GENERAL AGREEMENT ON
TARIFFS AND TRADE

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SUBSIDIES

Notifications Pursuant to Article XVI:1

CANADA

The following notification with respect to subsidies in agriculture has been received from the Permanent Mission of Canada. It covers subsidies paid during the fiscal crop years 1977-1978 and 1978-1979.

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I. GRAIN AND GRAIN PRODUCTS

Feed Freight Assistance Program

1. Nature and extent of the subsidy

(a) Background and authority

This program was instituted in 1941. The federal government authorized partial payment of the transportation costs incurred in shipping feed grains to British Columbia and Eastern Canada.

The freight assistance rates are set for various zones or regions based on the weighted average cost of transportation from the lakehead over the least cost route.

The program is administered by the Canadian Livestock Feed Board.

(b) Incidence

In 1976 some modifications were made in the level of the feed freight assistance.

The rates to British Columbia were reduced by $4.40 per tonne. In Ontario and Western Quebec the rates of assistance of $6.60 per tonne or less were eliminated while others were reduced by this amount. The rates of assistance

to Northern and Eastern Quebec and to the Atlantic provinces remained unchanged. The assistance was extended to cover the movement of Ontario corn into the northern and eastern regions of Quebec. The rates of assistance to British Columbia points were restored to their former levels on 12 May 1977.

(c) Amount of the subsidy

The expenditures on feed grain freight assistance during the crop year 1978-1979 were $14.5 million for the shipment of 2.29 million tonnes of grain compared with $11.6 million for the shipment of 1.78 million tonnes during the crop year 1977-1978.

(d) Estimated subsidy per unit

During the crop year 1978-1979, the average expenditure per tonne was $6.33 compared with $6.52 during the crop year 1977-1978.

2. Effect of the subsidy

The feed freight assistance program helps to reduce any disparities in feed costs to livestock producers across Canada by reducing the freight cost.

Reserve Stock Program

1. Nature and extent of the subsidy

(a) Background and authority

This program, established in 1974, was designed to make feed grains available in Quebec, Ontario, the Atlantic Provinces and British Columbia to feed grain buyers, millers and livestock feeders who are unable to obtain their usual supply of western feed grain due to dislocations in the transportation and handling system.

The reserve stocks Management Committee consisting of representatives of the Canadian Livestock Feed Board, the Canadian Wheat Board and the Canadian Grain Commission administers this program.

(b) Incidence

The federal government pays to the Wheat Board the carrying charges on the grain assigned to the reserve stock. No deliveries were made from these stocks during the crop year 1977-1978 as there were no major disruptions in the movements of domestic grain. However, during the crop year 1978-1979 two deliveries were made in April 1979 to a Newfoundland feed mill. Supplies held in Halifax were released due to the fact that heavy ice conditions delayed the opening of navigation by a few weeks and prevented the delivery of previously purchased grain.

(c) Amount of the subsidy

During the crop year 1978-1979, the carrying charges paid to the Canadian Wheat Board under the Reserve Stock Program were $1.76 million compared with $3.4 million for the crop year 1977-1978.

(d) Estimated amount per unit

The estimated amount paid for the carrying charges per tonne was approximately $1.63 for the crop year 1978-1979 compared with $1.31 for the crop year 1977-1978.

(e) Effects of the subsidy

The Reserve Stock Program assures the security of supplies for domestic feed grain users and guarantees delivery through normal commercial channels.

Local Feed Grain Security Program

1. Nature and extent of the subsidy

(a) Background and authority

This program, announced in March 1978, is designed to assist the development of grain storage at feed mills in grain deficient areas of eastern Canada and British Columbia. The federal government will pay storage and interest charges on any additional grain stocks resulting from new storage capacity built by feed mills.

The program is administered by Agriculture Canada in collaboration with the Canadian Livestock Feed Board.

(b) Incidence

Agriculture Canada under this program will provide financial assistance to any commercial establishment producing formula feeds for livestock and poultry in grain deficient areas and selling at least 500 tonnes of such feeds per year. Eligible feed mills may claim a subsidy for the carrying charges on a quarterly basis provided they construct new storage space and show they are holding higher stocks than in previous years.

Assistance under this program may not exceed the point at which additional inventories are equivalent to the new storage space created or the point at which additional inventories reach a level of 1,100 tonnes, whichever is less. However, any planned expansion of less than 65 tonnes of storage space will not be eligible for assistance under this program.

