

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

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STATE TRADING

Notification Pursuant to Article XVII:4(a)

UNITED KINGDOM

A notification from the United Kingdom mission is reproduced hereunder. It covers the activities of the National Coal Board, the British Steel Corporation, British Ship Builders and British Aerospace. Neither of the last two enterprises has been in operation for a sufficiently lengthy period of time so as to be able to furnish supporting statistics.

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NATIONAL COAL BOARD

I. ENUMERATION OF STATE TRADING ENTERPRISES

National Coal Board

II. REASON AND PURPOSE FOR INTRODUCING AND MAINTAINING THE  
STATE TRADING ENTERPRISE

The National Coal Board was established in 1946 when the coal industry was nationalised. It is a public corporation and its main duties are set out in S.I. of the Coal Industry

Nationalisation Act 1946:-

- a) Working and getting the coal in Great Britain to the exclusion (save as is provided in the Act) of any other person;
- b) Securing the efficient development of the coal mining industry;
- c) Making supplies of coal available, of such qualities and sizes, in such quantities and at such prices as may seem to the Board best calculated to serve the public interest.

The principal qualification of the Board's monopoly is that under S.36(2) of the 1946 Act, as amended by S.46 of the Open Cast Coal Act 1958, the Board may grant licences for the working and getting of:-

- a) Coal comprised in small mines in which the number of persons employed below ground is at no time likely to greatly exceed 30;
- b) Coal present among other minerals which is of such small value that its working is unlikely to be undertaken except as ancillary to the working of those other materials;

- c) Coal in small open cast sites which are unlikely to yield substantially more than 25,000 tons.

### III. DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISE

Imports of coal are allowed freely on open general licence from any part of the world except Southern Rhodesia. Prior to December 1970 it was not Government policy to authorise coal imports except in cases of specific emergency. In practice, imports were of relatively small amounts and were made by the National Coal Board but the Board had no legal monopoly of such imports.

Imports during 1977 amounted to 2.4m tons. The prices and terms of contracts, free from Government control, are negotiated by the importers themselves.

Solid fuel exports are normally free of export control. Both the National Coal Board and the private non-vested interests are free to compete for overseas markets on a commercial basis. There is no Government control of export prices.

### IV. STATISTICAL INFORMATION

See Annex I.

### V. REASON WHY NO FOREIGN TRADE HAS TAKEN PLACE IN PRODUCTS AFFECTED

Not applicable - see Annex 1.

### VI. ADDITIONAL INFORMATION

Following the Coal Industry Act 1977, the National Coal Board has been given authority to "work and get coal outside Great Britain". Prior to the Act, the area of overseas work in which the Board were involved was restricted.

Partly as a result of the Act, British Coal International has been set up to co-ordinate the overseas activities of the British Coal mining industry. Sir Derek Ezra, Chairman of the National Coal Board, is also Chairman of British Coal International.

Annex ISTATISTICS OF COAL TRADE AND PRODUCTION

	Tonnage ('000 tons)			Value (£'000)		
	1975	1976	1977	1975	1976	1977
(a) Imports	5,003	2,792	2,376	105,607	82,645	77,933
(b) Re-exports	..	..	..	..	..	..
(c) (i) Total exports	2,148	1,413	1,910	36,072	30,646	43,739
(ii) Exports from non-vested (licensed) mines and opencast sites included in (c)(i)	..	..	..	..	..	..
(d) (i) Total home production						
Deep mined	115,557	108,521	105,432	1,702,155	1,947,952	2,182,442
Recovery slurry	844	1,567	1,453	2,286	3,178	3,633
Opencast	10,249	11,755	13,336	169,621	233,807	290,725
TOTAL	126,650	121,843	120,221	1,874,062	2,184,937	2,476,800
(ii) Production from licensed mines included in (d)(i)	958	954	1,004	14,735	17,865	21,336

BRITISH STEEL CORPORATION

I. ENUMERATION OF STATE TRADING ENTERPRISES

British Steel Corporation

II. REASON AND PURPOSE FOR INTRODUCING AND MAINTAINING THE STATE TRADING ENTERPRISE

The Iron and Steel Act, 1967, which provided for the public ownership of the major part of the iron and steel industry, became law on 22 March 1967 and ownership of the fourteen major steel-producing companies in the United Kingdom was transferred to the British Steel Corporation on 28 July 1967. The Corporation now operates under the Iron and Steel Act 1975, as amended by the Iron and Steel (Amendment) Act 1976, which is a consolidation of earlier legislation. The British Steel Corporation are a public corporation and their main statutory duties, as laid down in the 1975 Act are:

