

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## SUBSIDIES

### Notifications Pursuant to Article XVI:1

#### Addendum

#### UNITED KINGDOM

The United Kingdom submits the following notification concerning changes in its subsidy measures subsequent to the notification issued in 1970 in L/3411/Add.3.

#### 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' Union. 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, and which include grants to promote improvements in farm structure, buildings, equipment, machinery and land and also the expansion of certain enterprises. 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 was 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. The United Kingdom Government, after consultation with the Bacon Market Council on which all participating countries are represented, determines each year not only the total quantity of bacon required on the United Kingdom market, but also the expected level of bacon production in the United Kingdom. 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 overseas suppliers generally observe the minimum import prices voluntarily but from time to time there have been periods when imported grains have been made available on the United Kingdom market at prices below these minima and levies have been applied. Since the autumn of 1970, however, the world prices of all cereals have been well above the current minimum import price levels.
6. The Government has now embarked on the move to a free market in eggs. Deficiency payments are to be phased out by March 1974 and eggs will be removed from the guarantee under the Agriculture Acts from April 1974. As the British Egg Marketing Board ceases trading at the end of March 1971 the guaranteed price for eggs in these last three years will be a guaranteed producer price instead of a price guaranteed to the Board. The Agriculture Act 1970 set up a new Eggs Authority to be financed mainly out of levies on the industry and having powers from 28 March 1971 which include a limited amount of support buying. Its other functions will include market intelligence, research and development and quality and weight grading at the wholesale stage. On 31 March 1970 minimum import prices and levies on shell eggs and certain egg products were introduced as an integral part of the new marketing arrangements.
7. 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.
8. 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 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 as their influence on export/import prices is limited by the fact that in general sales have taken 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.

9. Post-war arrangements for agriculture in the United Kingdom provided valuable support to the industry but in 1970 the Government decided that some changes were needed in the light of present conditions. In October 1970 they therefore announced their intention to introduce as a first step levies on imports of a number of agricultural commodities as soon as the necessary negotiations with overseas suppliers could be completed. Details of interim schemes were subsequently announced in March 1971 to become effective in early July. The main objective of this change in the method of support is to enable agriculture to make an effective contribution to the economy whilst reducing its claim on public expenditure. Another consideration is the desirability of adapting arrangements in the light of the United Kingdom's application for membership of the European Economic Community. The existing system imposes a heavy burden on public expenditure and one which automatically increases if market prices fall; the new arrangements are designed to reduce direct support, thus relieving Exchequer liability and setting a limit to it. Under these arrangements farmers will rely on the market for a greater part of their returns. The level of support is not being raised however and major changes in production levels or import requirements are considered unlikely.

10. The arrangements effective from July 1971 cover a revised levy scheme for cereals and new schemes for beef and veal, mutton and lamb and certain milk products other than butter and cheese.

#### 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.

(c) Estimated amount of subsidy in 1970/71

Cattle	£34.0 million
Sheep	£10.0 million
Pigs	£ 6.8 million
Total	£50.8 million

(d) Estimated amount per unit

Cattle	£1.38	per live cwt.
Sheep	2.9 new pence	per lb. dressed carcass weight
Pigs	£0.08	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 eighth paragraph of this notification, it is to be noted that a fair number of the animals exported have not been eligible for fatstock guarantee payments.

(b) Statistics of production, consumption, imports and exports of beef, mutton and lamb, and pigmeat for the years 1967, 1968, 1969 and 1970 are given in Annex 1.

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 the first paragraph of this notification.

(b) Incidence

The price guarantees for eggs are at present implemented by means of a deficiency payments scheme operated through a producers' marketing board. The subsidy is paid only on first quality eggs sold by producers to the board; some 50 per cent of home-produced eggs are eligible for subsidy. The basic deficiency payment is the difference between the guaranteed price and an indicator price which represents the price expected to be received by the board in a market neither over nor under supplied.

The standard quantity for hen eggs will retain an upper limit of 651 million dozen, but the lower limit introduced in 1970 to stabilize the Egg Marketing Board's trading position during its last year of operation will be discontinued from 28 March 1971.

(c) Estimated amount of subsidy in 1970/71

Hen eggs	£9.3 million
Duck eggs	negligible

(d) Estimated amount per unit

Hen eggs )	1.5 new pence per dozen
Duck eggs )	

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 eighth 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 1967, 1968, 1969 and 1970 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 1970/71 is £5.9 million.

