

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Addendum

UNITED KINGDOM

AGRICULTURE

1. The basic system of agricultural support in the United Kingdom is provided by guaranteed prices and deficiency payments.

The Agriculture Acts of 1947 and 1957 make provision for guaranteed prices for certain agricultural products implemented in most cases 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 by the Government after a review of the economic condition and prospect of the agricultural industry. Additional assistance is also given to the industry in the form of grants (called production grants) which encourage farmers to improve their productivity generally.

Exchequer liability for the system has been reduced for certain commodities by a system of minimum import prices and import levies designed to protect the home market from disruption by sporadic and unpredictable low-priced imports. These arrangements are linked to domestic arrangements to restrict the amount of deficiency payment when market prices fall below a pre-determined level.

2. The Government's decision to enter the European Economic Community will accelerate the change from reliance on deficiency payments to reliance on minimum import prices and import levies. The mechanisms of the common agricultural policy will be adopted on 1 February 1973 and during a transitional period of five years (1973-1977) United Kingdom prices will be brought into line with those of the Community. Deficiency payments will be phased out as market prices overtake guaranteed prices.

3. It is not possible to assess with any degree of accuracy the quantitative effect on trade of support measures. 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.

(b) Incidence

The Fatstock Guarantee Scheme provides for deficiency payments to be made on cattle, sheep and pigs which have not been used for breeding and which comply with certain standards of quality and weight. Each year for cattle and sheep a seasonal scale of weekly standard prices is drawn up estimated to be equivalent to the guaranteed price over the year as a whole. For cattle, the guarantee payment represents the difference between the standard price and the weekly average market price or target indicator price (set at a fixed amount below the standard prices), whichever is the higher. For sheep the rate of guarantee payment represents the difference between the standard price and the weekly average market price except at times of market weakness when the guarantee payment is reduced. For pigs the guarantee varies according to feed costs and also the number of pigs estimated to come forward each year. Guarantee payments are calculated weekly and represent the difference between the average of current market prices (four weeks actual, four weeks estimated) and the standard price (i.e. the basic guaranteed price adjusted as above) for that week.

(c) Estimated amount of subsidy in 1971/72

| | £ million |
|--------|-------------|
| Cattle | 4.5 |
| Sheep | 7.2 |
| Pigs | <u>25.5</u> |
| TOTAL | <u>37.2</u> |

(d) Estimated amount of subsidy per unit

| | | |
|--------|-------|--------------------------------|
| Cattle | £0.18 | per live cwt. |
| Sheep | 4.2p | per lb. dressed carcase weight |
| Pigs | £0.24 | per 20 lb. deadweight |

Note: These are the average unit rates estimated to be paid on animals certified for the guarantee payment in 1971/72. If related to total marketings of fatstock the unit rates would be lower, particularly in the case of cattle and sheep.

II. Effect of subsidy

(a) Statistics of production, consumption, imports and exports of beef, mutton and lamb, and pigmeat for the years 1968, 1969, 1970 and 1971 are given in Annex I.

Cereals

I. Nature and extent of the subsidy

(a) Background and authority

Guaranteed prices for wheat, barley, oats and rye are determined each year under Part I of the Agriculture Acts, 1947 and 1957.

(b) Incidence

The price guarantees for wheat, barley, oats and rye 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. For 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. The average deficiency payment per cwt. is converted to a 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).

(c) Estimated amount of subsidy in 1971/72 financial year

| | £ million |
|---------------------|-------------|
| Wheat | 33.9 |
| Rye | - |
| Barley | 16.6 |
| Oats and mixed corn | <u>11.6</u> |
| | <u>62.1</u> |

(d) Estimated amount per unit of the 1971 crop

| | |
|---------------------|----------------|
| Wheat | £0.45 per cwt. |
| Rye | nil |
| Barley | £0.27 per cwt. |
| Oats and mixed corn | £0.46 per cwt. |

II. Effect of subsidy

- (a) See the third paragraph of this notification. Exports are comparatively small in quantity and usually occur in fulfillment 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 are given in Annex 2.

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.

(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 1971/72 is £16.9 million, of which £12.7 million is in respect of the 1970 crop.