This program is available for grain inventories carried in storage facilities constructed between 1 April 1977 and 31 March 1984. Those who qualify for assistance prior to 31 March 1980 may be eligible for quarterly carrying charges on the additional inventories for a five-year period. Those qualifying after that date will receive less total assistance since no payment will be made after 31 March 1985. Applications will not be accepted after 31 March 1984.

(c) Amount of subsidy

In 1978-1979, a total of $14,000 was contributed by the federal government for the realization of five projects under the Local Feed Grain Security Program.

(d) Estimated amount per unit

The estimated amount per project is approximately $2,800.

(e) Effect of the subsidy

This program should encourage the feed industry to increase its local stocks which in turn will benefit livestock producers in areas where local grain production is insufficient to meet the needs of the livestock and poultry industries.

Inland Elevator Programs

1. Nature and extent of the subsidy

(a) Background and authority

Two programs announced in June 1978 are designed to assist the development of grain storage at inland elevators in grain deficient areas of eastern Canada[1] and British Columbia. They involve both the construction of new elevators and improvement of storage capacities in existing ones.

The programs are administered by Agriculture Canada in collaboration with the Canadian Livestock Feed Board.

(b) Incidence

Agriculture Canada, under the New Inland Elevator Program, will provide $10 million in financial assistance to elevator operators constructing new inland elevator facilities in feed grain deficient areas.

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[1] All the Atlantic Provinces, Quebec and certain specified parts of Ontario.

Eligible operators will receive a contribution of either $500,000 or 50 per cent of the eligible capital costs, whichever is less. Forty per cent of the contribution will be repaid in the fourth to tenth years of operation.

This program is expected to run for a period of five years, ending 31 March 1983.

Under the Expansion of Existing Inland Elevators Program, Agriculture Canada will provide up to $5 million in financial assistance to eligible firms to expand feed grain storage capacity in feed grain deficient areas.

Eligible firms will receive a contribution of either $150,000 or 30 per cent of capital costs for expansion, whichever is less.

This program is expected to be run for a period of four years, ending 31 March 1982.

(c) Amount of the subsidy

In 1978-1979, a total of $239,715 was distributed by the federal government. $56,254 was allocated for the realization of two projects under the New Inland Elevator Program and $183,461 for the realization of two projects under the Expansion of Existing Inland Elevators Program.

(d) Estimated amount per unit

The amount per project distributed in 1978-1979 for the New Inland Elevator Program was $28,127 and $91,730 for the Expansion of Existing Inland Elevators Program.

(e) Effect of the subsidy

These programs should encourage the development of an additional estimated 140,000 tonnes of storage and handling capacity and the development of additional grain storage capacity and larger feed grain inventories in areas where local grain production is insufficient to meet the needs of the livestock and poultry industries.

Feed Freight Assistance Adjustment Fund for Ontario

1. Nature and extent of the subsidy

(a) Background and authority

The fund was established to compensate Ontario for the removal of feed freight assistance for the shipment of feed grains from Western Canada to Ontario. It was announced in June 1977.

Two programs were designed to improve the production and utilizat of feed grain in Ontario by offering incentives for capital expenditur

Under the terms of the Canada-Ontario Agreements the programs are administered by the province of Ontario in collaboration with Agriculture Canada.

(b) Incidence

Agriculture Canada, under the Grain Storage, Handling and Feed Preparation Program will provide $13.5 million to producers to improve feed grain production and utilization.

Eligible producers will receive a contribution equivalent to 30 per cent of the eligible expenditures to a maximum of $1,500 per producer.

Under the Innovator Incentive Program, Agriculture Canada will provide $1 million to producers to encourage the purchase of new equipment or machinery or the use of new techniques.

(c) Amount of the subsidy

During the 1978-1979 fiscal year, the amount of assistance paid to farmers under the Grain Storage Handling and Feed Preparation Program was $4.9 million compared with 4.8 million for the fiscal year 1977-1978. Under the Innovator Incentive Program, $17,000 was paid for the fiscal year 1978-1979 compared with $49,000 for the fiscal year 1977-1978.

(d) Estimated amount per unit

Under the Grain Storage, Handling and Feed Preparation Program during the 1978-1979 fiscal year, an average of $1,024 per farm was paid compared with $1,082 for the fiscal year 1977-1978. Under the Innovator Program, an average of $5,829 was paid for the fiscal year 1978-1979 compared with $6,155 for the fiscal year 1977-1978.