II. Effect of subsidy

(a) Wool. In addition to what is stated in the eighth 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 crop years 1967, 1968, 1969 and 1970 (estimated 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, rye, barley and oats are implemented through a deficiency payments system administered by the Agricultural Departments. In principle the average deficiency payment received by growers is the amount by which the guaranteed price exceeds the average market price for the cereal year. In the case of wheat and barley the deficiency payment may be adjusted in accordance with the target indicator price arrangements introduced in 1964. Target indicator prices are fixed in relation to the minimum import prices for comparable grains. If the average market price falls below the target indicator price, deficiency payment is the difference between the guaranteed price and the target indicator price. Deficiency payment on wheat and rye is made on the millable quantity of grain sold and delivered off the farm on which it was grown. For barley and oats the average deficiency payment is converted to rate per acre which is paid on the acreage harvested. Certain crops of mixed corn are eligible for payment at the rate for oats (or on 70 per cent of the acreage for mixed corn with pulse).

In order to promote the orderly marketing of grain throughout the cereal year and in particular to encourage growers to hold their grain off the market during the harvest peak, storage incentives are paid to growers who sell their wheat later in the season. These arrangements do not involve paying out more to producers collectively than the average deficiency payment referred to above.

(c) Estimated amount of subsidy in 1970/71

Wheat	£13.9 million
Rye	nil
Barley	£7.8 million
Oats and mixed corn	£2.1 million
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	£23.8 million
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(d) Estimated amount per unit of the 1970 crop

Wheat	£0.16 per cwt.
Rye	nil
Barley	nil
Oats	£0.10 per cwt.

II. Effect of subsidy

(a) See the eighth paragraph of this notification. 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 1967/68, 1968/69, 1969/70 and 1970/71 (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 applies to maincrop potatoes only, (i.e. those marketed for human consumption on and after 1 August in year in which grown) and is implemented in Great Britain by the Potato Marketing Board and in Northern Ireland by the Ministry of Agriculture there. The Great Britain arrangements provide for market support operations financed jointly by the Government and the Board with the aim of bringing the average market price for the season up to the level of the guaranteed price. Similar arrangements are operated in Northern Ireland. If, over the season as a whole, the average market price received by growers is less than the guaranteed price a deficiency payment is paid calculated on the tonnage of home-produced potatoes estimated to have been sold for human consumption in the United Kingdom. Seven eighths of the total deficiency payment is paid to the Board and one eighth to the Ministry of Agriculture, Northern Ireland.

(c) Amount of subsidy

The estimated cost of implementing the price guarantee for potatoes in the financial year 1970/71 is £5.5 million.

(d) Estimated amount per unit

£2.48 per ton for the 1970/71 crop.

II. Effect of subsidy

(a) With regard to quantitative effect on trade of the support measures for potatoes, see the eighth paragraph of this notification.

(b) Statistics of production, consumption, imports and exports for the crop years 1966/67, 1967/68, 1968/69 and 1969/70 are given in Annex 4.

FARMING GRANTS AND SUBSIDIES

In addition to the price guarantees for the commodities referred to above, assistance (totalling an estimated £160.1 million in 1970/71) was also given to the farming industry by way of various schemes designed to encourage the development of agricultural efficiency by improving farm management, structure 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 to assist farmers in the purchase of fertilizers. The average subsidy in 1970/71 was about 30 per cent of cost, and may not exceed 50 per cent in any one case. Subsidy is also paid towards the cost of liming land to improve soil fertility. This subsidy is in the form of flat rate contributions depending on the kind and quality of lime used and the distance it is transported. In 1970/71 the average subsidy will have met 50 per cent of farmers' costs though this may not exceed 60 per cent for any individual. The cost of these subsidies in the financial year 1970/71 is estimated at £40.1 million for fertilizers and £5.5 million for lime. For 1970 only the rate of fertilizer and lime subsidies was increased by 20 per cent and 15 per cent respectively to provide farmers with additional resources.

(ii) Calf subsidy

To stimulate the production of calves for beef, schemes are made under the Agriculture (Calf Subsidies) Act 1952, as amended by Section 10 of the Agriculture Act 1967, under which subsidy may be paid on suitable calves either when the animal is still a calf or after slaughter for beef. The rates of subsidy for steer calves and heifers are £11.25 and £9.00 respectively. The estimated cost of this subsidy for the financial year 1970/71 is £29.00 million.

