

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## SUBSIDIES

### Notifications Pursuant to Article XVI:1

#### CANADA

The following notification has been received from the Permanent Mission of Canada.

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The following notifications cover expenditures during the fiscal or crop year 1982-83. It is not clear to what extent such programmes constitute subsidies within the meaning of Article XVI:1 and whether an obligation exists to notify them given that their primary objectives are not trade related. In the spirit of openness, however, and out of recognition of the need for greater transparency in the use of subsidies which may have an effect on trade, Canada is notifying the following programmes within the spirit of Article XVI:1.

#### 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 from the Prairie Provinces to British Columbia and part of Eastern Canada.

The program is administered by the Canadian Livestock Feed Board.

###### (b) Incidence

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

(c) Amount of the Subsidy

Expenditures on feed grains freight assistance during the crop year 1982-83 were \$13.8 million for the shipment of 1.7 million tonnes of grain.

Expenditures by Province are as follows:

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Province	Expenditure (in \$)
Yukon and North West Territories	12,944
British Columbia	5,256,859
Ontario	114,129
Quebec	2,978,156
New Brunswick	1,558,390
Nova Scotia	2,213,534
Prince Edward Island	344,728
Newfoundland	1,310,826
<b>TOTAL</b>	<b>13,789,566</b>

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(d) Estimated Subsidy Per Unit

During the 1982-83 crop year, the average expenditure per tonne was \$8.02.

2. Effect of the Subsidy

The feed freight assistance program reduces the freight cost of transporting feed grains to eligible areas.

## 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 in the development of grain storage at feed mills in grain deficit 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 and financed by feed companies.

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

#### (b) Incidence

Under this program, Agriculture Canada will provide financial assistance to any commercial establishment in a grain deficit area producing at least 500 tonnes of formula feeds per year. Eligible feed mills may claim on a quarterly basis, assistance for the carrying charges of grain, provided they have constructed new storage space and show they are holding higher stocks than in previous years.

Assistance, under this program, will be provided up until 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. 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 April 1, 1977 and March 31, 1984. Those who qualified for assistance prior to March 31, 1980 and eligible for quarterly carrying charges on the additional inventories for a five year period. Those which qualified after that date will receive less total assistance since no payment will be made after March 31, 1985. Applications will not be accepted after March 31, 1984.

(c) Amount of the Subsidy

In 1982-83, contributions were made by the federal government for the realization of 59 projects, covering 35,527 tonnes of grain. These contributions totalled \$496,293 for the 1982-83 fiscal year.

(d) Estimated Amount Per Unit

The estimated amount per project is approximately \$8,412. The estimated amount per additional tonne stored is approximately \$13.97.

2. Effect of the Subsidy

This program should encourage the feed industry to increase 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 industry.

## Inland Elevator Programs

### 1. Nature and Extent of the Subsidy

#### (a) Background and Authority

Two programs announced in June 1978 are designed to assist in the development of grain storage facilities at inland elevators in grain deficit areas of Eastern Canada<sup>1</sup> 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, provides financial assistance to elevator operators constructing new inland elevator facilities in feed grain deficient areas.

Eligible operators will receive a contribution of either \$500,000 or 50 percent of the eligible capital costs, whichever is less. Forty percent of the contribution will be repaid in the fourth to tenth years of operation. This program ran for a period of five years, and ended on March 31, 1983.

Under the program for the expansion of Existing Inland Elevators, Agriculture Canada will provide financial assistance to eligible firms to expand feed grain storage, cleaning and drying capacity in feed

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<sup>1</sup>All the Atlantic Provinces, Quebec and certain specified parts of Ontario

grain deficient areas. Eligible firms will receive a contribution of either a maximum of \$150,000 or 30 percent of capital costs for expansion, whichever is less. These contributions are grants that do not require reimbursements.

This program ran for a period of four years, and ended on March 31, 1982.

(c) Amount of the Subsidy

By the end of the 1982-83 crop year, a total of \$3,553,001 was distributed by the federal government. \$2,883,990 was allocated for the realization of 10 projects under the New Inland Elevator Program. There were eight projects in Ontario which together received \$2,440,520 and two projects in Quebec using \$443,470. A total amount of \$669,011 was distributed for the realization of 7 projects under the program for the expansion of Existing Inland Elevators. Four of these projects were undertaken in Ontario and three in Quebec, utilizing \$259,815 in Ontario and \$409,196 in Quebec.

(d) Estimated Amount per Unit

The average amount per project distributed for the New Inland Elevator Program was \$288,399 and \$95,573 for the program of expansion of Existing Inland Elevators.

2. Effect of the Subsidy

These programs were expected to encourage the development of an additional estimated 128,330 tonnes of storage capacity (on a barley basis), 32,730 tonnes under the Existing Inland Elevator Program and 96,500 tonnes of additional storage capacity under the New Inland Elevator Program.

The programs were also expected to encourage the development of larger feed grain inventories in areas where local grain production was 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 in 1977 as a result of adjustments to the Feed Freight Assistance Policy regarding the shipment of feed grains from Western Canada to Ontario. Two programs were designed to improve the production and utilization of feed grain in Ontario by offering incentives for capital expenditures. The fund is administered by the Farm Development Division of Agriculture Canada in cooperation with the Ontario Ministry of Agriculture and Food.

Under the Grain Storage, Handling and Feed Preparation Program, Agriculture Canada will provide a total of \$13.5 million over a five-year period to producers to improve feed grain production and utilization.

Under the Innovator Incentive Program, Agriculture Canada will provide a total of \$600,000 to producers to encourage the purchasing of new equipment and machinery or the use of new techniques.

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

(b) Incidence

Under the Grain Storage, Handling and Feed Preparation Program, eligible producers received a contribution equivalent to 30 percent of the eligible expenditures to a maximum of \$1,500 per producer.

Under the Innovator Incentive Program, eligible producers receive a contribution to 50 percent of the eligible expenditures to a maximum of \$10,000 per producer.

(c) Amount of the Subsidy

During the 1982-83 fiscal year, there were no expenditures under the Grain Storage Handling and Feed Preparation Program as all funds have been allocated. Approximately \$30,000 was distributed under the Innovator Incentive Program.

(d) Estimated Amount Per Unit

Total expenditures under the Grain Storage, Handling and Feed Preparation Program totalled \$13.5 million for 12,762 projects, amounting to an average subsidy per project of \$1,058 for the total duration of the program.

Expenditures under the Innovator Incentive Program amounted to roughly \$30,000 for 15 projects in the 1982-83 fiscal year. These expenditures represented levels of assistance per project of \$2,000 for this period.

2. Effect of the Subsidy

The program should encourage the development of permanently installed structures and equipment for the on-farm storage, handling and processing of grain and livestock. It should also encourage energy conservation, labour savings, feed production or feed utilization efficiency.