(d) Estimated amount per unit

£2.46 per ton for the 1971/72 crop.

II. Effect of subsidy

- (a) Statistics of production, consumption, imports and exports for the crop years 1967/68, 1968/69, 1969/70 and 1970/71 are given in Annex 2.

Eggs - Hen and Duck

I. Nature and extent of subsidy

(a) Background and authority

Guarantee prices for hen and duck eggs are determined each year under Part I of the Agriculture Acts, 1947 and 1957.

(b) Incidence

The price guarantee for eggs is implemented by the Agricultural Departments by means of a deficiency payments scheme, administered through the agency of registered packing stations. Subsidy is paid only on first quality eggs tested, graded and packed at registered packing stations. In practice, 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 estimated producer price, subject to a standard quantity of 651 million dozen.

(c) Estimated amount of subsidy in 1971/72

| | | |
|-----------|---|--------------|
| Hen eggs | - | £5.7 million |
| Duck eggs | - | nil |

(d) Estimated amount per unit

| | | |
|-----------|---|----------------|
| Hen eggs | - | 1.0p per dozen |
| Duck eggs | - | nil |

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) Statistics of production, consumption, imports and exports of eggs for the years 1968, 1969, 1970 and 1971 are given in Annex 3.

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.

(b) Incidence

The wool guarantee is implemented through a producer's marketing board which is responsible for marketing the majority of fleece wool produced in the United Kingdom. Producers with four or more adult sheep are required to register with the Board and to market their fleece wool through the Board which then sells it by public auction. To arrive at the average producer price the Board deducts its marketing expenses from the guaranteed price. If the Board's receipts from the sale of a clip are less than the guaranteed price, the deficiency is made up as far as possible from a Special Account (a reserve fund accumulated from earlier surpluses) or if necessary by payments from the Government.

(c) Amount of subsidy

The estimated cost of implementing the price guarantee for wool for the financial year 1971/72 is £7.2 million.

II. Effect of subsidy

(a) In addition to what is stated in the third 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 1968, 1969 and 1970 (estimated home production only) 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 £163.4 million in 1971/72) 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) Calf subsidy

To encourage the retention 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 and heifer calves are £11.25 and £9.00 respectively. The estimated cost of this subsidy for the financial year 1971/72 is £31.3 million.

(ii) Brucellosis Incentive Scheme

The Brucellosis Incentive Scheme was introduced on 13 July 1970. Under the Scheme owners of registered Brucellosis-free herds qualify for special incentive payments. These incentives take the form of a gallonage premium on milk from accredited dairy herds and a supplement to the hill cow and beef cow subsidies. The current rates of incentives are 0.8 new pence per gallon for milk and £5 for each qualifying beef animal and are payable for five years from the date of accreditation.

(iii) Farm Capital Grant Scheme

The Farm Capital Grant Scheme came into operation on 1 January 1971. Apart from plant and machinery the Scheme assists expenditure previously covered by the Farm Improvement Scheme, the Hill Land Improvement Scheme, the Field Drainage and Farm Water Supply Schemes, ploughing, orchard grubbing and scrub clearance grants and the agricultural investment grants on fixed equipment and long-term improvements. It also incorporates grants on remodelling works certified as a consequence of an approved amalgamation under the Farm Amalgamation and Boundary Adjustment Scheme. The standard rate of grant is 30 per cent (40 per cent until 18 March 1972) of the approved expenditure. Special rates of grant are payable as follows: 50 per cent (60 per cent until 18 March 1972) for field drainage, certain works benefiting hill land and remodelling works certified as a consequence of an approved amalgamation or boundary adjustment; 60 per cent (70 per cent until 18 March 1972) for field drainage of benefit to hill land. The higher rates of grant relate to applications received up to and including 18 March 1972. The latest estimated cost of the scheme in 1971/72 is £18.5 million.