(iii) Ploughing grants

The Ploughing Grants Scheme is now closed. Grant of £12.00 an acre was available under the Agriculture (Ploughing Grants) Act 1952 for ploughing and sowing to a crop grassland at least twelve years old, provided the cost of such operations (including clearing) was substantially heavier than normal. Some grant is still to be paid; the cost for the financial year 1970/71 is estimated to be £0.4 million.

(iv) Farm improvement scheme

Under the Agriculture Act 1967 grants of one quarter of the cost are available for making long-term improvements for the benefit of agricultural land, such as for farm buildings, fixed equipment, plant and machinery, sewage disposal, farm road, electricity, fences, land reclamation etc. Estimated cost in 1970/71 is £16.00 million.

(v) Assistance for small farmers

The Small Farmer and the Small Farm (Business Management) Schemes are now both closed. Grants under schemes authorized by the Agriculture (Small Farmers) Act 1959 were 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, required farmers to implement a three-year farm management programme, an essential part of which was the keeping and using of farm records as a basis for farm management decisions. The maximum total grant for any one farm business was £1,000. Some grant is still to be paid; the cost for the financial year 1970/71 is estimated to be £1.1 million.

(vi) Hill farming

To encourage the production of breeding cattle on hill land, schemes under the Hill Farming Act 1946 as amended authorize payment of £17.25 (£18.75 from October 1970) 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. In addition a supplement of £1.875 per head will be paid under the Brucellosis Incentive Scheme (see paragraph (xvii)). The cost of this subsidy for the financial year 1970/71 is estimated at £13.7 million.

The Hill Sheep Schemes under the Hill Farming Act 1946 as amended are designed to stabilize the income of hill sheep farmers at a reasonable level in order to encourage them to maintain foundation flocks of hill sheep. Originally only hardy hill breeds were eligible but in 1967 the subsidy was extended to include flocks within the wider area eligible for hill cow subsidy. Subsidy is payable each year at a rate sufficient to cover normal variations in weather conditions from year to year. The rates are £1.05 (£1.425 from October 1970) a head for ewes of specified hardy hill breeds and £0.55 (£0.90 from October 1970) a head for ewes in other flocks. The cost of the subsidy for 1970/71 is estimated at £8.5 million.

In England, Wales and Northern Ireland winter-keep grant is paid as a supplement to the hill cow and hill sheep subsidies under the Hill Cow and Hill Sheep Schemes; £5.00 for hill cows, £0.175 for hill ewes. In Scotland a Scheme made under the Agriculture (Miscellaneous Provisions) Act 1963 as amended provides for acreage grants payable on specified crops grown for winter feed on farms consisting predominantly of livestock rearing land; grant is payable at either £2.50, £3.50 or £5.00 per acre, differentiating in favour of poorer quality land, but averaging out at approximately £3.50 per acre. These acreage payments in Scotland are supplemented by a grant of £0.10 per hill ewe. The cost of the winter-keep grants in the financial year 1970/71 is estimated at £4.9 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 1970/71 is £0.5 million.

The Hill Land Improvement Scheme, under Section 41 of the Agriculture Act 1967, provides for 50 per cent grants (increased to 60 per cent for works approved or applications received in the period 19 March 1970 to 18 March 1972) for improvements designed to benefit hill land, such as cultural operations, reclamation of hill pastures, shelter belts, fencing, roads, etc. In addition, a supplementary grant of 10 per cent of the cost of the work approved under a field drainage scheme may be given to the extent that it benefits hill land. Estimated expenditure in 1970/71 is £2.2 million.

(vii) Farm drainage grants

Under the Agriculture (Miscellaneous War Provisions) Act 1940, as later amended and extended, grants of 50 per cent (increased to 60 per cent for works approved or applications received in the period 19 March 1970 to 18 March 1972) of approved schemes for ditching and field drainage of agricultural land are available subject to certain minimum cost limits. See also paragraph (vi). The estimated cost of these grants in the financial year 1970/71 is £6.0 million.

(viii) Water supply grants

The Agriculture (Miscellaneous Provisions) Act 1941, as amended by later enactments, provides for grants of 25 per cent (increased to 35 per cent for works approved or applications received in the period 19 March 1970 to 18 March 1972) and 40 per cent of the cost of providing water supplies to farms. The estimated cost of these grants for the financial year 1969/70 is £0.5 million.