(e) Effect of the subsidy

These programs should encourage the development of permanently installed structures and equipment for the on farm storage, handling and processing of grain and livestock feed and should also encourage energy conservation, labour savings, feed production or feed utilization efficiency in Ontario.

Feed Freight Assistance Adjustment Fund for Quebec

1. Nature and extent of the subsidy

(a) Background and authority

The fund was established to compensate Quebec for the removal of feed freight assistance for the shipment of feed grains from Western Canada to Western Quebec. It was initiated in April 1978. Four programs were designed to improve the livestock feed production capacity in the province of Quebec.

Under the terms of the Canada-Quebec Agreement, the programs are administered by the province of Quebec in collaboration with Agriculture Canada.

(b) Incidence

The Federal Government allocated a total of $33.5 million to Quebec programs for the 1978-79 fiscal year.

The assistance under the Canada-Quebec Agreement is as follows:

Program 1: On-farm grain storage

- Grain bins	50 per cent of cost; maximum of $27 per cubic metre of capacity.
- Aeration systems	75 per cent of cost; $500 maximum per unit.
- Corn cribs	$30 per metre; maximum of $1,000 per crib.

Program 2: Grain harvesting equipment

- Combines	30 per cent of purchase cost; maximum of $12,000; payable to groups of 3 or more producers only in the regions of Lower St. Lawrence-Gaspé, Saguenay-Lake St. John, Quebec, North-west, Quebec City region.

Program 3: Forage conservation

- Silos	30 per cent of cost; maximum of $5,000 per silo.
- Hay driers	75 per cent of cost; maximum of $500 per unit.

Program 4: Seed quantity and quality improvement

Capital assistance to improve or expand establishments authorized under the Canada Seeds Act; 50 per cent of eligible project costs to a maximum of $250,000.

(c) Amount of the subsidy

The total amount paid by the Federal Government was $6.7 million during the fiscal year 1978-79. $3 million was paid under the first program, $26,000 under the second, $3 million under the third, but none was allocated under the fourth program.

(d) Estimated amount per unit

Program 1: $1,494

Program 2: $3,286

Program 3: $1,285

Program 4: $0

(e) Effect of the subsidy

These programs should encourage the development of permanently installed structures and equipment for the on-farm storage, handling and processing of grain and livestock feed in Quebec.

Cash advances on farm stored grains

1. Nature and extent of the subsidy

(a) Background and authority

The Prairie Grain Advance Payments Act, 1970 allows cash advances to be made in direct relationship to anticipated grain deliveries for the crop year and ensure repayment at the same rate when the grain is delivered. These cash advances are, in effect, a prepayment of a portion of the initial payments guaranteed by the Government on the basic grades of wheat, oats and barley when delivered by producers.

(b) Incidence

Advances are made for farm held grain to be repaid on delivery of the grain to the Canadian Wheat Board. The advance and repayment provisions are related to the delivery opportunities to afford the producers a better chance to repay. The maximum advance in 1977-78 was $15,000 per individual permit holder based on minimum quota levels of each grain as announced each year. The time-limit of the advance is variable as repayment must begin as soon as Canadian Wheat Board elevator space becomes available. The Governor-in-Council is also empowered to provide emergency payments to a maximum of $7,500.

Rates of advance for 1977-78:

Wheat $73 per tonne, to a maximum of 245 kilograms per acre

Barley $48 per tonne, to a maximum of 185 kilograms per acre

Oats $50 per tonne, to a maximum of 330 kilograms per acre

Rates of advance for 1978-79:

Wheat $73 per tonne, to a maximum of 220 kilograms per acre

Barley $50 per tonne, to a maximum of 260 kilograms per acre

Oats $49 per tonne, to a maximum of 80 kilograms per acre

Advances made to producers by the Canadian Wheat Board totalled $119.1 million in 1977-78 and $107.6 million in 1978-79.

(c) Amount of the subsidy

Interest costs paid by the Federal Government for the 1977-78 crop year amounted to $3.5 million. Payments for defaulted accounts were made for 1977-78 totalling $33,983. Interest costs for the 1978-79 crop year are estimated at $6.6 million. Payments for defaulted accounts in 1978-79 are estimated to be $33,000.

No emergency payments were enacted during 1977-78.

(d) Estimated amount per unit

Not applicable.