(iv) Farm Improvement Scheme

Under the Agriculture Act 1967 grants of one quarter of the cost were made available for long-term improvements for the benefit of agricultural land, such as for farm buildings, fixed equipment, plant and machinery, electricity, land reclamation etc. The last date for receipt of applications under the scheme was 31 December 1970. Work must be complete and grant claimed by 31 December 1973. The scheme has been replaced by the Farm Capital Grant Scheme which came into operation on 1 January 1971 (see paragraph (iii)). The latest estimated cost of grant in 1971/73 is £26 million.

(v) Farm drainage grants

In England and Wales, under the Agriculture (Miscellaneous War Provisions) Act 1940, as subsequently amended and extended, and in Scotland, under the Agriculture Act 1937, grants of 50 per cent (increased to 60 per cent for works approved or applications received since 19 March 1970) of the

approved cost of schemes for ditching and field drainage of agricultural land are available, subject to the cost of the scheme reaching a prescribed minimum. On 1 January 1971 these grants were subsumed into the Farm Capital Grant Scheme (see paragraph (iii)) and applications under the old arrangements ceased. The estimated cost of these grants in the financial year 1971/72 is £5.24 million. See also paragraph (vii)(d).

(vi) Water supply grants

Under the Agriculture (Miscellaneous War Provisions) Act 1940, as subsequently amended and extended, grants are payable in England and Wales towards the cost of approved farm water supply works. The rate of grant is 25 per cent of the approved cost where the water is taken from a public supply (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 where the works are in respect of a private source supply. In Scotland, the Agriculture Act, 1937, as amended, provides for grants up to 50 per cent of the approved cost of farm water supply works. These grants (which were estimated to cost £0.55 million in 1971/72) were subsumed into the Farm Capital Grant Scheme (see paragraph (iii)) on 1 January 1971 and no further applications for grant under the previous arrangements were received. Under the Agriculture (Miscellaneous War Provisions) Act 1940 supplementary agricultural grants are also payable in England and Wales to statutory water undertakers towards the cost of public water mains extensions designed to serve primarily agricultural needs. There is no fixed rate of grant; each case is considered on its merits. The estimated cost in 1971/72 of these grants is £30,000.

(vii) Hill farming

(a) Hill cow subsidy

To encourage the production of store cattle in the hills, schemes under the Hill Farming Act 1946 as amended authorize payment of £18.75 per head on cows in regular breeding herds maintained on eligible hill land or land used together with it throughout their breeding life. The number of cows receiving subsidy is limited by a stocking ratio of one cow to 4 acres of hill land. The cost of the hill cow subsidy for the financial year 1971/72 is estimated at £14.6 million.

(b) Hill sheep subsidy

The main purposes of the subsidy are to encourage the keeping of breeding flocks on hill land which is inherently suitable only for livestock rearing, to provide producers with a return that is independent of the fluctuations of the market, and to secure the full use of land which is unsuitable for most other purposes.

The subsidy is payable on ewes and shearing ewes in flocks which are kept on eligible hill land for the greater part of the year. A basic rate of 95 pence is payable on ewes in flocks of any breed or cross breed. A supplementary rate of 55 pence is payable, in addition to the basic rate, on ewes of specified hardy breeds and crosses kept in flocks which are self-maintaining, made up of regular age groups and which comply with the recognized practices of hill sheep farming in the district. The number of ewes receiving subsidy is limited by a stocking ratio of $2\frac{1}{2}$ ewes to every acre of hill land grazed. The cost of the subsidy for 1971/72 is estimated at £9.5 million.

(c) Winter keep

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 a head for hill cows, 15 pence a head for hill ewes. In Scotland farmers have the option of receiving winter-keep grants either in the form of the headage payments already mentioned or of acreage payments on crops grown for winter keep. A scheme made under the Agriculture (Miscellaneous Provisions) Act 1963 as amended provides for three levels of grant, £2.50, £3.50 and £5 per acre differentiating in favour of poor quality land, plus a reduced headage supplement per hill ewe of $7\frac{1}{2}$ pence. The cost of the winter-keep grants in the financial year 1971/72 is estimated at £5 million.

(d) Hill land improvement

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 Acts 1946-1956 in respect of schemes submitted by 5 November 1963. The final date for receipt of claims for grant will be 5 November 1975. The estimated cost for the financial year 1971/72 is £0.4 million.