Feed Freight Assistance Adjustment Fund for Quebec

1. Nature and Extent of the Subsidy

(a) Background and Authority

The fund was established in 1978 as a result of adjustments to the feed freight assistance policy regarding the shipment of feed grains from Western Canada to Quebec. Four programs were designed to improve the livestock feed production capacity in the province of Quebec. The federal government allocated a total of \$33.5 million to the programs by 1983.

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 assistance under the Canada-Quebec Agreement is as follows:

Program 1: On-Farm Grain Storage

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

Program 2: Grain Harvesting Equipment

- Combines                      30 percent 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 percent of cost; maximum of \$5,000 per silo
- Hay driers                      75 percent of cost; maximum of \$500 per unit

Program 4: Seed Quality and Quality Improvement

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

(c) Amount of the Subsidy

The total amount paid by the federal government towards the Quebec program was \$2.3 million during the 1982-83 fiscal year.

(d) Estimated Subsidy Per Program

In 1982-83, approximately \$2.13 million was allocated to the On Farm Grain Storage Program. Assistance directed towards the Grain Harvesting Equipment Program is estimated at \$120,000, while allocations to the Forage Conservation Program were approximately \$60,000 during the 1982-83 fiscal year. There were no projects assisted by the Improved Seed Production Program in 1982-83.

## 2. Effect of the Subsidy

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

Feed Freight Assistance Adjustment Fund for British Columbia

1. Nature and Extent of the Subsidy

(a) Background and Authority

This program was designed in response to revisions in the Feed Freight Assistance Program which reduced the level of transportation assistance for feed grains in certain areas. The fund supports research in feed grains and through extension and demonstrations supports efforts to increase the province's independence in feed supplies.

The fund, formalized by the Canada-British Columbia Agreement, was established in 1978. It is coordinated and authorized by Agriculture Canada in cooperation with the British Columbia Ministry of Agriculture and Food.

(b) Incidence

Three program areas of research and demonstration are defined in the Agreement:

- (1) investigations and demonstrations to farmers of the source and utilization of various food wastes as livestock feed;
- (2) demonstrations of improved utilization of grains and forages for livestock and poultry;
- (3) development and demonstrations to farmers of improved feeding systems, including training in management and technology.

(c) Amount of the Subsidy

Total payments from this fund for the 1982-83 fiscal year were \$90,279.

Between 1978 and 1983, \$1.13 million has been paid out for this program.

(d) Estimated Subsidy Per Unit

Expenditures of \$11,109 were made in the 1982-83 fiscal year toward five projects, bringing total expenditures for the program to \$235,928. This amounted to \$47,186 of assistance per project for the program duration, between January 1979 and March 31, 1983.

Expenditures on Program 2 in the 1982-83 fiscal year amounted to \$78,530, bringing total program expenditures to \$860,330. For the eight projects assisted under this Program, the average amount of funding per project amounted to \$107,541 by the end of the 1982-83 fiscal year.

1982-83 expenditures toward Program 3 amounted to \$640, contributing to a total program expenditure of \$74,188. This amounted to an average per unit subsidy of \$24,729 for each of the three projects assisted between January 1979 and March 31, 1983.

2. Effect of the Subsidy

This program reduces the reliance of the livestock industry of British Columbia on out of province feed supplies.

## Freight Charges Equalization

### 1. Nature and Extent of the Subsidy

#### (a) Background and Authority

Authorized by Industry, Trade and Commerce, appropriations under this program, are designed to equalize freight charges between Eastern and Western Canada on the transport of flour for export markets.

#### (b) Incidence

Payments are issued to millers in Western Canada in order to equalize the freight "stop-off" charges between Eastern and Western Canada on the grain which is processed into flour for export.

#### (c) Amount of the Subsidy

Payments under this program for the 1982-83 fiscal year totalled \$656,421.

#### (d) Estimated Subsidy Per Unit

Approximately 84,133 tonnes of flour processed in Western Canada benefited from the Freight Charges Equalization scheme. The rates or levels of equalization changed three times throughout the year. Approximately 240 tonnes received subsidies of \$6.62 per tonne, 66,855 tonnes received subsidies of \$7.72 per tonne and 17,038 tonnes were subject to assistance of \$8.16 per tonne.

## 2. Effect of the Subsidy

This payment provides Western Canadian millers with equal access with Eastern millers to export flour markets. It removes the disadvantage that western millers would be constrained by the higher compensatory stop-off rates on the transport of raw grain vis a vis eastern millers who pay a fixed rate of 66 cents per tonne.

## Cash Advances on Farm Stored Grains

### 1. Nature and Extent of the Subsidy

#### (a) Background and Authority

The Prairie Grain Advance Payments Act allows cash advances to be made to grain producers in direct relationship to anticipated grain deliveries for the crop year while ensuring 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.

#### (b) Incidence

Advances are made for farm held grain to be repaid on delivery of the grain to the Canadian Wheat Board. The maximum advance in 1982-83 was \$15,000 per individual permit holder. Partnerships were eligible for advances up to \$30,000 while multi-farmer units of three or over were eligible for advances of up to \$45,000. The time-limit of the advance is variable as repayment must begin as soon as grain can be delivered to elevators under the quota.

Rates of advance for the 1982-83 Program were:

Wheat: \$115 per tonne.

Barley: \$73 per tonne.

Oats: \$60 per tonne.

Advances made to producers totalled \$309 million in the 1982-83 crop year.

The government bears the interest on money advanced and assumes liability for defaulted advance accounts. Administration costs are borne by the producer through a charge on the Canadian Wheat Board's pool accounts.

(c) Amount of the Subsidy

Interest costs paid by the Federal Government for the 1982-83 fiscal year amounted to \$11.6 million. Payments for defaulted accounts totalled \$291,400 for the 1982-83 crop year.

(d) Estimated Amount Per Unit

For the fiscal year 1982-83, approximately 31,650 applications were accepted averaging about \$367 in interest costs per applicant.

2. Effect of the Subsidy

As a result of this program, farmers were able to obtain partial payment for their grain when delivery opportunities were restricted. This minimizes the burden of borrowing money at commercial interest rates during periods when the cash flow to the grains sector is critical but restricted due to reduced marketings.

## Initial Payments

### 1. Nature and Extent of the Subsidy

#### (a) Background and Authority

Under the terms of the Canadian Wheat Board Act, Initial Payments for the basic grades of wheat, oats and barley are established each crop year by the Government. They are set according to current and prospective market conditions and to any other circumstances which may render a specific level of initial payments advisable. These initial payments are the prices payable to producers upon delivery and 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. If the sales price obtained by the Board is insufficient to cover its operating costs plus the initial payments already received by producers, the deficit is met by the Government.

#### (b) Incidence

Very few payments have been necessary to cover deficits since the program was implemented in 1935. When a deficit in a pool account occurs, the Government payment is made directly to the Canadian Wheat Board with the benefit accruing to the producers in the Wheat Board designated area who have grown the grain under the particular Pool Account.

#### (c) Amount of the Subsidy

Historically, Pool Account deficits amounted to \$0.8 million for the 1979-80 Oats Pool Account and \$2.3 million for the 1981-82 Oats Pool Account. In 1982-83 a deficit on operations occurred on the Barley Pool Account. The Government of Canada paid \$5.5 million to meet this deficit.