(ix) Agricultural and horticultural co-operatives

The Agricultural and Horticultural Co-operation Scheme 1967, made under Part IV of the Agriculture Act 1967 came into operation on 3 October 1967. It replaced the previous grants for co-operation, the statutory provisions which were repealed as from that date. (Grants will, however, continue to be paid in respect of proposals, etc., submitted under the previous schemes before 3 October 1967.) The Scheme applies to the whole of the United Kingdom and is administered by the Central Council for Agricultural and Horticultural Co-operation on behalf of the Agricultural Departments. It provides for grants for co-operation mainly in the production and marketing of primary agricultural and horticultural produce. Examples of activities and items of expenditure towards which grants are available are the setting up and initial operation of co-operative bodies, the provision of working capital, the cost of buildings and fixed equipment, the training and remuneration of managers and the carrying out of surveys and feasibility and business efficiency studies. The Council receives and considers proposals, makes recommendations as to approvals and rates of grant, reviews the progress of approved proposals, verifies applications for grant, and is authorized to make payments on behalf of Ministers. Grant paid under the Scheme in the financial year 1970/71 totalled approximately £285,000 and during the year sums totalling nearly £16,000 were paid in respect of various grant schemes for agricultural and horticultural co-operatives which have been superseded by this new Scheme.

(x) 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. In the financial year 1970/71 expenditure was £76,746 approximately. The Scheme has been extended to 31 March 1971.

(xi) Agricultural credit

Under Section 64 of the Agriculture Act 1967, and earlier enactments, grants may be made towards expenditure incurred by a body in fulfilling its guarantees of loans for business purposes made by banks to farmers or their co-operatives. Grants are available in respect of the implementing of guarantees given during the four-year period ended on 31 March 1969 and extended for a further five years to 31 March 1974. The cost of these grants in 1969/70 amounted to some £12,000 and in 1970/71 to almost £7,000.

(xii) 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 1970/71 is estimated to be £1.9 million.

(xiii) Other assistance to Northern Ireland

Expenditure by the Northern Ireland Government under the Agriculture Act (Northern Ireland) 1949 on drainage, water supply and other schemes for agricultural development is estimated to be £0.7 million for the financial year 1970/71.

(xiv) Farm business recording scheme

Grant of up to £100 a year for a maximum of three years is payable under the Agriculture Act 1967 to farmers and growers to encourage the keeping of farm business records as an aid to sound management decisions. The Scheme was introduced on a pilot basis in November 1965 and was extended to the whole country during 1966. The Scheme was extended for one year at the 1969 Review. The number of applications under the Scheme continued to fall. It expired on 31 August 1970. It is estimated that expenditure during the financial year 1970/71 was about £1.4 million.

(xv) Beef cow subsidy

In order to stimulate beef production subsidy is payable, under the Agriculture Act 1967, on cows in regular herds kept primarily for breeding calves for beef. The rate of subsidy for cows kept during 1970 was £11.00 a head. The number of eligible cows is limited by reference to the acreage of grass and forage crops available for maintaining them. The subsidy is not payable on a cow in addition to hill cow subsidy. In addition a supplement of £1.875 per head will be paid under the Brucellosis Incentive Scheme (see paragraph (xvii)). The estimated cost of the subsidy in 1970/71 is £5.8 million.

(xvi) Field beans

Grant of £5 per acre for field beans is available under the Agriculture (Miscellaneous Provisions) Act 1968 for a period of three years beginning in 1968/69 because of the importance of field beans as a break crop in the cereals rotation and as a source of protein for animal feeding stuffs. The estimated cost of the Scheme for the financial year 1970/71 is £0.9 million.

(xvii) Brucellosis Incentive Scheme

The Brucellosis Incentive Scheme was introduced on 13 July 1970. Under the Scheme owners of registered brucello-free herds qualify for special incentive payments. These incentives take the form of a gallonage premium on milk from accredited dairy herds, a supplement to the hill cow and beef cow subsidies. The incentives for 1970/71 are 0.8 new pence per gallon for milk and £5.00 for each qualifying beef animal.

