingdom production of wool forms only a small proportion of total wool consumption.
- (b) Statistics of production, consumption, imports and exports of wool for the clip years 1962, 1963, 1964 and 1965 (forecast home production only) are given in Annex 3.

Cereals

I. Nature and extent of the subsidy

(a) Background and authority

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

(b) Incidence

The price guarantees for wheat, barley, oats and rye are implemented through a deficiency payments system administered by the Agricultural Departments. On 1 July 1964, standard quantities and target indicator prices (the latter related to the minimum import prices) were introduced for wheat and barley. In broad terms these arrangements operate so as to reduce the deficiency payment per unit when production is above the standard quantity on a weak market and increase the deficiency payment when production is below the standard quantity on a strong market. For oats, rye and mixed corn individual producers receive a payment representing the difference between the national average market price and the guaranteed price. Payments to growers of wheat and rye are based on the quantity of millable grain for which a certificate has been issued by an authorized merchant as sold and delivered. For barley and oats the deficiency payment per cwt. is converted to a rate per acre and payments are made according to individual growers' acreages without reference to sales. Certain crops of mixed corn are eligible for payment at the rate for oats (or at only 70 per cent of the acreage in the case of cereals mixed with pulse).

(c) Estimated amount of subsidy in 1965/66

Wheat	£14.1 million
Rye	negligible
Barley	£21.9 million
Oats and mixed corn	£ 7.5 million
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	£43.5 million

(d) Estimated amount per unit of the 1965 crop

Wheat	3s.7 ¹ / ₂ d. per cwt.
Rye	negligible
Barley	3s.8 ³ / ₄ d. per cwt.
Oats	7s.2 ⁶ / ₁₂ d. per cwt.

II. Effect of subsidy

- (a) See the seventh paragraph of this notification. The guarantee arrangements introduced in 1964 for home produced wheat and barley are a counterpart to the minimum import prices for imported cereals. Exports are comparatively small in quantity and usually occur in fulfilment of overseas demand for specialized types of cereals.
- (b) Statistics of production, consumption, imports and exports for the crop years 1961/62, 1962/63, 1963/64 and 1964/65 (estimated home production only) are given in Annex 4.

Potatoes

I. Nature and extent of the subsidy

(a) Background and authority

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

(b) Incidence

The price guarantee for potatoes is implemented in Great Britain through a producers' marketing board (the Potato 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 i.e. potatoes delivered before 1 August in the year of harvesting) 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 the United Kingdom. Seven eighths of the total United Kingdom deficiency payment go to the Board and one eighth to the Ministry of Agriculture for Northern Ireland, who operate their own arrangements. To strengthen the market in years of surplus a Market Support Fund, to which the Government and the Potato Marketing Board both contribute, has been established for Great Britain and similar arrangements have been made to cover Northern Ireland.

(c) Amount of subsidy

The estimated cost of implementing the price guarantee for potatoes in the financial year 1965/66 is £5.6 million.

(d) Estimated amount per unit

2s. 1½d. per cwt.

II. Effect of subsidy

- (a) With regard to quantitative effect on trade of the support measures for potatoes, see the seventh paragraph of this notification.
- (b) Statistics of production, consumption, imports and exports for the crop years 1961/62, 1962/63, 1963/64 and 1964/65 (estimated home production only) are given in Annex 4.

Milk

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 the first paragraph of this notification.

This guarantee is implemented through the five producers' marketing boards covering separate regions of the United Kingdom. Milk sold for liquid consumption is subject to a Government controlled maximum retail price. The maximum price is now fixed at a level which results in the consumer meeting the cost of the guarantee. Under this, the Exchequer's main rôle is to balance accounts between the five Boards and to ensure that taking one year with another, the consumer pays no more and no less than is necessary. The guarantee arrangements do not therefore in the view of the United Kingdom constitute a subsidy under the terms of Article XVI.