The Hill Land Improvement Scheme under Section 41 of the Agriculture Act 1967 provided 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 is available to the extent it benefits hill land. The final date for submission of proposals under this scheme was 31 December 1970. Claims for grant on work carried out under the scheme will be admitted until 31 December 1973. The scheme has been replaced by the Farm Capital Grant Scheme from 1 January 1971 (see paragraph (iii)). Estimated expenditure in 1971/72 is £2.4 million.

(viii) Beef cow subsidy

In order to encourage beef production on poor land outside the hills, a scheme was made under the Agriculture Act 1967, to provide for a subsidy to be paid on cows in regular herds kept primarily for breeding calves for beef. The rate of subsidy is now £11 per eligible cow. The subsidy is not payable on a cow in addition to hill cow subsidy. The estimated cost of the subsidy in 1971/72 is £6.6 million.

(ix) Fertilizer and lime subsidies

Schemes under the Agriculture (Fertilisers) Act, 1952 provide subsidies at varying rates to assist farmers in the purchase of fertilizers. The average subsidy in 1971/72 was about 20 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 1971/72 the average subsidy will have met 45 per cent of farmers' costs though this may not exceed 60 per cent of any individual. The cost of these subsidies in the financial year 1971/72 is estimated at £35.7 million for fertilizers and £5.2 million for lime.

(x) Agricultural and horticultural co-operatives

The Agricultural and Horticultural Co-operation Scheme 1971, made under Part IV of the Agriculture Act 1967 came into operation on 1 April 1971. It replaced the Agricultural and Horticultural Co-operation Scheme 1967 and applies to the whole of the United Kingdom. The Scheme 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 of co-operative bodies, 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 receive and consider proposals, makes recommendations as to approvals and rates of grant, reviews the progress of approved proposals, verifies applications for grant payment of which is made by the Minister. Grant paid under the scheme during the first nine months of the financial year 1971/72 totalled approximately £12,000 and during the year sums totalling £573,000 were paid in respect of grants under the 1967 Scheme. The main changes in the new Scheme are that grants are no longer provided for working capital or for pioneering into new aspects of co-operation or for individual small producers.

(xi) 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 power to approve grants under this scheme ended on 31 March 1971 but for the financial year 1971/72 expenditure on outstanding approvals is estimated at £100,000.

(xii) 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 1970/71 amounted to some £7,000 and in 1971/72 to almost £51,000.

(xiii) 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 will close to new applicants in May 1972. It is estimated that expenditure during the financial year 1971/72 will be £1.2 million.

(xiv) 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 1971/72 has been determined by the Secretary of State for Employment as £2 million.

(xv) 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 1971/72 is estimated to be £2.1 million.

(xvi) 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 £0.78 million for the financial year 1971/72.

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 Scheme 1970, made under the Horticulture Act 1960 as amended by the Agriculture and Horticulture Act 1964 and the Agriculture Act 1970, came into force on 1 January 1971 and replaced the Horticulture Improvement Schemes of 1960, 1964 and 1966. The Scheme has as its primary aim the encouragement of improvements in facilities for the production, storage and preparation for market 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 erection, replacement, reconstruction or other improvements of glass-houses 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 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. The estimated total amount of grant paid for the United Kingdom during the financial year 1971/72 is £5,400,000 and the estimated average amount of grant in respect of each approved application completed during the period was £716. Improvements in respect of which this grant is paid may also qualify for an investment supplement equivalent to 1 2/3 per cent of the approved expenditure under Section 33 of the Agriculture Act 1967 as amended by the Agricultural Investment (Variation of Rate of Grant) (No. 2) Order 1970. 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 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 1971/72 is £98,000. 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 provided for grants at the rate of one third of the expense reasonably incurred in the clearance of orchards where the land when cleared was intended to be used for agriculture. No further applications were accepted under this Scheme after 31 December 1970 as the grants were absorbed under the umbrella of the Farm Capital Grant Scheme (see page 9). Estimated grant paid on outstanding applications during

the financial year 1971/72 totalled £14,500 for the United Kingdom at an average of £77 per application. There is additionally a special rate of grant available under the Farm Capital Grant Scheme for the grubbing up of apple and pear orchards of eating and cooking varieties which carries a specific condition restricting replanting.