(d) Estimated Amount per Unit

There were 4.6 million tonnes of barley purchased by the Canadian Wheat Board for export or domestic sale. The deficit on Pool Operations in 1982-83 therefore amounted to \$1.212 per tonne.

2. Effect of the Subsidy

Guaranteed Initial Payments enable producers to make seeding decisions with preliminary indications of the final returns per crop. Although these programs serve as floor prices, historically only unusual and unforeseen market disruptions will cause the average selling price to fall below the initial price. In general they are designed to serve as market indicators, providing preliminary estimations of the relative profitability of the various crops.

## Western Grain Stabilization

### 1. Nature and Extent of the Subsidy

#### (a) Background

This voluntary program, enacted in April 1976, is jointly supported by Western grain farmers and the Federal Government. The major objective of the program is to provide a measure of protection against severe variation in the net cash flow from sales of wheat, oats, barley, rye, flax and rapeseed caused by short-term market disruptions or shifts in yields and production cost patterns.

This program is administered by the Western Grain Stabilization Administration and the Federal Government pays all administrative costs.

#### (b) Incidence

When the calculated aggregate net cash income to producers of the covered commodities is below the previous five-year average, a payment approximately equal to the difference is triggered from the Stabilization Fund. The share of the total payment accruing to each individual producer is directly in proportion to his contribution into the program over the last three-year period. Participating producers pay a levy into the Fund at a rate of two percent of eligible grain sale proceeds.

#### (c) Amount of Subsidy

The aggregate net cash flow for 1982-83 was higher than the previous five-year average and consequently there were no payments issued for this period. Producer levy contributions totalled \$55.1 million for

the 1982-83 fiscal year, while federal levy contributions totalled \$110.7 million. Administrative costs borne by the Federal government for this period were \$709,000.

Stabilization payments were issued to producers in 1977 and 1978 totalling \$115 and \$252.9 million respectively.

(d) Estimated Amount Per Unit

Stabilization Payments issued in 1977 and 1978 averaged \$896 per recipient and \$1,843 per recipient respectively.

2. Effect of the Subsidy

While compensating producers for uncertainty and variation in their returns due to temporary market fluctuations, the program leaves them with the responsibility of making their individual production and marketing decisions without interfering with resource allocation or market operations. The program should stimulate competitive growth and development of the grain sector in Western Canada.

Grain Embargo Compensation Program

1. Nature and Extent of Subsidy

(a) Background and Authority

Following the United States Government's announcement of the partial embargo of grain shipments to the USSR, Canada agreed to support the action by restraining Canadian exports to the USSR to normal and traditional levels. The Government also agreed to "compensate grain producers for any losses in income which could be legitimately attributed to governmental action". It was later determined that losses did arise due to lower world prices and therefore producers were compensated.

Although the funds made available to compensate producers were appropriated independently for this unique purpose, the Western Grain Stabilization Board and the Agricultural Stabilization Board provided the subsidy processing and pre-audit services for payment of applications.

(b) Incidence

This program was instigated to address a specific and unusual need. The federal government agreed to compensate producers if low world grain prices, resulting from the embargo, caused incomes to fall.

(c) Amount of Subsidy

Producers of oats, barley and corn received compensation amounting to \$4,866.94 during the 1982-83 fiscal year.

Six corn producers received \$4,428.85, six barley producers received \$421.78 and an amount of \$16.31 was issued to 1 producer of oats.

(d) Subsidy per Unit

Corn	\$5.55/tonne
Barley	\$5.11/tonne
Oats	\$4.84/tonne
Average for Program	\$5.17/tonne

2. Effect of the Subsidy

To maintain producer incomes from any adverse effect of the government's action in support of the American embargo on grain to the USSR.

Agricultural Stabilization for Grains and Oilseeds  
Outside the Canadian Wheat Board Designated Area

1. Nature and Extent of the Subsidy

(a) Background and Authority

Under authority of the Agricultural Stabilization Act, the Agricultural Stabilization Board must support the prices of corn, barley, oats and soybeans grown outside the Canadian Wheat Board area. Support prices are set at a minimum of 90 percent of the previous 5 year average market price, indexed for changes in the cash costs of production. In addition, other commodities such as wheat can be designated for similar support.

During the 1982-83 fiscal year, deficiency payments were made with respect to soybeans produced in 1981, grain corn produced in 1977 and corn produced in 1976. The bulk of the payment for these crops were made in previous years.

(b) Incidence

For named commodities, deficiency payments were made directly to producers for the difference between the annual average market price and 90 percent of the previous five year average market price for each commodity. For designated commodities the level of support is determined annually by an Order-in-Council.

(c) Amount of the Subsidy

A deficiency payment program for soybeans was triggered under the statutory provisions of the Act for the first time since its inclusion as a named commodity. Since the average market price (\$264.19 per tonne) fell below the support price of \$267.21 per tonne, deficiency

payments of \$3.02 per tonne were issued for the 1981 soybean crop. Payments to 7,785 producers totalled \$1,634,405 on 541,193 tonnes during the 1982-83 fiscal year.

Payments issued in 1982-83 to cover the 1977 corn crop totalled \$20,282 on 3,681 tonnes to 8 producers. Deficiency payments were required given that the 1977 support price (\$2.26 per bushel) exceeded the average price (\$2.12 per bushel).

Adjustment payments issued for the 1976 corn crop totalled \$1,804 on 771 tonnes to one producer. These payments of 6 cents per bushel resulted from the average market price (\$2.12 per bushel) falling below the 1976 support price for corn (\$2.18 per bushel).

(d) Subsidy Per Unit Covered by Total ASB Payments Per Program

For the Crop Year 1981

Soybeans:                   \$ 3.02 per tonne

For the Crop Year 1977

Corn:                         \$ 5.51 per tonne

For the Crop Year 1976

Corn:                         \$ 2.34 per tonne

## 2. Effect of the Subsidy

Agriculture Stabilization Board payments help stabilize producer incomes and minimize the impact of short term price shocks. By insulating incomes against short term disruptions in weather or market conditions, this program helps prevent the misallocation of long term resource adjustment resulting from short term price or income stimuli. As long term price movements are allowed to prevail the long term viability of the industry should be enhanced.

## II OILSEED PRODUCTS

### Freight Assistance for Prairie Rapeseed Processors

#### 1. Nature and Extent of the Subsidy

##### (a) Background and Authority

This program was initiated in December, 1976 to offset the financial impact of the change from a fixed rate scale (at 1973 compensatory levels) of rail freight rates to annually-adjusted minimum compensatory rates which were much higher. During succeeding years, the program covered a reduced percentage of the difference between the 1973 rates and the minimum compensatory rates, with the processors absorbing the balance of the difference. The program was originally intended to be of an interim nature only, pending Crow rate changes, and was terminated on March 31, 1983.