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 the first paragraph of this notification. 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

In addition to the price guarantees for the commodities referred to above, assistance (totalling an estimated £108.1 million in 1965/66) is also given to the farming industry by way of various schemes designed to encourage the development of agricultural efficiency by improving farm management, equipment and machinery, land and livestock. In most cases it is not possible to attribute the cost of these schemes to a particular commodity. The principal grants and subsidies are as follows

(i) Fertilizer and lime subsidies

Schemes under the Agriculture (Fertilizers) Act, 1952 provide subsidies (at varying rates not exceeding 50 per cent of the cost) to assist farmers in the purchase of nitrogenous and phosphatic fertilizers. Subsidy is also paid to farmers towards the cost of liming land to improve soil fertility. This latter subsidy now takes the form of flat rate contributions depending on the kind and quality of lime used and the distance it is transported. On average this subsidy now meets 60 per cent of farmers' costs, and may not exceed 70 per cent in any individual case. (The level of subsidy is being reduced in 1966.) The cost of these subsidies in the financial year 1965/66 is estimated at £31.3 million for fertilizers and £8.6 million for lime.

(ii) Calf subsidy

To stimulate the production of calves for beef, schemes are made under the Agriculture (Calf Subsidies) Act, 1952, under which subsidy may be paid on suitable calves. In 1965, these arrangements were extended to enable subsidy to be claimed after slaughter for beef or as an alternative to claim on the live calf. The current rates of subsidy for steer calves and heifer calves born on or after 1 January 1965 are £10.5s. and £8 respectively; [the current rates for finished animals are £9.15s. for steers and £7.10s. for heifers]. The estimated cost of this subsidy for the financial year 1965/66 is £22.9 million.

(iii) Ploughing grants

Grants of £5 per acre (being reduced to £2.10s. per acre in 1966) are available under the Agriculture (Ploughing Grants) Act, 1952 for land that has been under grass for not less than three years, to encourage the regular ploughing up and extended use of leys. A higher rate of £12 per acre may be paid for land which has been continuously under grass for twelve years, and for which grant has not previously been paid. The cost of these grants for the financial year 1965/66 is estimated at £8.3 million.

(iv) Farm improvement scheme

Under Part II of the Agriculture Act, 1957, grants of one third of the cost were available to owners and occupiers of agricultural land towards the cost of improving certain kinds of fixed equipment including farm buildings, roads, fences and electricity supply; grants of one third were also made towards the initial cost of amalgamating uneconomic holdings. The estimated cost for the financial year 1965/66 is £12.1 million.

These arrangements are being superseded by ones making available grants of 25 per cent for a somewhat wider range of improvements.

(v) Assistance for small farmers

Grants under schemes authorized by the Agriculture (Small Farmers) Act, 1959 are offered to small farmers to help them increase the productivity and profitability of their business. The revised scheme introduced in 1965, the Small Farm (Business Management) Scheme, requires farmers to implement a three-year farm management programme, an essential part of which is the keeping and using of farm records as a basis for farm management decisions. The maximum total grant for any one farm business is £1,000. The estimated cost of these schemes for the financial year 1965/66 is £3.5 million.

(vi) Eradication of bovine tuberculosis

Under the Tuberculosis (Attested Herds) Scheme, authorized by the Diseases of Animals Act, 1950, bonuses are paid for a period of six years to farmers towards the initial capital costs of eradicating bovine tuberculosis from their herds. The last eradication areas were declared in 1960, and the number of payments still being made is small and reducing. The estimated expenditure for the financial year 1965/66 is £0.6 million.

(vii) Hill farming

To encourage the production of breeding cattle on hill land, schemes under the Hill Farming and Livestock Rearing Acts, 1946-56, authorize payment of £13 per head on cows and in-calf heifers in regular breeding herds maintained on hill farms or land used for livestock rearing throughout the year. The cost of this subsidy for the financial year 1965/66 is estimated at £6.6 million.

The Hill Sheep Schemes under the Hill Farming and Livestock Rearing Acts, 1946-56, are designed 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. Prior to 1965, the rate of subsidy varied from year to year according to the economic circumstances of hill sheep farmers but the schemes have now been put on a flat rate basis. Subsidy will now be paid each year, at a rate sufficient to cover normal variations in weather conditions from year to year. The rate is 18s. per eligible ewe. The cost of the subsidy for 1965/66 is estimated at £4.5 million.