- a) to promote the efficient and economical supply of iron and steel products by the nationalised steel industry;
- b) to produce iron and steel products so as to satisfy the reasonable demands of manufacturing consumers in the United Kingdom;
- c) to avoid undue preference and unfair discrimination in the supply of iron and steel products, but subject to ordinary commercial consideration or the public interest;

- d) to take such steps as appear to them to be practicable and desirable to promote the export of any products by the nationalised industry;
- e) to promote research and development;
- f) to ensure that the combined revenues of the Corporation, and the publicly-owned companies, taking one year with another, at least cover their combined charges, after making proper provision for depreciation and allocation to reserves.

### III. DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISE

The British Steel Corporation exports substantial quantities of iron and steel products. BSC import raw materials for their own consumption and small quantities of semi-finished steel for further processing. There is no governmental control of the Corporation's imports or exports of iron and steel and private traders are free to compete with the Corporation on a commercial basis on both fronts. The price and quantities of iron and steel are matters for the Corporation's own commercial judgement, subject only to international regulations such as those of the European Commission relating to prices and international regulations on quotas. Export prices, other than those to other European Community member countries, are largely determined by those prevailing in the world market. The Corporation are free to enter into long-term contracts where this is required by the market. The Corporation are not used to fulfill contractual obligations entered into by the Government.

UNITED KINGDOM

ANNEX II TO GATT QUESTIONNAIRE OF STATE TRADING

		('000 tonnes)											
		<u>1975</u>				<u>1976</u>				<u>1977</u>			
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
<u>Exports: (1)</u>													
	BSC (6)	-	-	-	-	-	-	-	-	-	-	-	-
	UK total (3)	12	12	8	12	13	22	17	31	21	19	10	18
	BSC (4)	543	499	497	631	633	673	605	651	813	850	850	757
	UK total (5)	900	814	720	904	863	995	957	975	1,019	1,245	1,193	1,052
	BSC	-	-	-	-	-	-	-	-	-	-	-	-
	UK total	126	247	290	252	238	150	110	101	191	205	313	229

See footnote on sheet 2.



		('000 tonnes)											
		1975				1976				1977			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Imports: (1)	BSC	6,116	5,858	4,639	4,460	5,338	6,663	6,828	6,087	5,694	5,654	5,887	4,542
	UK total	4,712	4,795	3,141	3,135	3,484	5,314	5,022	4,769	4,467	4,050	4,275	2,747
Manganese ore	BSC	133	80	56	56	75	39	135	201	125	65	54	33
	UK total	20	77	68	88	82	22	157	239	121	89	88	30
Pig iron	BSC	-	18	-	19	29	-	82	-	64	-	45	-
	UK total	27	23	-	38	29	-	82	73	-	41	-	32
Other iron and steel products	BSC	78	7	11	95	96	5	71	166	3	171	65	1
	UK total	1,163	847	809	966	1,093	949	894	1,214	856	998	917	1,013
Iron and steel scrap	BSC	45	35	8	-	21	118	149	80	58	12	3	2
	UK total	33	40	13	2	99	287	212	96	51	23	12	13

- (1) UK totals from Overseas Trade Statistics  
(2) Receipts at work  
(3) Includes sponge iron, iron and steel powders, shot, grit and wire pellets  
(4) Ingots, semi-finished and finished steel  
(5) Excludes ferro-alloys  
(6) As reported by producers  
(7) Excludes iron and steel alloy scrap in ingot form  
(8) Includes iron and steel alloy scrap in ingot form

Production	('000 tonnes)											
	1975				1976				1977			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Iron ore												
BSO	1,081	1,119	1,124	1,165	1,179	1,302	1,207	896	1,001	1,004	844	896
Other												
Total	1,081	1,119	1,124	1,165	1,179	1,302	1,207	896	1,001	1,004	844	896
Pig iron*												
(includes blast	3,736	2,859	2,505	2,740	3,200	3,670	3,284	3,495	3,274	2,969	3,097	2,638
furnace ferro-	103	81	59	48		41	83	58	84	58	53	59
alloys)	3,839	2,940	2,564	2,788	3,200	3,711	3,367	3,553	3,358	3,027	3,150	2,697
Crude steel												
BSO	5,401	4,047	3,694	4,076	4,783	5,045	4,366	4,867	4,712	4,280	4,374	3,916
Other	872	759	627	691	841	844	723	808	838	799	721	811
Total	6,273	4,836	4,321	4,768	5,624	5,885	5,089	5,675	5,550	5,039	5,095	4,727
Iron castings												
BSO	201	148	115	150	146	154	140	176	154	115	104	107
Other	703	563	481	642	619	568	497	664	656	565	495	599
Total	904	711	596	791	765	722	637	840	810	680	599	706