##### (b) Incidence

The program compensated rapeseed processors for a portion of the freight costs for rapeseed oil and meal shipments to the West Coast (export only), rapeseed oil shipments to Eastern Canada for domestic use and export, and rapeseed meal for domestic use and export on the portion east of Thunder Bay/Armstrong only (rapeseed meal was eligible for the Crow Rate to Thunder Bay/Armstrong but not to the West Coast). Rapeseed itself was eligible for the Crow Rate to both Thunder Bay/Armstrong and the West Coast. Therefore the program to a limited degree acted to equalize the freight costs for rapeseed and its derivative products, oil and meal.

##### (c) Amount of the Subsidy

For the 1982-83 fiscal year, \$3 million was paid out by the Federal Government to the five companies operating crushing plants in the West.

(d) Estimated Subsidy Per Unit:

Because the subsidy was based on prevailing freight rates for individual processing plants, it is difficult to indicate precisely the amount of subsidy per tonne of oil and meal shipped. Some companies which served the Western Canadian oil and meal market received very little or no subsidy on their shipments which were ineligible because they were consumed locally, while other processors who exported oil and meal through West Coast ports were fully eligible for the subsidy. Also, each plant location was eligible for a different level of subsidy because freight rates and differentials were unique to each plant.

For a typical plant location, i.e. Lloydminster, Alberta the subsidy payments would have been as follows in 1982-83, as per minimum compensatory rates authorized by the Canadian Transport Commission Order R-34671 of November 26, 1982:

	<u>\$/tonne</u>
Rapeseed oil to Vancouver:	5.84
Rapeseed meal to Vancouver:	9.40
Rapeseed oil to Toronto:	10.92
Rapeseed meal to Montreal (subsidy applicable east of T.B./Armstrong only):	7.28

The example shown above also can be taken as representative for the other Alberta plants. For plants located in Saskatchewan and Manitoba the subsidy payments per tonne to Vancouver were higher, while the payments on east-bound shipments were lower because of the shorter distances and lower freight rates involved.

2. Effect of the Subsidy

The program made an aggregate financial contribution to the five western processors of \$3 million in 1982-83, and enabled the industry to maintain activity in spite of serious financial losses.

### III DAIRY PRODUCTS

#### 1. Nature and Extent of the Subsidy

##### (a) Background and Authority

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

##### (b) Incidence

Federal dairy stabilization policy consists of supporting the market prices 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 industrial dairy products. In order to finance the Commission's losses on skim milk powder exports, a levy is collected against all eligible producers' deliveries of milk.

##### (c) Amount of the Subsidy

In the 1982-83 fiscal year, the amount of direct subsidy payments by the C.D.C. on manufactured milk and cream was \$275.3 million.

The support prices of butter and skim milk powder between April 1980 and April 1983 have been as follows:

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	Butter (\$ per kg)	Skim Milk Powder (\$ per kg)
Between April 1980 and August 1980	3.34	2.01
Between August 1980 and January 1981	3.51	2.13
Between January 1981 and April 1981	3.63	2.20
Between April 1981 and August 1981	3.78	2.28
Between August 1981 and January 1982	3.95	2.37
Between January 1982 and April 1982	4.13	2.46
Between April 1982 and August 1982	4.17	2.50
Between August 1982 and January 1983	4.33	2.59
Between January 1983 and April 1983	4.38	2.61

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(d) Estimated Amount Per Unit

In 1982-83, the rate of direct subsidy payments to producers was \$6.03 per hectolitre of industrial milk.

## **2. Effect of the Subsidy**

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 high quality dairy products.

## IV FRUITS AND VEGETABLES

### Agricultural Stabilization for Fruits and Vegetables

#### 1. Nature and Extent of the Subsidy

##### (a) Background and Authority

Under the Agricultural Stabilization Act various fruits and vegetables have been designated for support. While the Programs are specified for a particular crop year or harvest period, payments are often not made until after the end of the corresponding fiscal year when market prices, returns and costs are available. In addition to these delays, submission of producer requests and allocation of assistance often delay payments still further. While designated commodity prices are generally supported at the same level as named commodities, each program level is individually set by an Order-in-Council.

During the 1982-83 fiscal year, payments were made under the Agricultural Stabilization Act on sour cherries designated for support in 1982 and on spring crop greenhouse tomatoes and cucumbers, designated for support in 1981. Payments were also issued in 1982-83 for apples, sour cherries, and spring crop greenhouse cucumbers grown in 1979; and for potatoes grown in the 1978 crop year.

One of the functions of the Agricultural Products Board, as established under the Agricultural Products Board Act, is to support the market stabilization activities of the Agricultural Stabilization Act. By buying surplus commodities and selling them later, the Board's activities help stabilize farm incomes. The Board can only sell products at prices lower than the purchase price plus handling and storage, if authorized by the Governor in Council. In 1982-83,

purchase programs were announced for 1982 sour cherries, grapes and onions and the corresponding losses were recorded. Net losses attributable to purchase programs for the 1981 grape crop and 1980 grape and prune-plum crops were also recorded for the 1982-83 fiscal year.

(b) Incidence

Under the Agricultural Stabilization Act deficiency payments were made directly to producers for the difference between the annual average market price and a percentage (decided by the Governor in Council) of the previous five year indexed average market price for each product.

The incidence and extent of Product Board purchase programs varies with the commodity and the market conditions preceding the purchase.

(c) Amount of the Subsidy

Payments made in the 1982-83 fiscal year under this program for each designated commodity are specified below:

For the Crop Year 1982

1) Sour Cherries

With average market prices (48.1 cents per kilogram) below the 1982 support price (76.4 per kilogram) for sour cherries, producers were eligible to receive deficiency payments of 28.3 cents per kilogram. During the 1982-83 fiscal year, 402 producers received payments under this program totalling \$1,582,288 for 5,594,089 kilograms of sour cherries.

2) Sour Cherries Purchase Program

Anticipating a large sour cherry crop, the Agricultural Products Board was authorized to purchase up to 1,088,436 kilograms of cherries. Actual harvests were below predicted levels and only 1,065,360 kilograms were purchased for a total cost of \$554,043. As of March 31, 1983, all was sold and a net loss of \$69,059 was recorded for this program.

3) Grape Purchase Program

In anticipation of a red grape surplus in Ontario for 1982, the Agricultural Products Board authorized purchases of up to 1,542 tonnes of Ontario grapes and resales with an anticipated loss of no more than \$153,000. As of March 31, 1983, the Board had purchased only 463 tonnes for \$196,226 and resold them for a value of \$150,282. The total loss incurred by the Board for this program was \$45,944.

4) Onion Purchase Program

Excess supplies of yellow seed onions in the domestic market led to authorization for the Agricultural Products Board to purchase no more than 500,000 bags and resell them to export markets at an aggregate loss of no more than \$1 million. As at March 31, 1983, the total loss for the program was \$278,990, after having purchased 109,168 bags.