Winter-Keep Schemes introduced in 1964, under the Agriculture (Miscellaneous Provisions) Act, 1963, enabled grants to be paid on specified crops grown as winter-keep on predominantly livestock rearing land; in England, Wales and Northern Ireland at a flat rate of £3 per acre; in Scotland at either 50s., 70s., or 100s. per acre, the rates differentiating in favour of poorer quality land, but averaging £3 per acre. In England and Wales and Northern Ireland these schemes were replaced in 1965 by arrangements for paying winter-keep grants in the form of supplements to the hill cow and hill sheep subsidies; £5 for hill cows, 3s.6d. for hill ewes. In Scotland, the Winter-Keep scheme is retained, but supplemented by a grant of 2s.0d. per hill ewe. The cost of the Winter-Keep Schemes in the financial year 1965/66 is estimated at £3.5 million.

Fifty per cent of the cost of comprehensive improvement of hill livestock rearing farms is paid under powers in the Hill Farming and Livestock Rearing Act, 1946-56, and the Agricultural Improvement Grants Act, 1959, in respect of schemes submitted by 5 November 1963. The estimated cost for the financial year 1965/66 is £1.4 million.

(viii) Farm drainage grants

Grants of 50 per cent of approved schemes for ditching and field drainage are made under the Agriculture (Miscellaneous Provisions) Act, 1940, as amended by later enactments. The estimated cost of these grants in the financial year 1965/66 is £3.4 million.

(ix) Water supply grants

The Agriculture (Miscellaneous Provisions) Act, 1941, as amended by later enactments, provides for grants of 25 per cent and 40 per cent of the cost of providing water supplies to farms. The estimated cost of these grants for the financial year 1965/66 is £0.6 million.

(x) Silo Subsidies Scheme

Subsidies 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 closing date for applications for grant under this scheme is 31 July 1966. The estimated cost of these grants for the financial year 1965/66 is £0.3 million.

(xi) Grassland Renovation Scheme

Grants of £4 per acre are payable under the Agriculture (Miscellaneous Provisions) Act, 1963, for approved programmes of improvements to permanent grassland which is at least seven years old. The Scheme operates for a period of three years ending August 1966. The estimated cost of these grants in 1965/66 is under £0.1 million.

(xii) Market Development Scheme

Grants are payable under the Agriculture (Miscellaneous Provisions) Act, 1963, to encourage research and development in the marketing of agricultural and horticultural produce. The Scheme has been extended to 31 March 1968. The estimated expenditure in 1965/66 is £0.2 million.

(xiii) Farmers Machinery Syndicates Grants Scheme

Grant is also payable under the Agriculture (Miscellaneous Provisions) Act, 1963, towards the cost of certain buildings occupied by farmers' machinery syndicates. These grants were introduced to encourage this form of co-operation among farmers. The Act provided for the period during which grants might be approved to end in March 1966 but allowed for the period to be extended to 31 March 1968, and provision has been made for this extension.

Grant is paid at a rate of one third of approved costs, one half of the total grant being paid on completion of the building and the balance by instalments over five years. Cumulative expenditure amounted to some £31,000 at 31 March 1966.

(xiv) Agricultural Co-operatives

In 1965, the provisions under section 4 of the Agriculture and Horticulture Act, 1964, whereby one third grants may be made towards the initial expenses of newly established horticultural producers' marketing co-operatives, and to help finance the expansion or increase the efficiency of existing co-operatives, were extended to agriculture.

(xv) Agricultural credit

In 1965, the provision under section 9 of the Agriculture and Horticulture Act, 1964, for the giving of financial backing to certain bodies to assist them in guaranteeing loans made by banks to horticulturists, were extended to agriculture.

(xvi) Special assistance to Northern Ireland

Under the Agriculture Act, 1957, payments are made to the Northern Ireland Exchequer by the United Kingdom Exchequer for expenditure on approved schemes for the benefit of Northern Ireland producers. These payments are intended to compensate Northern Ireland producers for their remoteness from the main market in the United Kingdom. Expenditure on such approved schemes in the financial year 1965/66 is estimated to be £1.3 million.