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 of 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 1970/71 amounted to over £2,000 and in 1971/72 is NIL.

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 now paid under the provisions of the Sea Fish Industry Act 1970.

The white fish subsidy was instituted in 1950 as a measure to help inshore, near and middle-water sections of the industry through the period during which the fleets were being reconstructed and modernised, and thus encourage the provision of a continuous and plentiful supply of white fish. The work of replacing the old coal-burning vessels by modern diesel vessels has been completed but, owing to the financial state of the 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. The Sea Fisheries Act 1968 gave effect to revised subsidy arrangements for the deep sea

fleet (i.e. vessels 80' and over) 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 were set at a basic level of £2 million per annum to be reduced or increased by one half of the amount by which profits exceed or fall short of £4 million the total amount of subsidy was subject to a maximum of £4 million or a total of annual profit subsidy of £7 million. These arrangements have been extended a further two years to 31 July 1973 with provision for a small increase of up to £400,000 in the total annual amount of subsidy which may be earned i.e. the basic subsidy of £2 million per annum remains unchanged and this will be reduced or increased by one half of the amount by which profits exceed or fall short of £4.8 million. The total amount of subsidy is still subject to a maximum of £4.0 million per annum but the ceiling of total subsidy plus profit has been extended from £7.0 million to £7.8 million per annum.

Subsidy for the inshore fleet (vessels under 80') continues to be reviewed annually in relation to the profitability of the inshore fleet as a whole. The rate paid is either at storage rate according to the weight and type of fish landed for vessels below 35' in length, or at a flat rate per day at sea according to length group for vessels over 35' but under 80' in length.

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, as amended in 1971, grants are available from the White Fish Authority or Herring Industry Board at a rate of 30 per cent of the approved expenditure for fishing vessels under 80 feet in length and 25 per cent for larger vessels. The 1971 amendment scheme reduced the grants to the rates quoted above following the abolition of investment grants for industry generally. Improvements which may be aided are those designed to result in greater supply, efficiency or economy in the operation of the vessel or better working conditions for the officers or crew. Similar grants 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 £3.85 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. 3.5 new pence for all other whole ungutted fish sold for human consumption. 1 new penny 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. The sum shared for the period 1 February 1971 to 31 July 1971 was £0.491 million.

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

(a) at 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 £3.50 and £6.50 for vessels of 35 ft. and over;

(c) at £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 new herring vessels and for the improvement of existing vessels are at the same rates as for white fish vessels.

(c) Amount of subsidy in the United Kingdom

(i) Expenditure on white fish subsidy in the financial year 1970/71 was £2,633,000 and provision is made for £1,719,000 in 1971/72.

(ii) Expenditure on herring subsidy in 1970/71 was £203,000 and provision is made for £219,000 in 1971/72.

(iii) Expenditure on grants in 1970/71 was £2,655,000 and in 1971/72 is expected to be about £3,255,000.

(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 payment on catches of herring are not considered to have had any significant effect on exports. Statistics are given in Annex 5.

NOTES ON THE FORESTRY RETURN

(i) The figure for the total amount paid in grants for the year ending 31 March 1971 has been revised. The figure given in last year's return, £1,915,666 (not £1,919,666 as shown in L/3513/Add 6 of 3 August 1971) included Scrub Clearance Grant payments of £4,356. This particular grant aid scheme was, in fact, discontinued in 1962 although payments are still being made in respect of Scrub Clearance approved in 1962 as part of a ten year Plan of Operations. The scheme is not therefore mentioned in paragraph (d) of our submission and, in the interests of consistency, it is felt that the Scrub Clearance Grant element should be excluded from the figure quoted for the total amount of grants paid in the year.

(ii) As explained in previous years, our records are based on the fiscal year ending 31 March and the amount paid in grants for the year ending 31 March 1972 is obviously not available, therefore, at this stage. As soon as the figure is known, which is expected to be in June/July, you will be notified. Meantime an estimate is provided.