For the Crop Year 1981

1) Greenhouse Tomatoes

Deficiency payments of 3.5 cents per kilogram were issued to tomato growers, reflecting the difference between the 1981 support price of \$1.055 per kilogram and the average market price of \$1.02 per kilogram. During the 1982-83 fiscal year, support payments to 107 producers totalled \$337,768 covering 9,650,506 kilograms of tomatoes.

2) Greenhouse Cucumbers

With average market prices (\$4.06 per dozen) falling below the 1981 support price (\$4.20 per dozen), growers of greenhouse cucumbers were eligible to receive deficiency payments for the 1981 crop year. During the 1982-83 fiscal year, 169 producers received a total of \$288,591 for 2,061,366 dozen of cucumbers.

3) Grape Purchase Program

The Agricultural Products Board was authorized to purchase up to 2,720 tonnes of Ontario and hybrid grapes, to have them processed and resold with an aggregate loss of no more than \$406,000. During 1982-83, the Board sold the remaining inventory of wine and grape concentrate, bringing total program losses to \$382,269 for 2 049 tonnes of grapes.

For the Crop Year 1980

1) Apples

The 1980 support price for apples was 18.43 cents per kilogram compared with an average producer return of only 14.53 cents per kilogram. Therefore, a deficiency payment of 3.9 cents per kilogram was announced. Producers are eligible for payments on crops of more than 11,340 kilograms but less than 453,590 kilograms. During the 1982-83 fiscal year support payments amounting to \$1,230,497 were paid to 290 producers covering 31,533,408 kilograms of apples.

2) Sour Cherries

The support price for this program was set at 65.8 cents per kilogram, representing 90 percent of the five-year average, indexed for cash costs of production. The average market price was 55.6 cents per kilogram and a corresponding deficiency payment of 10.2 cents per kilogram was paid. Payments of \$73.38 were issued to one producer in the 1982-83 fiscal year, covering 715.8 kilograms of sour cherries. These payments brought total program costs to \$969,054 on 9,452,750 kilograms of cherries to 629 producers.

3) Greenhouse Cucumbers

Growers of greenhouse cucumbers were eligible to receive stabilization payments for the 1980 crop year. Compensation was based on a specified proportion of the five-year average price of \$3.77 per dozen and the 1980 average producer return of \$3.53 per dozen. During the 1982-83 fiscal year, there was one claim placed covering 525 dozens of greenhouse cucumbers, eligible for a total payment of \$126.

4) Grape Purchase Program

The Agricultural Products Board was authorized to purchase up to 4,535 tonnes of surplus Ontario grapes to be converted into brandy, with an anticipated loss of no more than \$1.5 million. As of March 31, 1983, the remainder of the inventory reached required maturity and was sold during the fiscal year at a value of \$184,326. The total program loss incurred by the Board to this date was \$348,483, covering 1149 tonne sof grapes.

5) Prune-Plums Purchase Program

The Agricultural Products Board was authorized to assist growers in British Columbia by purchasing no more than 367,514 kilograms of prune-plums and selling them at an aggregate loss, considering the purchase price plus handling, storage and transportation costs, not to exceed \$495,000. As of March 31, 1983, the Board had sold 32,604 cases for \$119,056, and the remaining inventory of 18,268 case was committted. The total loss incurred amounted to \$469,853.

For the Crop Year 1979

1) Eastern Potatoes

Potato producers in Ontario, Quebec and the Atlantic Provinces were eligible to receive payments of 70 cents per hundredweight for potatoes grown and marketed in the 1979 crop year. The stabilization payment was based on the difference between a prescribed, 5-year average -adjusted price of \$3.42 per hundredweight and the average market return of \$2.72 per hundredweight for the crop year. The maximum claim per producer was limited to sales of 10,000 hundredweights. There was \$79,996 paid under this program during the 1982-83 fiscal year on 114,281 hundredweights to 22 producers.

2) Greenhouse Cucumbers

Deficiency payments of 30 cents per dozen were issued to growers of greenhouse cucumbers representing the difference between the 1979 support price of \$3.57 per dozen and the average producer return of \$3.27 per dozen. During the 1982-83 fiscal year deficiency payments of \$7.20 were issued to 1 producer, covering 24 dozens of cucumbers. This payment brought total expenditures for the program to \$784,742 on 2,615,808 dozens to 305 producers.

For the Crop Year 1978

1) Eastern Potatoes

Based on the average market price and the increase in cash production costs, the support level under the Act was set at \$3.92 per hundredweight. With average grower returns for 1978 potatoes of \$3.52 per hundredweight, producers were eligible for deficiency payments of 40 cents per hundredweight. The maximum claim per producer was limited to sales of 10,000 hundredweight. During the 1982-83 fiscal year payments to 6 producers amounted to \$14,767, covering 36,919 hundredweights.

(d) Subsidy Per Unit

For the Crop Year 1982

Sour Cherries:	28.3 cents per kilogram
Sour Cherries Purchase Program:	6.48 cents per kilogram
Grape Purchase Program:	\$99 per tonne
Onion Purchase Program:	\$2.56 per bag

For the Crop Year 1981

Greenhouse tomatoes:	3.5 cents per kilogram
Greenhouse cucumbers:	14 cents per dozen
Grape Purchase Program:	\$187 per tonne

For the Crop Year 1980

Apples:	3.9 cents per kilogram
Sour Cherries:	10.3 cents per kilogram
Greenhouse Cucumbers:	24 cents per dozen
Grape Purchase Program:	\$303 per tonne
Prune-Plum Purchase Program:	9.24 cents per case

For the Crop Year 1979

Eastern Potatoes:	70 cents per hundredweight
Greenhouse Cucumbers:	30 cents per dozen

For the Crop Year 1978

Eastern Potatoes:	40 cents per hundredweight
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2. Effects of the Subsidy

These deficiency payments stabilize returns to the producers of these products when market prices are depressed.

## V LIVESTOCK AND MEAT PRODUCTS

### Agriculture Stabilization for Market Hogs and Weaner Pigs

#### 1. Nature and Extent of the Subsidy

##### (a) Background and Authority

Hogs are a named commodity under the Agricultural Stabilization Act, thus requiring support at no less than 90 percent of the previous five year average market price adjusted for increases in cash costs of production. Payments were made in the 1982-83 fiscal year towards both the 1979-80 and 1980-81 programs.

##### (b) Incidence

Under the 1980-81 Program the average return for market hogs (\$62.35 per hundredweight) was below 90 percent of the previous five year average market price of \$67.70 per hundredweight (adjusted for increases in cash costs of production), and thus a deficiency payment was required. This amounted to \$5.35 per hundredweight and producers were eligible for payment on up to 5,000 hogs per producer.

The average return for market hogs in 1979-80 (\$58.59 per hundredweight) was also below the support price, so a deficiency payment of \$2.46 per hundredweight was required. Weaner pigs were also supported under the program at the rate of \$1.00 per pig.

##### (c) Amount of the Subsidy

Payments issued towards the 1980-81 program during the 1982-83 fiscal year, totalled \$436,496 on 48,716 hogs, and went to 259 slaughter hog producers. The total 1980-81 program cost was raised to \$106,170,922 to 29,938 producers.