(xvii) Other grants for Northern Ireland

Expenditure by the Northern Ireland Government under:

- (a) the Agriculture Act (Northern Ireland), 1949, on drainage, water supply and other schemes for agricultural development; and
- (b) the Tuberculosis (Attested Herds) Scheme, authorized by the Diseases of Animals Act (Northern Ireland), 1958,

is estimated to be £1.2 million for the financial year 1965/66.

Horticulture

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

The Horticulture Improvement Scheme 1964, made under the Horticulture Act, 1960, as amended by the Agriculture and Horticulture Act, 1964, has as its primary aim the encouragement of improvements in facilities for production, storage, preparation for market and transport of horticultural produce. Grants are available towards the cost of a wide range of production equipment including the replacement, reconstruction and improvement of glasshouses and other production buildings and equipment for heating, control of environment and pest and disease control. Grants are also available for the erection or improvement of storage and other buildings and for a wide range of equipment used in the storage and preparation for market of horticultural produce. Horticultural co-operative marketing associations may obtain grants for buildings and equipment for the storage, preparation for market and transport of horticultural produce and for constructing and equipping producers' markets.

The Scheme, which came into force on 1 July 1964, replaced the Horticultural Improvement Scheme 1960 introduced in April 1960. The total estimated cost for the United Kingdom for the financial year 1965/66 is £1,150,000 and the average amount of grant payable in respect of each approved application over this period is £413.

The Small Horticultural Production Business Scheme, 1964, made under the Agriculture and Horticulture Act, 1964, also came into operation on 1 July 1964. The Scheme is intended to help small growers to improve the efficiency of their businesses. The grant is a contribution to the working capital needed while they are carrying out an approved three-year programme of re-organization or improvements. The total estimated cost for the United Kingdom for the financial year 1965/66 is £243,000. The average amount of grant payable in respect of each approved application is £390 - which is payable over a period of three years.

Grant for grubbing orchards. Section 3 of the Agriculture and Horticulture Act, 1964, provides for grants of a third of the cost of clearing orchards planted originally for profit but which are now producing only poor quality fruit. The grant is available to owners or occupiers of any commercial orchards of quarter acre or more provided it is intended to use the land for agriculture when the orchard has been cleared. The total cost for the United Kingdom for the financial year 1965/66 is estimated to be £38,500 and the average grant payment for each application approximately £80.

Grants to Horticultural Marketing Co-operatives

Grants under section 4 of the Horticulture Act, 1960. Under section 4 of the Horticulture Act, 1960, grants are available to central co-operative bodies (for example, the Agricultural Central Co-operative Association Limited) for the encouragement and development of horticultural producers' marketing co-operatives. Grant may take account of a number of activities including expenditure on consultancy, legal and accountancy advice, as well as on other items necessary for the formation of new horticultural marketing co-operatives. Both newly established and existing marketing co-operatives may benefit from assistance with managerial expenses and the cost of such items as work studies and training of managerial staff. Rates of grant range from 33 1/3 per cent to 100 per cent over varying periods of up to three years. These grants were introduced in April 1960 and from the start of the Scheme up to 31 December 1965 the total amount of grant paid in the United Kingdom was approximately £75,000.

Grants under section 4 of the Agriculture and Horticulture Act, 1964. Section 4 of the Agriculture and Horticulture Act, 1964, provides for grants of up to 33 1/3 per cent of the total approved estimated expenses of programmes covering periods of initial operation of new horticultural producers' marketing co-operatives and of programmes for the expansion or for increasing the efficiency of such existing co-operatives. The cost of land and buildings may not be taken into account for grant purposes. Grant is paid direct to the applicant co-operatives. These grants were introduced in April 1964, and from the start of the scheme up to 31 December 1965 the total amount of grant paid in the United Kingdom was approximately £30,000.