2. Effect of the subsidy

As a result of this program, farmers are able to obtain a portion of the price for their grain when delivery opportunities are restricted rather than having to borrow money at commercial interest rates and millions of dollars are put into circulation during periods when the cash flow to the grains sector of the economy would otherwise be seriously restricted due to reduced marketing.

Initial payments

1. Nature and extent of the subsidy

(a) Background and authority

Under the terms of the Canadian Wheat Board Act, initial payments on the basic grades of wheat, oats and barley are established each crop year by the Government having regard to current and prospective market demand and to any other circumstances which may render a specific lev of initial payments advisable. These initial payments are, in effect, Federal Government guaranteed floor prices, since any deficit incurred by the Canadian Wheat Board in its marketing operations is paid by the Government, i.e., if the sales price obtained by the Board is insufficient to cover its operating costs plus the initial payment already received by producers, the deficit is met by the Government.

(b) Incidence

Very few payments have been necessary to cover deficits during the thirty years of operation. When a deficit occurs, the Government payment is made to the Canadian Wheat Board, but the ultimate benefit goes to the producers in the Wheat Board designated area who have grown the grain in the particular pool.

(c) Amount of the subsidy

No payments were necessary for the pool account in crop years 1977-78 and 1978-79.

(d) Estimated amount per unit

Not applicable.

2. Effect of the subsidy

When operative, this subsidy helps to cushion to some extent the effects of very low prices for grain that may prevail during the period of the pool's operation.

Two price wheat program

1. Nature and extent of the subsidy

(a) Background and authority

This program was designed to protect Canadian consumers from unusually high international wheat prices and to protect Canadian wheat producers from abnormally low wheat prices for the quantitites consumed domestically. For the period from August 1977 to November 1978, the program established a guaranteed floor price of $130.44 per tonne and a guaranteed maximum price of $183.72 per tonne for top grade milling wheat for domestic human consumption. For durum wheat the minimum level of $130.44 per tonne also applied but the maximum price was $211.28 per tonne.

Although new minimum and maximum domestic price levels have been maintained since 1 December 1978, the Government has announced that no subsidies will be paid for deliveries after that date.

This program was carried out under authority of the Two Price Wheat Act of 1975 and regulations under the Canadian Wheat Board Act. The Government has announced its intention to repeal the Two Price Wheat Act retroactive to 1 December 1978.

(b) Incidence

During the period from August 1977 to November 1978 the Government paid producers the difference between the price they could expect for export sales and the fixed maximum domestic price to a maximum of $64.30 per tonne.

(c) Amount of the subsidy

For wheat delivered during the August 1977 to July 1978 crop year government expenditures totalled $35.9 million. Government expenditures for deliveries during the August to November 1978 period (before the program was discontinued) totalled $25.4 million.

(d) Estimated subsidy per unit

The The average per unit payment during the 1977-78 crop year was $18.37 per tonne. For the August to November 1978 period, the average per unit payment was $13.33 per tonne.

2. Effect of the subsidy

Canadian consumers were protected from the effects of high international wheat prices. Canadian wheat producers received the equivalent of the export price for wheat consumed domestically when export prices were higher than the maximum fixed domestic price.

Western grain stabilization

1. Nature and extent of the subsidy

(a) Background and authority

The Western Grain Stabilization Act was enacted in 1976 to stabilize the incomes of grain farmers in Western Canada by insuring them against serious reductions in cash flow. The Program was introduced to apply to six major grains: wheat, oats, barley, rye, flax and rapeseed, with provision to add others later, which are grown in the area of Western Canada designated under the Canadian Wheat Board Act. Mustard seed was added in 1977.

Participation by producers is voluntary, but is limited to those engaged as actual producers of the prescribed grains. Stabilization payments to participants are to be made when net cash flow in any year over the designated area falls below the average of the previous five years. In aggregate, payments will be approximately equal to the difference between these two amounts. Net cash flow is determined by calculating the difference between overall cash receipts for the grain sold and the related cash costs of producing it.

(b) Incidence

Payments are to be made to producers from a fund made up of contributions by participants and the Federal Government. Each producer's share of the payment for any year will be directly proportional to his contributions to the Program. The stabilization fund was established on the basis that a 6 per cent base (2 per cent of gross receipts from producers and 4 per cent from the Federal Government) will be self-sustaining over a period of 20 years. If payments are to be made in years when the fund is in deficit, the Federal Government will loan funds to cover the payment. The loan will then be repaid from the fund, with interest, during the following years when the fund returns to a surplus position.