Further support payments under the 1979 program were issued during the 1982-83 fiscal year. A total of \$18,503 was distributed to 34 producers in 1982-83, covering 4,628 hogs. The total 1979-80 program cost was thus increased to \$42,842,695 for 27,250 producers.

(d) Estimated Amount Per Unit

Market Hogs: (1979) \$2.46 per hundredweight (\$4.15 per hog)  
(1980) \$5.35 per hundredweight (\$8.96 per hog)  
Weaner Pigs: (1979) \$1.00 per weaner pig

2. Effect of the Subsidy

These programs provide income stabilization and assist hog producers to maintain production levels despite depressed market prices.

## Agricultural Stabilization for Lambs and Sheep

### 1. Nature and Extent of the Subsidy

#### (a) Background and Authority

Sheep are a named commodity under the Agricultural Stabilization Act and thus require support at a level no less than 90 percent of the previous five year average market price adjusted for increases in cash costs of production. Producers were eligible for payment on up to 5,000 lambs

#### (b) Incidence

Under the 1981 Program, the weighted average return to lamb producers was \$69.04 per hundredweight and the support price was \$74.40 per hundredweight. This difference resulted in a deficiency payment equal to \$5.35 per hundredweight or \$5.14 per lamb marketed.

#### (c) Amount of the Subsidy

Payments totalling \$456,057 during the 1982-83 fiscal year were issued to 1,872 producers for 88,727 lambs.

#### (d) Estimated Amount Per Unit

\$5.14 per lamb (\$5.35 per hundredweight)

### 2. Effect of the Subsidy

This program provides income stabilization to assist lamb producers in maintaining production levels during periods of short-term depressed market prices.

## Agricultural Stabilization for Turkeys

### 1. Nature and Extent of the Subsidy

#### (a) Background and Authority

The Agricultural Products Board, as established under the Agricultural Products Board Act, supports activities under the Agricultural Stabilization Act by purchasing and reselling commodities when market conditions dictate.

The Agricultural Products Board is empowered to buy, sell, or import agricultural products; to store, transport, and process such products; to sell agricultural products to any country and to make arrangements for the purchase and delivery; or to purchase agricultural products on behalf of any Government or agency. The Board can only sell products at prices lower than the purchase price plus handling, storage, and transportation costs, when specifically authorized by the Governor in Council.

#### (b) Incidence

During the 1982-83 fiscal year, the remaining inventory of turkeys (90,719 kilograms) was sold at a value of \$202,000.

#### (c) Amount of the Subsidy

As of March 31, 1983, the net loss incurred by the Board for this program was \$101,969 for a total of 1,700 tonnes.

(d) Estimated Subsidy per Unit

\$59.98 per tonne.

2. Effect of the Subsidy

To provide in income stabilization for turkey producers when market prices are depressed.

## Fruit and Vegetable Cold Storage Program

### 1. Nature and Extent of the Subsidy

#### (a) Background and Authority

The federal government, through Treasury Board Approved Grants and Contributions, provides financial support to assist in the construction of fruit and vegetable cold storage facilities to extend the marketing season. The program is administered by Agriculture Canada.

#### (b) Incidence

The federal government will contribute up to one-third of the cost of each approved project to a maximum of \$500,000. The new or improved storage facilities created under this program will help growers extend their marketing season and enable them to provide consumers with high quality Canadian produce for an extended period of time.

#### (c) Amount of the Subsidy

Expenditures toward the construction of storage facilities for the 1982-83 fiscal year amounted to \$3.1 million.

#### (d) Estimated Subsidy Per Unit

There were a total of 29 projects financed through the Fruit and Vegetable Cold Storage Program. This amounts to an average of \$106,897 per project.

## 2. Effect of the Subsidy

This federal program has improved the ability of fruit and vegetable producers to market their products. This in turn encourages greater production of high quality fruits and vegetables and provides consumers with high quality Canadian produce for an extended time period each year.

## 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 toward the premium, or the premium and the administration costs of that province's insurance scheme. Risk-sharing arrangements 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 1982-83, shared-cost agreements were operative with all ten provinces. For this period, federal contributions toward total administration costs were \$14,777 and premiums totalled \$142.15 million. The programs operated on a joint basis with producers, provincial governments and the federal government sharing the cost of operating the programs. In Quebec and Newfoundland the federal and provincial governments each pay 25 percent of the total premium and share the cost of administering the program. The producers pay the remaining 50 percent. In all other provinces, farmers and the federal government each pay one half of the insurance premium and the provincial governments absorb the administration costs.

##### (c) Amount of the Subsidy

The Federal Government contributed \$142,170,307 for the 1982-83 fiscal year. During that year, 113,154 farmers participated in the crop insurance program.

(d) Subsidy Per Unit

The Federal Government contributed an average of \$1,256 per farmer.

2. Effect of the Subsidy

This program provides protection against production losses by sharing with farmers the financial risk of extensive crop loss due to natural hazards.

The program is designed to reduce, at the individual level, the detrimental economic effects of severe crop losses due to uncontrollable natural hazards.

## Advance Payments for Crops

### 1. Nature and Extent of the Subsidy

#### (a) Background and Authority

The Advance Payments for Crops Act was instituted in 1977. It applies to all storable crops grown in Canada, except wheat, oats and barley grown in the Canadian Wheat Board designated area. It provides eligible producer organizations with guaranteed interest free loans to make advance payments to their members. The producer can then store his crops until market conditions improve. During 1982-83, advance payments were made to producers of potatoes, carrots, rutabagas, maple syrup, onions, cabbage, apples, pears, sunflower seeds, oats, corn, barley, honey, rye, wheat, tobacco, soybeans, parsnips, canola, alfalfa seed and leeks.

This program is administered by Agriculture Canada.

#### (b) Incidence

Agriculture Canada guarantees repayment of 95 percent of the amount a producer organization borrows from a bank. In addition to paying the interest on the bank loans made in accordance with the Act, Agriculture Canada also prescribes the rate of advance per unit of crop and determines the maximum guarantee.

#### (c) Amount of the Subsidy

During the past three years the government has paid the following interest costs:

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Expenditures	1982-83	1981-82	1980-81
	(in Cdn \$)		
Grain corn	1,522,932	2,190,802	1,214,885
Small grains (rye, wheat, oats, barley)	-	460,000	45,592
Soybeans	1,081,829	986,493	887,879
Canola	3,119	-	-
Alfalfa seed	133,381	-	-
Sunflower seed	75,049	109,991	252,375
Potatoes	949,422	1,080,573	675,019
Other vegetables	163,396	210,352	63,523
Apples	894,307	1,000,894	933,933
Pears	50,000	170,000	59,030
Honey	277,149	404,400	-
Maple Syrup	303,886	996,018	466,100
Tobacco	597,988	798,686	6,847
<b>TOTAL</b>	<b>6,052,458</b>	<b>8,408,209</b>	<b>4,605,183</b>

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(d) Estimated Subsidy Per Unit

In 1982-83, 12,987 producers benefitted from this program. The average amount of interest cost per producer was \$466.40.