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

Credit. Section 9 of the 1964 Act provides for the making of grants towards the expenditure incurred by a body in fulfilling its guaranteeing of loans made by banks to any persons carrying on a horticultural business. Grants under this provision are available in respect of guarantees given by the bodies over the five-year period which commenced on 1 April 1964, but this period may be extended by order for a further five years.

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 are paid in respect of white fish and herring landed in the United Kingdom from vessels registered in the United Kingdom or voyages made by such vessels for the purpose of catching white fish or herring and landing them in the United Kingdom. They are paid under the White Fish and Herring Industries Acts, 1955 and 1957, and the Sea Fish Industry Acts, 1959 and 1962.

The white fish subsidy was instituted in 1950 as a temporary measure to help the inshore, near, and middle-water sections of the industry through the period during which the fleets were being reconstructed and modernized. Its objects were to prevent the existing obsolescent fleet of coal-burning vessels from going out of existence too quickly and to encourage the provision of a continuous and plentiful supply of white fish. All of the coal burners have now been replaced by modern diesel vessels, but, owing to the financial state of the fishing industry, these subsidies which were extended to include the distant water fleet under the White Fish and Herring Industries Act, 1961, are being continued, but reducing in value year by year, until 1972.

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

- (ii) Grants for the acquisition of new fishing vessels and engines. These grants were originally intended to encourage and speed up the modernization and reconstruction of the inshore, near, and middle-water fleets. This aim has almost been completed as regards the inshore, near, and middle-water fleets but the Sea Fish Industry Act, 1962, extended the grants to include distant-water vessels over 140 feet in length. Except for vessels under 80 feet in length and engines for them, grants will in future be mainly confined to vessels built to replace old vessels roughly on the basis of the one new vessel for two old ones scrapped. These grants are paid under the White Fish and Herring Industries Act, 1955, and the Sea Fish Industry Act, 1962.
- (b) Incidence
- (i) White fish subsidy is paid by one of the following two methods:
- (a) at 1s.1 1/2d. a stone for gutted and 1s 1/2d. for ungutted fish (except ungutted fish not sold for human consumption for which the subsidy is 4d. a stone) landed and sold otherwise than by retail from vessels under 60 feet 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 £5.8s. and £11.5s.0d., according to the length of the vessel for vessels other than coal burners over 60 feet and to seiners under 60 feet which normally make voyages of eight days or more.
- Special supplementary payments can be made in addition to those in (b) above to certain classes of vessels of 80 feet or over which are in particular financial difficulties, but no such payments are now being made.
- (ii) Herring subsidy is paid by one of the following two methods:
- (a) at 5d. a stone of herring landed from vessels under 40 feet;
- (b) at a flat rate per day at sea, which varies between £5.17.0d. and £11.14s.0d. according to the length of the vessel for vessels over 40 feet.
- (iii) The grant payable towards the cost of a new vessel 80 feet in length or over is 25 per cent of the total cost with a maximum of £80,000 or £110,000 in the case of a freezer trawler. The grant for a vessel under 80 feet and for an engine for such a vessel is 30 per cent of the total cost up to a maximum of £15,000 for a new vessel and £2,500 for a new engine.
- (c) Amount of subsidy
- (i) Expenditure on white fish subsidy in the financial year 1964/65 was £4,070,000 and provision is made for £3,630,000 in 1965/66.
- (ii) Expenditure on herring subsidy in 1964/65 was £375,000 and provision is made for £385,000 in 1965/66.
- (iii) Expenditure on grants in 1964/65 was £715,000 and provision is made for £1,428,000 in 1965/66.

(d) Estimated amount per unit

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

II. Effect of the subsidies

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

FORESTRY

I. Nature and extent of the subsidy

(a) Background and authority

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

(b) Incidence

Financial assistance to encourage the expansion of private commercial forestry in the United Kingdom is given to the owners of woodlands on the terms set out in 1(d) below.

(c) Amount of subsidy

The actual amount paid in grants for the year ending 30 September 1965 was £1,262,000.

(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 became self-supporting or, alternatively, £22.12s.0d. per acre for planting plus an annual management grant of £1.0s.3d. per acre for the first 100 acres of eligible land, 15s.9d. per acre for the second 100 acres, and 8s.9d. for the remainder.