(c) Amount of the subsidy

During calendar year 1977 the Government contributed $58.5 million into the stabilization fund and producers contributed $29.2 million. Under the 1977 program, the fund paid producers a total of $115 million and for 1978 production the payments to producers totalled $253 million.

(d) Estimated subsidy per unit

The payout for the 1978 crop represents a return of $3.13 for each $1.00 collected from producer levies. Producers who contributed to the maximum individual levy of $500 in each of 1976, 1977 and 1978 received a total payment of $4,697 with respect to their 1978 crop.

2. Effect of the subsidy

This program provides significant economic benefit for farmers and the grains industry in Western Canada by protecting grain producers from severe fluctuations in cash flow.

Grain stabilization

1. Nature and extent of the subsidy

(a) Background and authority

Under the Agricultural Stabilization Act deficiency payments were made for the 1977 crop for grain corn, barley produced outside the designated area as defined in the Canadian Wheat Board Act, and wheat produced in Eastern Canada. No payments were necessary for the 1978 crop.

(b) Incidence

Each of these crops was supported at 90 per cent of the previous five year weighted average market price indexed for changes in cash costs of production.

(c) Amount of the subsidy

Payments to date for the 1977 crops total $11.7 million for corn, $310,870 for barley and $24.1 million for eastern wheat (winter wheat).

(d) Subsidy per unit

The deficiency payment rates were: $5.51 per tonne for grain corn, $7.35 per tonne for barley and $31.97 per tonne for eastern wheat.

2. Effect of the subsidy

These deficiency payments stabilized returns to growers in the face of low market prices.

II. OILSEED PRODUCTS

Freight assistance for prairie rapeseed processors

1. Nature and extent of the subsidy

(a) Background and authority

This program was instituted in 1976 to provide financial assistance for the development of the rapeseed processing industry and to mitigate the effect of impending freight rate increases for prairie rapeseed processors.

(b) Incidence

Originally, it was designed to compensate six rapeseed crushing plants on the prairies for higher freight rates charged by the railways for rapeseed products as compared to unprocessed rapeseed. However, since then more plants and companies have benefited from the assistance program. The assistance is paid on rapeseed oil and meal moving east and west from the prairies for domestic use and export.

(c) Amount of the subsidy

For fiscal year 1978-79, $3.8 million was paid as follows:
$1.2 million for the movement of rapeseed oil to Eastern Canada;
$1.8 million for the movement of rapeseed meal to Eastern Canada;
$0.4 million for the movement of rapeseed oil to British Columbia; and
$0.4 million for the movement of rapeseed meal to British Columbia.

For the fiscal year 1977-78, $2.5 million was paid as follows:
$0.6 million for the movement of rapeseed oil to Eastern Canada;
$1.4 million for the movement of rapeseed meal to Eastern Canada; and
$0.5 for the movement of rapeseed meal to British Columbia.

(d) Estimated subsidy per unit

For fiscal year 1978-79:

Rapeseed oil to Eastern Canada: $11.07 per tonne

Rapeseed meal to Eastern Canada: $9.83 per tonne

Rapeseed oil to British Columbia: $3.76 per tonne

Rapeseed meal to British Columbia: $10.19 per tonne

For fiscal year 1977-78:

Rapeseed oil to Eastern Canada: $7.33

Rapeseed meal to Eastern Canada: $10.89

Rapeseed oil to British Columbia: —

Rapeseed meal to British Columbia: $10.18

2. Effect of the subsidy

This program has reduced the transportation cost for the movement of processed rapeseed from the prairies to other regions of Canada.

III. DAIRY PRODUCTS

1. Nature and extent of the subsidy

(a) Background and authority

The Canadian Dairy Commission was established by the Canadian Dairy Commission Act in 1966. The Commission's responsibilities include the purchase and disposal of products, the making of direct payments to producers, the investigation of any matter relating to the dairy industry, the promotion of dairy products and other related activities. Since 1970 the Commission has added to its operations the administration of a federal-provincial supply management program under which each producer has a share of the available market. Under the Act, dairy support programs are funded by the Agricultural Stabilization Board under the Agricultural Stabilization Act, R.S.C. 1970.