## **2. Effect of the Subsidy**

This program encourages long term production and growth of a commodity by assisting producers in storing their crop when market conditions are depressed (an event common after harvest) until market conditions improve.

GRAINS AND OILSEEDS - SUPPLY AND DISTRIBUTION

Commodities	Crop Year (1 Aug- 31 July)	Begin- ning Stocks	Produc- tion	Imports	Dom- estic Disap- pea- rance	Exports	Ending Stocks
('000 tonnes)							
Wheat	1980-81	10,721	19,158	-	5,304	16,260 <sup>1</sup> ,	8,315
	1981-82	8,570	24,803	-	5,168	18,447	9,758
	1982-83	9,758	26,790	-	5,210	21,368	9,970
Oats	1980-81	891	3,028	33	3,136	46	769
	1981-82	760	3,188	12	3,054	51	855
	1982-83	855	3,684	-	3,339	105	1,095
Barley	1980-81	2,006	11,394	9	6,656	3,550	3,203
	1981-82	3,203	13,724	2	6,778	5,990	4,161
	1982-83	4,161	14,074	-	7,241	5,670	5,324
Corn	1980-81	1,386	5,753	1,364	6,173	1,056	1,274
	1981-82	1,274	6,673	822	6,449	1,135	1,185
	1982-83	1,185	6,513	759	6,351	489	1,617
Rye	1980-81	406	455	30	223	446	222
	1981-82	222	927	-	255	561	333
	1982-83	333	913	-	292	314	641
Rapeseed	1980-81	1,477	2,483	-	1,269	1,372	1,320
	1981-82	1,328	1,849	-	1,125	1,359	692
	1982-83	692	2,246	-	1,189	1,271	478
Flaxseed	1980-81	587	442	-	121	565	344
	1981-82	344	468	-	105	448	259
	1982-83	259	734	-	101	429	463

<sup>1</sup>Wheat and flour exports

<sup>2</sup>Commercial stocks only

Source: Market Commentary, March 1984. Agriculture Canada.

GRAINS AND OILSEEDS - SUPPLY AND DISTRIBUTION

Commodity	Crop Year	Production	Imports	Exports	Crushing
	-	(000 tonnes)			-
Sunflowerseed	1980-81	166	--	78	N/A
	1981-82	165	--	81	N/A
	1982-83	95	--	40	N/A
Soybeans	1980-81	690	390	140	940
	1981-82	607	424	83	930
	1982-83	857	410	110	1,043

Source: Market Commentary, March 1984. Agriculture Canada

FRESH FRUITS AND VEGETABLES - SUPPLY AND DISTRIBUTION (metric tonnes)

Commodity	Crop Year <sup>1</sup>	Production	Imports	Fresh Exports	Processed	Available for Fresh Use <sup>2</sup>
Apples	1980-81	552,589	64,966	76,876	239,752	235,111
	1981-82	422,379	135,117	70,238	209,933	228,080
	1982-83	477,626	95,393	63,597	173,527	270,306
Apricots	1980-81	3 <sup>3</sup> ,517	1,117	-	2,432	2,202
	1981-82	1,952	958	-	794	2,116
	1982-83	2,764	921	-	1,436	2,249
Cherries (sweet and sour)	1980-81	19,111	5,533	688	12,083	11,873
	1981-82	10,240	4,569	1	5,746	9,062
	1982-83	10,759	8,082	20	8,134	10,687
Grapes	1980-81	74,854	139,354	1,117	64,716	148,375
	1981-82	72,669	128,954	820	62,286	138,517
	1982-83	74,118	150,705	2,389	64,944	157,490
Pears	1980-81	39,405	25,127	1,261	16,596	46,675
	1981-82	31,514	31,520	917	12,665	49,452
	1982-83	30,739	25,657	496	9,978	45,922
Rutabagas	1980-81	108,037	-	32,153	5/	5/
	1981-82	105,112	-	32,658	5/	5/
	1982-83	103,642	-	33,022	5/	5/
Onions	1980-81	105,539	53,837	11,054	2,201	6/
	1981-82	129,125	54,203	8,647	2,153	172,528
	1982-83	131,621	47,901	11,381	2,110	166,031
Cucumbers	1980-81	75,229	34,545	1,120	55,606	59,331
	1981-82	80,551	35,836	511	51,761	64,115
	1982-83	77,611	31,199	1,451	49,204	58,155

<sup>1</sup>Crop Year: 1 July to 30 June

<sup>2</sup>May also include fresh imports for processing

<sup>3</sup>British Columbia only.

<sup>4</sup>Includes fresh imports for processing. No imports were processed in 1978-79 and possibly in 1975-76 to 1977-78

<sup>5</sup>Confidential data

<sup>6</sup>Not yet available

<sup>7</sup>Preliminary estimate

Source: Market Commentary - Horticulture and Special Crops, December 1983, Agriculture Canada

FRUITS AND VEGETABLES - SUPPLY AND DISTRIBUTION

Commodity	Crop Year	Production	Imports	Fresh Exports	Processed	Available for fresh use <sup>2</sup>	Shrinkage	Used for Seed
(in metric tonnes)								
<sup>1</sup> Beans	1980-81	90,310	15,790	89,163	-	17,268 <sup>2</sup>	-	-
Dried	1981-82	104,400	11,441	75,086	-	40,755	-	-
	1982-83	89,710	11,088	58,107	-	42,691	-	-
Potatoes: <sup>3</sup>	1980-81	2,477,650(F)	123,963(T) 5,782(S)	126,764(T) 156,663(S)	826,883	734,335	514,992	247,750
Fresh(F)								
Seed(S)								
Table(T)	1981-82	2,683,180(F)	152,133(T) 6,750(S)	188,340(T) 143,631(S)	782,217	6/	560,468	254,010
	1982-83	2,798,980(F)	104,285(T) 7,510(S)	164,412(T) 101,276(S)	810,960	6/	576,565	252,741

<sup>1</sup>Crop Year: 1 August to 31 July

<sup>2</sup>Domestic use only

<sup>3</sup>Crop Year: 1 July to 30 June

<sup>4</sup>Also includes fresh imports for processing (if any)

<sup>5</sup>Preliminary Estimate

<sup>6</sup>Not yet Available

Source: Market Commentary - Horticulture and Special Crops  
Agriculture Canada

**BEEF - SUPPLY AND DISTRIBUTION (in 1000 metric tonnes in cold carcass wt)**

Calendar Year	Beginning Stocks	Production	Imports	Supply	Disappearance	Exports	Stocks
1981	27,383	980,243	78,717	1,086,343	991,403	79,232	15,708
1982	15,708	988,811	86,312	1,090,831	995,484	82,772	12,575
1983	13,293	994,581	90,650	1,098,524	998,534	82,375	17,615

Source: Livestock and Animal Products Statistics, Statistics Canada, 1983.