(ii) A grant of £22.12s.0d. 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 £22.12s.0d. per acre referred to in (i) in respect of any planting carried out in the woodlands.

II. Effect of subsidy

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

(b) Statistics of production, consumption and exports

Not applicable.

NORTHERN IRELAND FLAX

I. Nature and extent of the subsidy

(a) Background and authority

Under the terms of the Flax Act (Northern Ireland), 1954, the Ministry of Agriculture in Northern Ireland may in any year prescribe standard prices for flax and re-scutched tow consequent upon an agreement with the flax spinners under which the latter contract to purchase the entire flax crop grown in Northern Ireland on conditions approved by the Ministry. 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 for each crop (except 1959, when there was no agreement) up to 1960. No Government subsidy has been paid since that for the 1960 crop.

(c) Amount of subsidy

Subsidies paid by the Northern Ireland Government since 1954 have been as follows:

Crop year	Subsidy on dampretted flax £'000	Subsidy on unretted straw £'000	Total £'000
1954	57	3	60
1955	63	3	66
1956	123	7	130
1957	20	4	24
1958	5	3	8
1959	-	-	-
1960	4	5	9

(d) Estimated amount by unit

See I(b) above.

II. Effect of subsidy

(a) There has been a general decline in the acreage of flax grown in Northern Ireland since 1955 when over 18,000 acres were under flax. By 1958 the extent of the crop had fallen to 1,000 acres and this declined further to 350 acres in 1960, 180 acres in 1961, 20 acres in 1962, and, in both 1964 and 1965, the acreage under flax was negligible. 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.

FILMSI. Nature and extent of the levy(a) Background and authority

The receipts of British films are augmented from a Fund (The British Film Fund) which derives its revenues from a levy payable on cinema admissions. The statutory authority for this scheme is the Cinematograph Films Act, 1957. 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 11d. At the same time provision is made for exemption from levy where the total receipts at a cinema in any week are less than £350. Overall payments into the Fund at present amount to some 7 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 £4.6 million a year.

(d) Estimated amount per unit

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

II. Effect of levy

(a) The effect of the levy over the last five years has been to maintain United Kingdom feature film production at a level of about seventy-two 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 72 minutes) registered by the Board of Trade		
<u>Year</u>	<u>British</u>	<u>Foreign</u>
1963	72	243
1964	70	236
1965	69	233

TABLE B1

<u>Year</u>	<u>Overseas earnings of British films remitted or remittable to the United Kingdom</u>	<u>Sums payable to producers of foreign films in respect of exhibition in the United Kingdom</u>
1962	£4,039,000	£7,001,000
1963	£4,757,000	£5,647,000
1964	£5,137,000	£6,298,000

- (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 72 minutes) registered by the Board of Trade		
<u>Year</u>	<u>British</u>	<u>Foreign</u>
1950	74	308

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	£5,972,000 ¹	£9,647,000

¹Statistics on the export earnings of British films are not available before 1956.

ANNEX 1

UNITED KINGDOM

Carcass Meat

('000 tons)

	Home-fed production ³	Imports		Exports and re-exports		Disap- pearance ²
		As meat	As live ¹ animals	As meat	As live ¹ animals	
<u>Beef and veal</u>						
1962	370	328	34	n.a.	31	1,244
1963	911	358	18	3	43	1,295
1964	846	345	16	11	76	1,177
1965 ³	801	289	18	12	81	1,120
<u>Mutton and lamb</u>						
1962	248	352	2	n.a.	8	609
1963	240	342	1	4	10	585
1964	251	339	1	6	7	593
1965 ³	240	345	...	3	3	577
<u>Pork</u>						
1962	499	20	...	n.a.	-	520
1963	522	11	...	5	2	535
1964	557	10	...	9	6	566
1965 ³	628	21	...	4	6	646
<u>Total all carcass meat</u>						
1962	1,617	700	36	n.a.	39	2,373
1963	1,673	711	19	12	55	2,415
1964	1,654	694	17	25	89	2,336
1965 ³	1,668	655	19	18	95	2,343
<u>Bacon and ham</u>						
1962	222	399	-	1	-	621
1963	217	385	-	1	-	602
1964	219	391	-	2	-	610
1965 ³	233	397	-	2	-	630

¹ Estimated meat equivalent.