(xviii) Farm Capital Grant Scheme

The introduction of a single unified Farm Capital Grant Scheme to replace a wide variety of existing schemes providing assistance to farmers and land owners for capital investment in agriculture was announced in October 1970. The new Scheme came into operation on 1 January 1971. The standard rate of grant will be 30 per cent and there will be higher rates for certain classes of work. The Schemes to be replaced include: Farm Improvement Scheme, Hill Land Improvement Scheme, Field Drainage Grants, Farm Water Supply Grants, Orchard Grubbery Grants and Ploughing Grants. The Scheme will also incorporate the remodelling works under the Farm Amalgamation and Boundary Adjustment Scheme. The estimated cost of the Scheme in 1970/71 will be about £0.3 million.

(xix) Payment in respect of agricultural Training

A deduction is made to the aggregate cost increases taken into account at the Annual Review to provide a sum in lieu of training levies payable by agricultural and horticultural producers in the United Kingdom. The amount required by the Training Board in 1970/71 has been determined by the Secretary of State for Employment as £1.9 million.

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 protection 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 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.

The Horticulture Improvement Schemes 1966 and 1970, made under the Horticulture Act 1960, as amended by the Agriculture and Horticulture Act 1964 and the Agriculture Act 1970, have as their primary aims the encouragement of improvements in facilities for the production, storage, preparation for market and transport of horticultural produce. Horticultural production businesses may qualify for grants of 33 1/3 per cent of the approved costs of a wide range of facilities, including the creation, replacement, reconstruction or other improvements of glasshouses and other production buildings and the supply of equipment for heating, control of environment and pest and disease control. Grants are also available for the creation 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. Since 17 January 1966, improvements in respect of which grant is paid may also

qualify under Section 33 of the Agriculture Act 1967, for an additional investment supplement equivalent to 5 per cent (reduced to  $1\frac{2}{3}$  per cent with effect from 1 January 1971) of the approved expenditure. Since 3 October 1967 grant-aid to horticultural marketing co-operatives has been available under the Agricultural and Horticultural Co-operation Scheme (see above).

The Scheme, which came into force on 21 July 1966, replaces the Horticulture Improvement Schemes of 1960 and 1964. The 1970 Scheme came into force on 1 January 1971 and in turn supersedes the three former Schemes. The total amount of grant paid for the United Kingdom during the financial year 1970/71 is £4,530,000: the estimated average amount of grant paid in respect of each approved application completed during this period was £668.

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 reorganization or improvements. The total amount of grant paid for the United Kingdom for the financial year 1970/71 is £118,000. The average amount of grant payable in respect of each approved application was £377 - 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 amount of grant paid for the United Kingdom for the financial year 1970/71 was £20,500 and the average grant payment for each application approximately £83.

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 about half the country's total supply by value of fresh fruit and vegetables, and exports are very small, accounting for no more than 1 per cent of output.

Credit. Under Section 64 of the Agriculture Act 1967, and earlier enactments, grants may be made towards expenditure incurred by a body in fulfilling its guarantees of loans for business purposes made by banks to growers or their co-operatives. Grants are available in respect of the implementing of guarantees given during the five-year period ended on 31 March 1969 and extended for a further five years to 31 March 1974. The cost of these grants in 1969/70 amounted to over £5,000 and in 1970/71 to over £2,000.

FISHERIES1. 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 purposes of catching white fish or herring and landing them in the United Kingdom. They are paid under the White Fish and Herring Industries Acts, 1953 and 1957, the Sea Fish Industry Acts, 1959 and 1962, and the Sea Fisheries Act 1970.

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 were extended to include the distant water fleet under the White Fish and Herring Industries Act, 1961, but reducing in value year by year, until 1972. Revised subsidy arrangements for the deep sea fleet (i.e. white fish vessels of 80 ft. and over) were announced in July 1968, following the Government's review of policy towards the fishing industry. Subsidies to this sector of the industry over the three years to 31 July 1971 are to be set out on a basic level of £2 million a year, which will be adjusted upwards or downwards depending on the level of profitability of that industry as a whole, subject to a maximum total subsidy of £4 million. The three-year period will be divided into subsidy periods, the first of which covered the six months from 1 August 1968 to 31 January 1969. Distribution of subsidy will be related to the operating efficiency of vessels instead of being paid a flat rate per day tied to their group classification. The Sea Fisheries Act 1968 gave effect to this from 1 August 1968. These new arrangements replace the previous policy of progressively decreasing operating subsidies to the deep sea fleet. Special subsidies will no longer be payable in cases of particular hardship.