(iii) The rates of grant quoted in paragraphs (d) (i) (ii) and (iii) of our submission are currently under review and any amended rate introduced as a result will be back-dated to 1 October 1970. You will be notified if any changes occur.

Forestry

I. Nature and extent of the subsidy

(a) Background and authority

The Forestry Act 1967 empowers the Forestry Commissioners, subject to Treasury approval to "make advances by way of grant upon such terms as they think fit, to persons (including local authorities) in respect of the afforestation (including replanting) or land belonging to those persons". Grants have been available in substantially their present form for approximately the last twenty-five years.

(b) Incidence

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

(c) Amount of subsidy

The amount paid in grants for the year ended 31 March 1971 was £1,911,310 and it is estimated that £2,160,000 will be paid in the year ending 31 March 1972.

(d) Estimated amount by unit

Financial assistance is currently given on the following basis:

(i) Where the owner dedicates his woodland permanently to forestry either

(a) A Planting Grant of £23.175 for every acre satisfactorily planted, replanted or otherwise restocked and an annual Management Grant of £1.0625 per acre for the first 100 acres, £0.7125 per acre for the second 100 acres and £0.4375 per acre for the remainder, or
(b) 25% of the approved net annual expenditure on the dedicated woodlands until such time as they become self-supporting.

(ii) A Planting Grant of £23.175 per acre in respect of planting woodlands which the owner does not wish to dedicate, although they may be suitable for that purpose, but which he is, nevertheless, managing in accordance with an approved Plan of Operations.

(iii) A Planting Grant of £23.175 per acre for planting small areas which the owner does not consider suitable for inclusion in a comprehensive plan of management.

II. Effect of the subsidy

(a) Forestry is a long-term project and it is thought that grants to woodland owners can have no effect on imports and exports for many years.

(b) Subsidies of production, consumption and exports. Not applicable.

FILMS

I. Nature and extent of the levy

(a) Background and authority

The receipts from 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 Acts 1957-1970. The scheme which has operated since 1950 (as a voluntary industry arrangement until 1957) ensures that some finance is directly available for production of British films.

(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 7½p. Provision is made for exemption from the levy in any week when average takings in the preceding weeks of the levy year do not exceed £500. Overall payments into the Fund at present amount to just over 7 per cent of total box-office takings.

(c) Amount of levy

The Acts provide that the levy collected shall not be less than £2 million or more than £5 million. The total collected amounts at present to about £4 1/4 million a year.

(d) Estimated amount per unit

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

II. Effect of levy

(a) Estimated quantitative trade effects of the subsidy; and the reason why it is considered that the subsidy will have these effects

Production of British films continues to be maintained at a steady level. Registrations have risen to ninety yearly from an average of seventy annually in the 1960's. However individual film budgets have reduced and overall British investment is probably much about the same.

The levy is not strictly a subsidy, it is rather a transfer of money within the industry; it channels a proportion of revenue earned directly back to producers of British films. If the levy were not imposed it is likely that less money would be available for reinvestment in film production. The film industry is a highly speculative one which has difficulty in attracting a steady flow of capital. Besides being an industry it is an art, and receives support in many countries on cultural grounds. The film levy is a device by which the industry provides its own assistance without cost to public funds.

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

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

Table Al

Long Films (over 72 minutes playing time) registered by the DTI

| <u>Year</u> | <u>British</u> | <u>Foreign</u> |
|-------------|----------------|----------------|
| 1969 | 71 | 294 |
| 1970 | 85 | 275 |
| 1971 | 90 | 296 |

Table BI - see note 1

Overseas transactions: cinematograph films

| | <u>Total receipts from overseas in respect of earnings of cine- matograph films</u> | <u>Total payments to overseas countries in respect of earnings of cinematograph films</u> |
|------|---|---|
| | <u>(£ million)</u> | <u>(£ million)</u> |
| 1968 | 8.7 | 14.3 |
| 1969 | 9.6 | 14.0 |
| 1970 | 9.2 | 12.9 |

- (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 playing time) registered by the Board of Trade (now DTI)

| <u>Year</u> | <u>British</u> | <u>Foreign</u> |
|-------------|----------------|----------------|
| 1950 | 74 | 308 |

Table B2 - see note 1

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

Note 1: Because of changes in coverage the figures for 1956 in Table B2 are not strictly comparable with those in Table B1.