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

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

... = less than 500 tons.

n.a. Not available.

ANNEX 2UNITED KINGDOMEggs (Hen and Duck)Million dozen

Calendar years	Home ¹ Production	Imports	Exports and re-exports	Disappearance ²
1962	1,118	25	1 ₄	1,143
1963	1,105	28	...	1,133
1964 ³	1,236	22	4	1,258
1965 ³	1,229 (prov.)	23	4	1,252

¹ Production for human consumption.

² Disappearance includes home production, imports and any stock-change.

³ Fifty-three week year.

⁴ Less than 500,000 dozen.

ANNEX 3

UNITED KINGDOM

Raw Wool

(Million lbs.)

	1962	1963	1964	1965
<u>Virgin wool - clean weight</u>				
Production ¹	86	82	84	83
Imports	423	426	395	382
Consumption	448	458	419	403
Exports ²	52	59	48	51
Re-exports	27	20	15	15

¹Estimated.

²Including imported wool scoured etc. in the United Kingdom and wool from imported skins.

ANNEX 4

UNITED KINGDOM

Crops
(¹000 tons)

	Home production	Imports	Exports	Disappearance
<u>Wheat</u>				
July-June 1961/62	2,573	4,609 ¹	13 ¹	7,159 ¹
July-June 1962/63	3,911	4,182 ¹	148 ¹	7,888 ¹
July-June 1963/64 ³	2,998	4,533 ¹	20 ¹	7,459 ¹
July-June 1964/65 ³	3,733	4,121 ¹	14 ¹	7,952 ¹
<u>Barley</u>				
July-June 1961/62	4,974	531	336	5,302
July-June 1962/63	5,773	292	182	5,633
July-June 1963/64 ³	6,599	419	75	7,003
July-June 1964/65 ³	7,404	274	109	7,451
<u>Oats</u>				
July-June 1961/62	1,822	42	5	1,915
July-June 1962/63	1,747	53	18	1,750
July-June 1963/64 ³	1,438	21	4	1,483
July-June 1964/65 ³	1,325	23	1	1,352
<u>Mixed corn</u>				
July-June 1961/62	169	-	-	169
July-June 1962/63	154	-	-	154
July-June 1963/64 ³	118	-	-	118
July-June 1964/65 ³	101	-	-	101
<u>Rye</u>				
July-June 1961/62	18	6	-	24
July-June 1962/63	17	5	-	22
July-June 1963/64 ³	22	6	-	28
July-June 1964/65 ³	25	4	-	29
<u>Potatoes²</u>				
July-June 1961/62	6,258	545	64	6,739
July-June 1962/63	6,658	496	75	7,079
July-June 1963/64 ³	6,576	358	58	6,876
July-June 1964/65 ³	6,952	256	119	7,089

¹ Includes flour as wheat at 72 per cent extraction.

² Includes ware, new and seed potatoes.

³ Provisional figures.

ANNEX 5

UNITED KINGDOM

Fisheries

Statistics of production, consumption and trade
(all fish excluding shellfish)

(cwts. except where stated to the contrary)

	1963		1964		1965	
	White fish	Herring	White fish	Herring	White fish	Herring
<u>Production</u> (excl. salmon and migratory trout)						
England and Wales	9,756,524	480,746	9,603,410	352,008	9,864,411	301,133
Scotland	4,294,026	1,567,114	4,657,837	1,578,655	5,723,946	1,627,479
Northern Ireland	69,544	47,308	123,059	26,588	134,850	33,507
Total	14,120,094	2,095,168	14,384,306	1,957,251	15,723,207	1,962,119
<u>Household consumption</u> (oz./hd./wk.)	5.80		5.94		5.78	
<u>Trade imports</u>	3,360,244	207,113	4,015,561	168,067	3,887,694	121,243
<u>Exports</u>	488,372	364,649	536,789	275,192	672,781	349,228