Subsidy for the inshore fleet (vessels under 80 ft.) continues to be paid either on a daily rate basis or for a minimum number of vessels (under 35 ft.) at storage rates according to the weight and type of fish landed.

The herring subsidy. The herring industry received assistance between 1946 and 1957 in the form of a subsidized payment for surplus herring sent for reduction to oil and meal. In 1957 it was decided that financial aid could be better deployed in the form of an operational subsidy related to days at sea or for herring landed. Since 1963 subsidy has also been paid in respect of limited quantities of herring sent for reduction to oil and meal.

(ii) Grants for the acquisition and improvement of fishing vessels

Under the Fishing Vessels (Acquisition and Improvement) (Grants) Scheme 1967 grants are available from the White Fish Authority or Herring Industry Board at a rate of 40 per cent of gross cost for fishing vessels under 80 ft. in length and 35 per cent for larger vessels. These rates were increased by 5 per cent during the calendar years 1967 and 1968 in line with increased investment grants for industry generally but as these are being abolished the rates of grant for fishing vessels are being reduced to 30 per cent and 25 per cent respectively. The improvements that may be aided include those contributing to greater safety or greater catching power of fishing vessels. Grants at similar rates are made by the Government of Northern Ireland.

(b) Incidence

(i) White Fish Subsidy is paid by one of the following methods:

(a) Inshore vessels receiving a flat rate per day at sea according to the registered length

35 ft. but under 80 ft. length which varies between £3.35 and £5.80.

Vessels between 35 ft. and 60 ft. commenced receiving voyage rates as from 1 August 1969 if the subsidy payments amounted, or would have amounted, but for the special circumstances beyond the control of the owner or charterer, to at least £250 in the year 1968, for white fish and/or herring landed. Subsidy payments were withdrawn for days spent in port, days of sale and intervening days, commencing 1 August 1969 but this was offset by an increase to the voyage rates of 10 per cent.

(b) Inshore vessels on stonage rates

Under 60 ft. in length at 5 new pence per stone for gutted and certain types of whole ungutted fish. 8.4d. (3.5 new pence) for all other whole ungutted fish sold for human consumption. 2.4d. (1 new pence) all other whole white fish.

(c) Trawler vessels

The sums shared by deep sea vessel owners for the first subsidy period, 1 August 1968 to 31 January 1969 was £1.188 million plus £0.481 million already paid under the previous scheme. The latter payments were deducted from the total amount of payment due to the industry under the new scheme.

The sum shared for the second subsidy period 1 February 1969 to 31 January 1970 was £1.231 million plus £0.705 million already paid under the old scheme. The sum shared for the third subsidy period 1 February 1970 to 31 January 1971 was £1.531 million.

(ii) Herring subsidy is paid by one of the following methods:

- (a) at 3.6d. (1.5 new pence) a stone of herring landed from vessels under 35 ft.;
- (b) at a flat rate per day at sea which varies between £3.10s.0d. and £6.10s.0d. for vessels of 35 ft. and over;
- (c) at 22s.0d. (£1.10) per cran of herring landed from vessels and sold for conversion into oil and meal or other approved product.

The subsidy payable at (c) above came into operation on 1 September 1963.

(iii) Grants for herring vessels and for the improvement of existing vessels are at the same rates as for white fish vessels (see (i) above).

(c) Amount of subsidy in the United Kingdom

(i) Expenditure on white fish subsidy in the financial year 1969/70 was £2,815,000 and provision is made for £3,968,000 in 1970/71.

(ii) Expenditure on herring subsidy in 1969/70 was £240,000 and provision is made for £240,000 in 1970/71.

(iii) Expenditure on grants in 1969/70 is provisionally estimated at approximately £2.5 million and in 1970/71 is expected to be about £3.3 million.

(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 as with the subsidy payable on catches of herring are not considered to have had any significant 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. The Forestry Acts 1919 to 1963 were consolidated in the Forestry Act 1967.

##### (b) Incidence

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

##### (c) Amount of subsidy

The actual amount paid in grants for the year ending 31 March 1971 was £1,919,666. Owing to a change in the Forestry Commission's year to align itself with the United Kingdom's financial year, it was necessary last year to institute an eighteen-month period initially to effect this change. Figures for this and subsequent years will of course be based on the normal twelve-month financial year period.

##### (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, £23.3s.6d. per acre for planting plus an annual management grant of £1.1s.3d. per acre for the first 100 acres of eligible land, 14s.3d. per acre for the second 100 acres, and 8s.9d. for the remainder.