\*Excluding synthetic pig iron

BRITISH SHIPBUILDERS

I. ENUMERATION OF STATE TRADING ENTERPRISES

British Shipbuilders - building of ships and allied products

II. REASON AND PURPOSE FOR INTRODUCING AND MAINTAINING THE STATE TRADING ENTERPRISE

Under the Aircraft and Shipbuilding Industries Act 1977, which became law in March 1977, a public corporation - British Shipbuilders - was established and on 1 July 1977, ownership of approximately 30 main companies in the British shipbuilding and allied industries was transferred to the Corporation. As a result of this and of the subsequent acquisition by British Shipbuilders of certain shiprepair companies all of the British manufacturers of slow speed diesel marine engines, a major part of the shipbuilding industry and a significant part of the ship-repair industry have been taken into public ownership. The main statutory duties of the Corporation are:-

1. to promote and secure the promotion of its wholly owned subsidiaries of:
  - a) the efficient and economical design, development, production, sale, repair and maintenance of ships and slow speed diesel marine engines; and
  - b) research into matters relating thereto.
2. a) in carrying out its activities to have full regard to the requirements of national defence; and
- b) to secure that each of its wholly owned subsidiaries in carrying out its activities, has full regard to those requirements.

### III. DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISE

British Shipbuilders build ships for foreign flag registration and, as part of those ships, include marine engines and equipment. They also export marine engines and provide shiprepair services.

Imports of materials and equipment are for internal consumption.

Private sector manufacturers are free to compete with the Corporation on a commercial basis.

The quantity and price of exports and imports is largely a matter for the Corporation's commercial judgement, but exports will be very much influenced by international competition.

Contracts to construct ships are, by their nature, rather long-term and the Corporation is free to enter into such contracts. A significant part of British orders consists of contracts to build naval ships for the Government.

### IV. STATISTICAL INFORMATION

Not yet readily available.

### V. REASON WHY NO FOREIGN TRADE HAS TAKEN PLACE IN PRODUCTS AFFECTED

Not applicable

### VI. ADDITIONAL INFORMATION

Not applicable

BRITISH AEROSPACE

I. ENUMERATION OF STATE TRADING ENTERPRISES

British Aerospace - aerospace products

II. REASON AND PURPOSE FOR INTRODUCING AND MAINTAINING STATE-TRADING ENTERPRISES

The Aircraft and Shipbuilding Industries Act 1977 provided for the public ownership of the major part of the airframe and guided weapons manufacturing industries. The Act became law on 17 March 1977 and British Aircraft Corporation Ltd, Hawker Siddeley Aviation Ltd, Hawker Siddeley Dynamics Ltd and Scottish Aviation Ltd vested in British Aerospace on 29 April 1977. British Aerospace (BAe) is a public corporation established by the Act; its main duty as laid down by the Act is to promote:

- a) the efficient and economical design, development, production, sale, repair and maintenance of civil and military aircraft, of guided weapons and of space vehicles; and
- b) research into matters related thereto.

III. DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISES

The greater part of BAe's products are exported; any imports are for its internal consumption. There are no Governmental restrictions on the freedom of private manufacturers to compete with BAe on a commercial basis. The quantities to be exported or imported are a matter for BAe's own commercial judgement, as is the determination of its export prices. BAe's export prices are, to a large extent, dictated by those prevailing on the world market. The negotiation of long-term contracts is similarly a

matter for BAe's commercial judgement. A substantial part of BAe's non-export business is carried out under contracts with the Government.

IV. STATISTICAL INFORMATION

Not yet available

V. REASON WHY NO FOREIGN TRADE HAS TAKEN PLACE IN PRODUCTS AFFECTED

Not applicable

VI. ADDITIONAL INFORMATION

Not applicable