Annex 1

UNITED KINGDOM

Carcass Meat

('000 tons)

| | Home-fed production | Imports | | Exports and re-exports | | Disappearance ² |
|-------------------------------|---------------------|---------|------------------------------|------------------------|------------------------------|----------------------------|
| | | As meat | As live animals ¹ | As meat | As live animals ¹ | |
| <u>Beef and veal</u> | | | | | | |
| 1968 | 889 | 257 | 3 | 3 | 30 | 1,137 |
| 1969 | 857 | 340 | 1 | 8 | 39 | 1,192 |
| 1970 | 933 | 261 | 1 | 10 | 48 | 1,199 |
| 1971* | 919 | 249 | 2 | 14 | 23 | 1,170 |
| <u>Mutton and lamb</u> | | | | | | |
| 1968 | 243 | 345 | ... | 4 | 5 | 587 |
| 1969 | 203 | 361 | ... | 8 | 8 | 553 |
| 1970 | 223 | 326 | ... | 10 | 5 | 546 |
| 1971* | 221 | 348 | ... | 15 | 4 | 570 |
| <u>Pork</u> | | | | | | |
| 1968 | 567 | 18 | ... | 2 | 2 | 586 |
| 1969 | 606 | 20 | ... | 12 | 6 | 626 |
| 1970 | 613 | 11 | ... | 14 | 5 | 624 |
| 1971* | 635 | 28 | ... | 10 | 3 | 663 |
| <u>Total all carcass meat</u> | | | | | | |
| 1968 | 1,698 | 620 | 3 | 9 | 38 | 2,311 |
| 1969 | 1,667 | 720 | 1 | 28 | 53 | 2,371 |
| 1970 | 1,770 | 598 | 1 | 34 | 59 | 2,367 |
| 1971* | 1,775 | 624 | 2 | 39 | 30 | 2,403 |
| <u>Bacon and ham</u> | | | | | | |
| 1968 | 216 | 406 | - | 1 | - | 622 |
| 1969 | 234 | 386 | - | 1 | - | 619 |
| 1970 | 247 | 378 | - | 2 | - | 624 |
| 1971* | 241 | 369 | - | 2 | - | 651 |

¹Estimated meat equivalent

²Domestic 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

(i) * 52 weeks
(ii) 1971 - Provisional

(iii) All figures have been rounded individually. totals may not necessarily agree with the addition of separate figures.

Annex 2
UNITED KINGDOM
Crops

('000 tons)

| July/June | Home production | Imports | Exports | Disappearance |
|-------------------|-----------------|---------------------|-------------------|------------------------|
| Wheat | | | | |
| 1967/68 | 3,841 | 4,004 ^{1/} | 151 ^{1/} | 7,720 ^{1/ 2/} |
| 1968/69 | 3,414 | 4,499 ^{1/} | 121 ^{1/} | 7,938 ^{1/ 2/} |
| 1969/70 | 3,311 | 4,696 ^{1/} | 231 ^{1/} | 8,146 ^{1/ 2/} |
| 1970/71 | 4,169 | 5,266 ^{1/} | 201 ^{1/} | 9,332 ^{1/ 2/} |
| Barley | | | | |
| 1967/68 | 9,069 | 107 | 782 | 8,220 ^{2/} |
| 1968/69 | 8,140 | 366 | 73 | 8,539 ^{2/} |
| 1969/70 | 8,527 | 941 | 12 | 9,380 ^{2/} |
| 1970/71 | 7,410 | 1,033 | 167 | 8,320 ^{2/} |
| Oats | | | | |
| 1967/68 | 1,364 | 5 | 72 | 1,275 ^{2/} |
| 1968/69 | 1,202 | 25 | 25 | 1,241 ^{2/} |
| 1969/70 | 1,287 | 10 | 4 | 1,256 ^{2/} |
| 1970/71 | 1,198 | 19 | 122 | 1,109 ^{2/} |
| Mixed Corn | | | | |
| 1967/68 | 117 | - | - | 117 ^{2/} |
| 1968/69 | 151 | - | - | 151 ^{2/} |
| 1969/70 | 216 | - | - | 216 ^{2/} |
| 1970/71 | 253 | - | - | 253 ^{2/} |
| Rye | | | | |
| 1967/68 | 12 | 11 | - | 23 ^{2/} |
| 1968/69 | 11 | 11 | - | 22 ^{2/} |
| 1969/70 | 11 | 20 | - | 31 ^{2/} |
| 1970/71 | 13 | 21 | - | 34 ^{2/} |
| Potatoes | | | | |
| 1967/68 | 7,087 | 349 ^{3/} | 784 ^{1/} | 7,358 |
| 1968/69 | 6,763 | 325 ^{3/} | 754 ^{1/} | 7,013 |
| 1969/70 | 6,117 | 336 ^{3/} | 914 ^{1/} | 6,362 |
| 1970/71 | 7,364 | 336 ^{3/} | 974 ^{1/} | 7,603 |