(ii) A grant of £23.3s.6d. 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 £23.3s.6d. per acre referred to in (i) in respect of any planting carried out in the woodlands.

(e) As a result of the catastrophic effect of the windblow of 1968 on woodlands in Scotland, a special transport allowance was paid to private woodland owners and this amounted to £17,608 for the year ending 31 March 1971. This has not been included in the overall grant aid figure.

## 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.

## 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 Fund) which derives its revenues from a levy payable on cinema admissions. The statutory authority for this Scheme is the Cinematograph Films Act 1957 and 1966. 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

From 14 July 1968 the levy became payable at the rate of one ninth of the amount by which any payment for admission exceeds 1s.6d. Exemption from levy can be claimed where the total receipts at a cinema in any week do not exceed £4.00. Overseas payments into the fund in 1969 amounted to just over 7 1/4 per cent of total box office receipts.

(c) Amount of levy

The Act provides that the levy collected shall not be less than £2 million and not more than £5 million per year. In 1970 the levy amounted to just over £4.0 million.

(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 the levy

(a) Over the past five years the United Kingdom film production has been maintained at a level of about seventy films a year.

(b) Statistics of production, consumption, imports and exports(i) For recent years for which statistics are available

Long films (over 72 minutes) registered by the Board of Trade.

Table A1

Year	British	Foreign
1966	70	259
1967	70	232
1968	71	289
1969	71	294
1970	85	275

Table B1<sup>1</sup>

Year	Total receipts from overseas in respect of earnings of cinematograph films	Total payments to overseas countries in respect of earnings on cinematograph films
1965	£10.0 million	£16.7 million
1966	£11.5 million	£17.1 million
1967	£12.0 million	£14.7 million
1968	£ 8.7 million	£14.3 million
1969	£ 9.6 million	£14.0 million

<sup>1</sup>Because of changes in coverage the figures for 1956 and 1965 are not strictly comparable with the earlier years' totals quoted in Table B1.

(ii) For previous representative years, 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

Long films (over 72 minutes) registered by the Board of Trade

Table A2

Year	British	Foreign
1950	74	308

Table B2<sup>1</sup>

Year	Overseas earnings of British films actually remitted to the United Kingdom	Sums payable to producers of foreign films in respect of exhibition in the United Kingdom
1956	£3,972,000	£9,627,000

<sup>1</sup>Because of changes in coverage the figures for 1956 and 1965 are not strictly comparable with the earlier years' totals quoted in Table B1.

ANNEX 1  
UNITED KINGDOM  
Carcass Meat

('000 tons)

	Home-fed produc- tion	Imports		Exports and re-exports		Disappearance <sup>2</sup>
		As meat	As live <sup>1</sup> animals	As meat	As live <sup>1</sup> animals	
<u>Beef and veal</u>						
1967	902	269	5	7	64	1,260
1968	889	257	3	3	31	1,137
1969	856	340	1	8	39	1,191
1970	931	261	1	10	48	1,196
<u>Mutton and lamb</u>						
1967	258	339	...	3	4	600
1968	243	345	...	4	5	587
1969	203	362	...	8	8	553
1970	223	326	...	10	5	546
<u>Pork</u>						
1967	549	11	...	3	2	560
1968	567	18	...	2	2	586
1969	606	20	...	12	6	626
1970	614	11	...	14	5	624
<u>Total all carcass meat</u>						
1967	1,708	619	6	17	70	2,361
1968	1,698	620	3	9	38	2,311
1969	1,666	720	1	28	53	2,371
1970	1,768	598	1	34	59	2,367
<u>Bacon and ham</u>						
1967	201	402	-	1	-	603
1968	216	406	-	1	-	622
1969	234	386	-	2	-	619
1970	247	378	-	2	-	624

<sup>1</sup> Estimated meat equivalent

<sup>2</sup> 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.

... = less than 500 tons

ANNEX 2

UNITED KINGDOM

Eggs (Hen and Duck)

(Million dozen)

Calendar year	Home <sup>1</sup> production	Imports	Exports and re-exports	Disappearance <sup>2</sup>
1967	1,230	27	2	1,256
1968	1,230	20	4	1,250
1969	1,234	18	5	1,239
1970	1,259	17	4	1,276

<sup>1</sup> Production for human consumption

<sup>2</sup> Disappearance includes home production, imports and any stock change.