(b) Incidence

Federal dairy stabilization policy consists of supporting the market price of butter and skim milk powder through an offer-to-purchase program and making direct subsidy payments under a quota system to farmers for milk and cream used for the manufacture of dairy products. In order to finance the Commission's losses on skim milk powder exports, a levy system is applied against an eligible producer's entire deliveries of milk.

(c) Amount of subsidy and per unit estimate

(i) Direct manufacturing milk subsidy payments

In 1977-78 and 1978-79 the rate of direct subsidy payments to producers was $6.03 per hectolitre of milk.

Direct subsidy payments on manufacturing milk and cream by the Commission to dairy producers in fiscal year 1977-78 amounted to about $260 million. The Government of Canada has budgeted an equivalent amount for direct subsidy payments to producers for the 1978-79 dairy program.

(ii) Market operations

Between April 1977 and January 1978, the Canadian Dairy Commission supported the price of butter at $2.60 per kilogram and the price of skim milk powder at $1.54 per kilogram through an offer to purchase program. In January 1978, the support prices of butter and skim milk powder were raised by 8.8 cents and 4.4 cents per kilogram respectively. For the 1977-78 program, the Federal Government paid about $18.5 million for expenses related mainly to the financing, storage, freight and handling of purchased and stored dairy products. It also provided about $3.5 million to meet some of the costs of exporting surplus dairy products.

The Canadian Dairy Commission was authorized by the Government of Canada to increase the support price of butter on 13 April 1978 from $2.69 to $2.80 per kilogram, and of skim milk powder from $1.59 to $1.63 per kilogram. Transportation, storage and interest costs in 1978-79 were budgeted at $24.8 million.

2. Effect of the subsidies

A fundamental objective of the Canadian dairy support program is to provide milk producers with the opportunity of obtaining a fair return for their labour and investment and to provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality. In the period since 1975-76 depressed international prices particularly of skim milk powder have led to large export assistance costs for the removal of surplus products. Government assistance in 1978-79 in meeting some export costs means that producer levies which are used to defray export expenses can remain at lower levels than would otherwise have been necessary.

IV. CATTLE

1. Nature and extent of the subsidy

(a) Background and authority

In January 1977, beef cows in calf were designated for support under the Agricultural Stabilization Act. This program was designed to assist producers in maintaining production levels despite depressed market prices.

(b) Incidence

The support level was designated at 95 per cent of the previous five year average of market returns indexed for changes in the cash costs of production. Claims under this one year program were paid on the basis of the number of cows verified in calf as of 1 April 1977.

(c) Amount of subsidy

Federal payments made to date total $24.6 million.

(d) Subsidy per unit

Beef cow-calf operators received $10.27 per bred cow not enrolled in a provincial program and $5.14 per bred cow enrolled in a provincial program. A maximum of 95 bred beef cows per producer were eligible for payment.

2. Effect of the subsidy

This program provided price stabilization for beef calf producers suffering from low market returns at a time when input costs were rising.

V. FRUITS AND VEGETABLES

1. Nature and extent of the subsidy

(a) Background and authority

The 1978 crop of eastern potatoes and white beans were designated for support under the Agricultural Stabilization Act.

Under the same Act the 1977 crop of sweet cherries, British Columbia apricots, eastern potatoes, white beans, McIntosh apples produced in Quebec, yellow seed onions and sugar beets were designated.

Each of these products were supported at prices equivalent to 90 per cent of the previous five year average market price.

(b) Incidence

Deficiency payments were made directly to producers for the difference between the average market price and 90 per cent of the previous five year average market price for each product.

(c) Amount of the subsidy

Payments to date under this program for each commodity have been:

(i) For 1978

Eastern Potato	:	$3.02 million
White Beans	:	$3.2 million

(ii) For 1977

Sweet Cherries	:	$440,407
British Columbia Apricots	:	69,704
Quebec McIntosh Apples	:	$3.2 million
White Beans	:	$1.9 million
Eastern Potatoes	:	$21.0 million
Yellow Seed Onions	:	$4.5 million
Sugar Beets	:	$1.1 million

(d) Subsidy per unit

For 1978, the deficiency payment rates were 0.9 cents per kilogram for eastern potatoes and 68.78 per tonne for white beans. For 1977, the deficiency payment rates were 6.2 cents per kilogram for sweet cherries, 3.3 cents per kilogram for British Columbia apricots, 4.3 cents per kilogram for Quebec McIntosh apples, 5.9 cents per kilogram for white beans, 3.2 cents per kilogram for eastern potatoes for table use, compared with 2.3 cents per kilogram for eastern potatoes for the processing or seed market, 6.0 cents per kilogram for yellow seed onions and $1.06 per standard tonne for sugar beets.