^{1/} Includes flour as wheat at 72 per cent extraction.

^{2/} Allowing for estimated stock change.

^{3/} Includes ware, new and seed potatoes and shipments from the Channel Islands

^{4/} Includes ware, new and seed potatoes.

Annex 3

UNITED KINGDOM

Eggs (Hen and Duck)

(million dozen)

| Calendar year | Home ¹ production | Imports | Exports and re-exports | Disappearance ² |
|---------------|------------------------------|---------|------------------------|----------------------------|
| 1968 | 1,230 | 20 | 4 | 1,250 |
| 1969 | 1,230 | 18 | 5 | 1,234 |
| 1970 | 1,271 | 17 | 4 | 1,274 |
| 1971 | 1,246 | 12 | 2 | 1,243 |

¹Production for human consumption.

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

Annex-4UNITED KINGDOMRaw Wool

(million lb.)

| | 1967 | 1968 | 1969 | 1970 |
|-----------------------------------|------|------|------|------|
| <u>Virgin wool - clean weight</u> | | | | |
| Production ¹ | 85 | 80 | 69 | 68 |
| Imports | 356 | 383 | 362 | 314 |
| Consumption | 360 | 391 | 385 | 337 |
| Exports ² | 44 | 51 | 46 | 41 |
| Re-exports | 11 | 8 | 6 | 5 |

¹Estimated.²Including imported wool scoured, etc. in the United Kingdom and wool from imported skins.

Annex 5

UNITED KINGDOM

Fisheries

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

(cwt. except where stated to the contrary)

| | 1968 | 1969 | 1970 | 1971 | | | | |
|---|------------|-----------|------------|-----------|------------|-----------|------------|-----------|
| | White fish | Herring | White fish | Herring | | | | |
| Production | | | | | | | | |
| (excluding salmon and migratory trout) | | | | | | | | |
| England and Wales | 10,218,315 | 193,582 | 1,32,737 | 216,712 | 9,820,155 | 286,474 | 9,303,752 | 194,771 |
| Scotland | 4,945,319 | 1,648,845 | 4,815,185 | 2,203,535 | 5,316,792 | 2,493,384 | 5,861,825 | 2,615,240 |
| Northern Ireland | 108,222 | 18,561 | 100,090 | 14,796 | 79,841 | 85,697 | 82,936 | 73,205 |
| Total | 15,271,856 | 1,860,988 | 15,348,062 | 2,435,043 | 15,216,788 | 2,866,055 | 15,248,513 | 2,883,220 |
| Household consumption ¹ (oz./head/week) | | | | | | | | |
| | 5.69 | | 5.46 | | 5.35 | | 5.15 | |
| Trade imports | 4,001,580 | 449,841 | 3,318,465 | 312,835 | 3,136,961 | 210,441 | 2,979,533 | 159,573 |
| Exports | 625,590 | 407,212 | 764,506 | 696,050 | 841,298 | 1,248,004 | 1,052,336 | 1,162,215 |

¹ Includes shellfish, which are not separately distinguishable.