ANNEX 3  
UNITED KINGDOM  
Raw Wool

(Million lb.)

	1967	1968	1969	1970
<u>Virgin wool - clean weight</u>				
Production <sup>1</sup>	85	80	69	68
Imports	356	383	362	314
Consumption	360	391	365	338
Exports <sup>2</sup>	44	51	46	41
Re-exports	11	8	6	5

<sup>1</sup>Estimated

<sup>2</sup>Including imported wool scoured, etc. in the United Kingdom and wool from imported skins.

ANNEX 4UNITED KINGDOMCrops

(1000 tons)

July/June year	Home production	Imports	Exports	Disappearance
<u>Wheat</u>				
1966/67	3,420	4,109 <sup>1/</sup>	15 <sup>1/</sup>	7,630 <sup>1/3/</sup>
1967/68	3,841	4,004 <sup>1/</sup>	15 <sup>1/</sup>	7,713 <sup>1/3/</sup>
1968/69	3,414	4,499 <sup>1/</sup>	13 <sup>1/</sup>	7,901 <sup>1/3/</sup>
1969/70	3,311	4,696	32 <sup>1/</sup>	8,909 <sup>1/3/</sup>
<u>Barley</u>				
1966/67	8,586	188	1,092	7,751 <sup>2/</sup>
1967/68	9,069	107	782	8,220 <sup>2/</sup>
1968/69	8,140	366	73	8,539 <sup>2/</sup>
1969/70	8,527	941	12	9,380 <sup>2/</sup>
<u>Oats</u>				
1966/67	1,102	25	-	1,130 <sup>2/</sup>
1967/68	1,364	5	72	1,275 <sup>2/</sup>
1968/69	1,202	25	25	1,241 <sup>2/</sup>
1969/70	1,287	10	4	1,256 <sup>2/</sup>
<u>Mixed corn</u>				
1966/67	93	-	-	94 <sup>2/</sup>
1967/68	117	-	-	117 <sup>2/</sup>
1968/69	151	-	-	151 <sup>2/</sup>
1969/70	216	-	-	216 <sup>2/</sup>
<u>Rye</u>				
1966/67	11	9	-	20 <sup>2/</sup>
1967/68	12	11	-	23 <sup>2/</sup>
1968/69	11	11	-	22 <sup>2/</sup>
1969/70	11	20	-	31 <sup>2/</sup>
<u>Potatoes</u>				
1966/67	6,476	374 <sup>2/</sup>	79 <sup>4/</sup>	6,771
1967/68	7,087	349 <sup>2/</sup>	78 <sup>4/</sup>	7,358
1968/69	6,738	325 <sup>2/</sup>	75 <sup>4/</sup>	6,988
1969/70	6,107	336 <sup>2/</sup>	911 <sup>4/</sup>	6,362

<sup>1/</sup> Includes flour as wheat at 72 per cent extraction.

<sup>2/</sup> Includes ware, new and seed potatoes and shipments from the Channel Islands.

<sup>3/</sup> Allowing for estimated stock change.

<sup>4/</sup> Includes ware, new and seed potatoes.

ANNEX 5

UNITED KINGDOM

Fisheries

STATISTICS OF PRODUCTION, CONSUMPTION AND TRADE (ALL FISH EXCLUDING SHELLFISH)

(cwt. except where stated to the contrary)

	1967		1968		1969		1970	
	White fish	Herring						
<u>Production</u> (excluding salmon and migratory trout)								
England and Wales	10,039,834	247,319	10,18,315	193,582	10,432,737	216,712	9,820,155	286,474
Scotland	4,815,531	1,724,960	4,945,319	1,648,845	4,815,185	2,203,535	5,316,792	2,493,384
Northern Ireland	111,469	28,354	108,222	18,561	100,090	14,796	79,841	85,997
Total	14,966,834	2,010,633	15,271,856	1,860,988	15,348,062	2,435,043	15,216,788	2,866,355
<u>Household</u> <u>consumption</u> (cwt./head/year)		5.70		5.69		5.46		5.35
<u>Trade imports</u>	3,721,028	265,324	4,091,580	448,841	3,318,465	312,835	3,136,961	210,441
<u>Exports</u>	258,998	487,337	625,590	407,212	764,506	696,050	841,298	1,248,004

<sup>1</sup>Includes shellfish, which are not separately distinguishable.