2. Effect of the subsidy

These deficiency payments stabilized returns to the producers of these products when market prices were depressed.

VI. GENERAL

Crop Insurance

1. Nature and extent of the subsidy

(a) Background and authority

The Crop Insurance Act, of 1970 enables the Federal Government to enter into agreement with any province to make contributions towards the premium costs of operating costs of that province's insurance scheme. Risk-sharing agreements can also be made by way of loans or reinsurance of part of the provinces' liability whenever indemnities greatly exceed premiums and reserves.

(b) Incidence

In 1978-79, shared-cost agreements were operative with all ten provinces. Four provinces received contributions of 25 per cent of total premium costs and 50 per cent of the administrative costs. The remaining provinces received 50 per cent of the total premium costs and paid their own administrative costs. In all provinces the individual farmer pays only 50 per cent of the total premium.

(c) Amount of the subsidy

The Federal Government contributed $72.8 million for the 1977-78 fiscal year and $75.0 million for the 1978-79 fiscal year (1 April to 31 March).

(d) Subsidy per unit

Not applicable.

2. Effect of the subsidy

This program encourages production by sharing with farmers the financial risk of extensive crop loss due to natural hazards.

Grain Supply and Distribution
('000 tonnes)

Commodities	Crop Year (1 Aug-31 July)	Beginning stocks	Production	Imports	Domestic disappearance	Exports	Ending stocks
Wheat	1976-77	7,979	23,587	-	4,841	13,407[1/]	13,318
	1977-78	13,318	19,862	-	5,066	15,997[1/]	12,117
	1978-79	12,117	21,145	-	5,186	13,061[1/]	15,015
Oats	1976-77	1,231	4,831	-	4,241	493	1,328
	1977-78	1,328	4,303	-	3,858	90	1,683
	1978-79	1,683	3,621	24	3,798	14	1,516
Barley	1976-77	2,764	10,513	-	6,260	3,799	3,218
	1977-78	3,218	11,799	-	6,219	3,590	5,208
	1978-79	5,208	10,387	-	6,885	3,837	4,873
Corn	1976-77	130[2/]	3,771	742	4,328	181	134[2/]
	1977-78	134[2/]	4,197	467	4,298	325	180[2/]
	1978-79	180[2/]	4,026	757	4,553	193	217[2/]
Rye	1976-77	310	439	-	238	168	342
	1977-78	342	406	-	202	271	275
	1978-79	275	605	-	217	154	509
Rapeseed	1976-77	1,049	837	-	669	1,018	199
	1977-78	199	1,973	-	827	1,020	325
	1978-79	325	3,497	-	1,090	1,720	1,012
Flaxseed	1976-77	381	277	-	113	333	212
	1977-78	212	650	-	126	266	470
	1978-79	470	572	-	171	494	377

[1/] Wheat and flour exports.

[2/] Commercial stocks only.

Source: Market Commentary, Grains and Oilseeds, December 1978, 1979. Agriculture Canada.

Milk Products - Supply and Distribution
(metric tonnes)

Commodities	Calendar year	Beginning stocks	Production	Imports	Domestic disappearance	Exports	Ending stocks
Creamery Butter (tonne)	1976	34,316	114,091	16	116,980	6,537	24,906
	1977	24,906	113,265	17	105,728	3,730	28,730
	1978	28,730	102,539	3,578	105,653	914	28,280
Cheddar Cheese (tonne)	1976	29,642	78,007	--	81,702	947	25,000
	1977	25,000	80,359	--	76,621	739	27,999
	1978	27,999	80,535	--	79,211	630	28,693
Evaporated Whole Milk (kilolitre)	1976	13,824	83,430	--	85,449	92	11,713
	1977	11,713	111,672	--	92,113	20,257	11,015
	1978	11,015	132,527	--	101,762	33,042	8,738
Condensed Whole Milk (kilolitre)	1976	383	6,700	--	6,567	--	516
	1977	516	8,156	--	8,074	--	598
	1978	598	8,815	--	8,740	--	673
Skim Milk Powder	1976	149,394	158,950	--	65,095	98,166	145,083
	1977	145,083	157,146	--	79,509	166,499	56,221
	1978	56,221	130,368	--	21,709	123,299	41,581

