

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

L/4933/Add.7
15 August 1980

Limited Distribution

Original: English

STATE TRADING

Notification Pursuant to Article XVII:4(a)

UNITED KINGDOM

The following communication, dated 30 July 1980, has been received from the Permanent Mission of the United Kingdom.

A notification from the United Kingdom is reproduced hereunder. It covers the activities of the National Coal Board, the British Steel Corporation, British Shipbuilders and British Aerospace.

A. 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 as a public corporation in 1946 when the coal industry was nationalised. Its main duties are set out in 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 Section 36(2) of the 1946 Act, as amended by Section 46 of the Opencast Coal Act 1958, the Board may grant licences to others for the working and getting of:-

- (a) coal from small mines in which the number of persons 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 opencast sites which are unlikely to yield substantially more than 25,000 tonnes.

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.

Imports during 1979 amounted to 4.4m tonnes. The prices and terms of contracts 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.

IV. STATISTICAL INFORMATION

See Annex I.

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

Not applicable - see Annex I.

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.

ANNEX I

STATISTICS OF COAL TRADE AND PRODUCTION

	Tonnage ('000 tonnes)			Value (£'000)		
	1977	1978	1979	1977	1978	1979
(a) Imports	2,439	2,353	4,375	79,331	77,014	137,615
(b) Re-exports	..	..	..	..	..	..
(c) (i) Total exports	1,941	2,266	2,339	43,727	51,522	62,374
(ii) Exports from non-vested (licensed) mines and opencast sites included in (c) (i)	..	..	..	..	..	..
(d) (i) Total home production	107,123	107,528	107,774	2,197,093	2,436,584	2,823,679
Deep mined	1,476	1,882	1,732	3,108	3,903	4,120
Recovered slurry	13,551	14,167	12,862	287,552	329,584	346,760
Opencast	122,150	123,577	122,368	2,487,753	2,770,011	3,174,559
Total	998	920	900	20,767	21,033	23,819
(ii) Production from licensed mines * included in (d)(i)						

* including licensed opencast mines

B. 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) Acts of 1976 and 1978 which consolidate 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 for deliveries within the Community

and international regulations on quotas. Prices for exports to countries outside the European Community 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.

IV. STATISTICAL INFORMATION

Not yet available.

C. 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 by 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 UK and foreign flag registration. They also build marine engines and provide ship-repair 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. Orders for ships are determined 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

See Annex II. Since British Shipbuilders was only formed in 1977 figures relating to British Shipbuilders in 1977 refer only to the period July to December.

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

Not applicable.

VI. ADDITIONAL INFORMATION

Not applicable.

ANNEX II
SHIPBUILDING STATISTICS

TABLE I

Production of Merchant Ships: Completions in UK shipyards

	Number of Vessels		Gross Tonnage ('000 GRT)	
	Total United Kingdom	British Shipbuilders	Total United Kingdom	British Shipbuilders
1977	104	24*	1,007	450*
1978	96	56	1,135	715
1979	95	53	707	547

* July to December

TABLE II

Exports of Merchant Ships: Completions in UK yards for Overseas Registration

	Number of Vessels		Gross Tonnage ('000 GRT)		Value (£ mn)	
	Total United Kingdom	British Shipbuilders	Total United Kingdom	British Shipbuilders	Total United Kingdom	British Shipbuilders
1977	25	9*	410	295*	134.1	89.5*
1978	27	20	396	393	133.9	129.6
1979	27	18	243	240	122.1	114.7

* July to December

TABLE III

Imports of Merchant Ships: Completions abroad for UK Registration

	Number of Vessels	Gross Tonnage ('000 GRT)	Value (£mn)
1977	57	1,136	530.1
1978	46	798	457.1
1979	42	430	327.2

TABLE IV

Shiprepair: Value of Work Done on UK Vessels (£mn)

	Merchant Vessels		Naval Vessels
	Total United Kingdom	British Shipbuilders	United Kingdom
1977	183.0	36.5*	283.0
1978	179.5	63.0	294.5
1979 (January - June)	89.3	34.1	187.2

* July to December

TABLE V

Marine Engines⁽¹⁾: Value of Production, Imports and Exports (£mn)

	Production		Imports ⁽²⁾	Exports
	Total United Kingdom	British Shipbuilders		
1977	49.8	12.9*	10.6	49.1
1978	37.7	29.6	21.0	41.0
1979 (Jan-June)	21.6	16.3	3.5	19.6

* July to December

(1) Diesel Propulsion Machinery

(2) Including imports for re-export

D. 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 restriction 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

See Annex IV

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

Not applicable.

VI. ADDITIONAL INFORMATION

The British Aerospace Act 1980 provides that, on a day to be appointed, the whole business of British Aerospace, as a statutory corporation, will be transferred to a private sector company governed by the Companies Act 1948. We will inform the GATT Secretariat of this transfer.

ANNEX III
AEROSPACE STATISTICS

TABLE I

Exports (£mn)

	Total United Kingdom*	British Aerospace**
1976	511	Not applicable
1977	925	536
1978	1,090	487

* Excludes services overseas
** Includes services overseas

TABLE II

Imports (£mn)

	Total United Kingdom	British Aerospace
1976	531	Not applicable
1977	629	Not available***
1978	325	Not available***

*** Although this figure is not available, it would be small in relation to national imports.

TABLE III

Gross Sales ϕ

	Total United Kingdom ϕ *	British Aerospace ϕ **
1976	1,828	Not applicable
1977	1,907	860
1978	2,097	804

ϕ Gross Sales - Production plus Development Work
* Excludes Services Overseas
** Includes Services Overseas