Source: Dairy Review, Statistics Canada

('000 tonnes)

Calendar year	Beginning stocks	Production	Imports	Total supply	Domestic disappearance	Exports	Ending stocks
1976	22,560	1,111,907	141,370	1,275,837	1,182,424	58,267	35,146
1977	35,146	1,095,102	86,950	1,217,198	1,140,894	50,718	25,586
1978	25,586	1,022,795	97,285	1,145,666	1,075,081	44,218	26,367

Veal Supply and Distribution

('000 tonnes)

Calendar year	Beginning stocks	Production	Imports	Total supply	Domestic disappearance	Exports	Ending stocks
1976	1,521	50,456	1,872	53,849	51,389	306	2,154
1977	2,154	47,807	2,232	52,193	50,483	317	1,393
1978	1,393	37,338	4,747	43,478	41,447	399	1,632

Source: Livestock and Animal Products Statistics, 1978
Statistics Canada - Agriculture Division

Fruits and Vegetables - Supply and Distribution

(in metric tonnes)

Commodity	Crop year[1]	Production	Imports	Fresh exports	Processed	Available for fresh use[2]	Waste
Apples	76-77	409,174	78,943	48,792	175,939	212,792	50,594[3]
	77-78	411,423	63,395	54,137	204,778	171,404	44,499[3]
	78-79	451,939	78,51	49,288	205,148	222,738	53,284[3]
Apricots	76-77	2,799[4]	724	42	1,031[5]	2,450	-
	77-78	2,636[4]	717	16	1,354[5]	1,983	-
	78-79	2,527[4]	901		1,600[5]	1,828	-
Cherries (sweet and sour)	76-77	13,573	9,042	7	6,874	15,734	-
	77-78	17,201	4,649	1	10,251	11,598	-
	78-79	14,474	6,938		8,438	12,974	-

[1] Crop year: 1 July to 30 June.

[2] May also include fresh imports for processing.

[3] Waste: 20 per cent of production plus 5 per cent of imports minus 20 per cent of processed.

[4] British Columbia only.

[5] Includes fresh imports for processing. No imports were processed in 1978-9 and possibly in 1975-6 to 1977-8.

Source: Market Commentary - Horticulture and Special Crops - December 1978, 1979. Agriculture Canada.

Fruits and Vegetables - Supply and Distribution

(in metric tonnes)

Commodity	Crop year	Production	Imports	Exports	Processed	Available for fresh use	Shrinkage	Used for seed
Beans Dried	76-77[1]	90,709	5,404	79,535		16,578[2]		
	77-78[1]	50,200	12,853	36,666		26,387[2]		
	78-79	85,800	8,947	51,528		43,219[2]		
Onions	76-77[3]	86,566	73,164	13,081	2,692[4]	143,957		
	77-78[3]	107,446	53,883	10,705	2,408[4]	148,216		
	78-79[3]	134,168	46,339	21,811	2,920			
Potatoes	76-77[3]	2,345,480	229,375[5]	193,789[5]	661,956[4]	886,226	506,583[6]	251,109
			20,538	95,730				
	77-78[3]	2,493,350	165,651[5]	44,351[5]	746,945[4]	1,014,725	526,607[6]	249,204
			20,593	97,762				
	78-79[3]	2,495,680	150,735[5]	47,138[5]	785,709		521,746[6]	255,500
			14,722	90,168				

[1] Crop year: 1 August to 31 July.

[2] Domestic use only.

[3] Crop year: 1 July to 30 June.

[4] Also includes fresh imports for processing (if any).

[5] The first number is table potatoes, the second one is seed potatoes.

[6] 20 per cent of production plus 15 per cent of imports.

Sugar[1] Supply and Distribution

(in metric tonnes)

Commodity	Calendar year	Beginning stocks	Production	Imports	Domestic disappearance	Exports	Ending stocks
Sugar (tonnes, raw value)	1976	356,353	156,310	940,778	964,182	53,556	435,703
	1977	435,703	154,725	1,118,470	1,112,291	145,180	451,427
	1978	451,427	122,786	1,083,333	1,099,214	136,321	422,011

[1]Raw value - 96° polarization.

Source: Market Commentary - Horticulture and Special Crops - December 1978/79. Agriculture Canada.