**MUTTON AND LAMB - SUPPLY AND DISTRIBUTION (metric tonnes)**

Calendar Year	Beginning Stocks	Production	Imports	Supply	Disappearance	Exports	Stocks
1981	3,055	6,555	10,018	19,628	17,260	396	1,972
1982	1,972	7,821	10,475	20,268	18,323	117	1,828
1983	2,056	8,738	13,792	24,586	19,921	197	4,468

Source: Livestock and Animal Products Statistics, Statistics Canada, 1983.

**PORK - SUPPLY AND DISTRIBUTION (in 1000 metric tonnes in cold carcass wt)**

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<b>Calendar Year</b>	<b>Beginning Stocks</b>	<b>Produc- tion</b>	<b>Imports</b>	<b>Supply</b>	<b>Disappea- rance</b>	<b>Exports</b>	<b>Stocks</b>
1981	14,438	840,371	19,751	874,560	733,462	128,998	12,100
1982	12,100	832,601	14,553	859,254	687,095	163,363	8,796
1983	9,449	852,383	19,408	881,240	713,222	157,552	10,466

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Source: Livestock and Animal Products Statistics, Statistics Canada, 1983.

## MILK PRODUCTS - SUPPLY AND DISTRIBUTION

Commodities	Calendar Year	Beginning Stocks	Production	Imports	Domestic Disappearance	Exports	Ending Stocks
Creamery Butter (tonne)	1981	14,633	112,901 <sup>r</sup>	28	107,824 <sup>r</sup>	60	19,678
	1982	19,678 <sup>r</sup>	122,739 <sup>r</sup>	48	105,476 <sup>r</sup>	18 <sup>r</sup>	36,971
	1983	36,971	103,069	25	111,871	4,144	24,050
Cheddar Cheese (tonne)	1981	41,925	100,818 <sup>r</sup>	-	97,686 <sup>r</sup>	3,908	41,149 <sup>r</sup>
	1982	41,149 <sup>r</sup>	89,056 <sup>r</sup>	-	89,803 <sup>r</sup>	3,294 <sup>r</sup>	36,478
	1983	36,478	100,708	-	95,431	2,790	38,965
Specialty Cheese (tonne)	1981	12,254 <sup>r</sup>	75,958 <sup>r</sup>	19,036	93,984	524	12,740
	1982	12,740	80,822 <sup>r</sup>	19,662	100,411	829 <sup>r</sup>	11,984
	1983	11,984	82,245	19,370	100,835	1,180	11,584
Evaporated Whole Milk (kilolitre)	1981	25,578	133,445 <sup>r</sup>	-	52,922 <sup>r</sup>	86,726	19,375 <sup>r</sup>
	1982	19,375 <sup>r</sup>	156,973 <sup>r</sup>	-	62,753 <sup>r</sup>	89,643 <sup>r</sup>	23,952
	1983	23,952	147,380	-	72,481	81,677	17,174
Condensed Whole Milk (tonne)	1981	177	12,287 <sup>r</sup>	-	12,407 <sup>r</sup>	-	177
	1982	57	11,501 <sup>r</sup>	-	11,354 <sup>r</sup>	-	204
	1983	204	14,066	-	13,986	-	284
Skim Milk Powder (tonne)	1981	16,728	137,120	-	48,538	61,767	43,543
	1982	43,543 <sup>r</sup>	163,066 <sup>r</sup>	-	59,549 <sup>r</sup>	119,000 <sup>r</sup>	28,060 <sup>r</sup>
	1983	28,060	121,664	-	41,355	81,864	26,505

<sup>r</sup>Revised

Source: Statistics Canada, Dairy Review.

ANNEX TO THE NOTIFICATION PERSUANT TO  
ARTICLE XVI:I CANADA, 1982-1983

This annex is provided for information on policy revisions that have occurred since the end of this notification period. Full details will be provided in subsequent notifications.

WESTERN GRAIN STABILIZATION ACT (WGSA)

The objective of the WGSA is to protect all producers' incomes against large unexpected declines in either world prices or in sales of Canadian grain, increases in the cash costs of producing the grain or any combination of these factors. It currently covers Western wheat, oats, barley, rye, flaxseed, rapeseed and mustard seed.

The recent changes to the Act (July 1984) include :

1. Incorporation of an additional payment trigger mechanism based on net cash flow per unit of eligible marketings (in the previous legislation the trigger mechanism was not calculated on a per unit basis). This revision is designed to make the program more sensitive to price and cost variation during periods of increasing volumes.
2. The operational basis of the program was changed from a calendar year to a crop year period (Aug. 1 - July 31).
3. Spouses who meet all other conditions required as joint Wheat Board permit book holders will be eligible for multiple participant status under the revised Act.
4. Participants will now have the opportunity to withdraw from the program once every ten years.

### PRAIRIE GRAIN ADVANCE PAYMENTS ACT

The Advance Payments Act is to assist in the orderly marketing of agricultural crops in all parts of Canada by offering producers interest free, cash advance payments on their storage crops.

The Act has recently (1984) been amended to:

1. Increase the maximum cash advances for stored wheat, oats and barley in the Canadian Wheat Board designated area from \$15,000 to \$30,000. Maximum advances were also doubled for cooperative ventures (the maximum for two partners was increased from \$30,000 to \$60,000 and for three or more from \$45,000 to \$90,000). The emergency provisions were adjusted accordingly.
2. Changes were also made to allow spouses separate maximum advances if determined to be a bona fide partner involved in the operation of the enterprise.

### FEED FREIGHT ASSISTANCE

The Feed Freight Assistance Program was initiated to lower the cost of animal feed in feed deficit areas. On August 22, revisions to the feed freight assistance rates for Northern Ontario, Northwestern Quebec and the Atlantic Provinces were announced. The amendments were designed to realign the net transportation costs throughout the Eastern Region as freight rates in many regions of Atlantic Canada have risen faster than in other parts of Eastern Canada.

The key changes are:

1. The assistance rates to many zones in Atlantic Canada were raised by \$2 to \$3 per tonne;

2. All feed grains of Canada origin now are eligible under the new Regulations;
3. Other changes include changes to the rebate procedure and the inclusion of fish (for food purposes) in the list of eligible livestock.

#### THE WESTERN GRAIN TRANSPORTATION ACT

On January 1, 1984 the Western Grain Transportation Act (WGTA) came into effect. The basic objectives of the Act are: 1) to provide for a progressively greater share of new higher grain freight rates to be borne by grain shippers;

2) to improve the capacity and efficiency of the grain transportation, shipping and handling system, for the purpose of maximizing returns to producers; 3) to ensure an adequate reliable and efficient railway transportation system that will meet future requirements for the movement of grain; and 4) to ensure that the overall revenues of the railway system are adequate to meet its long-term needs and to ensure grain contributes fairly to railway constant costs in relation to its contribution provided by other commodities.

The key provisions of the Act include:

- 1) Freight rates will remain statutory and the basis for changing them is prescribed by law.
- 2) Grain producers will be protected from excessive inflation and cost increases but will pay a fixed share of the annual freight rate increases. Maximum annual levels are set for the producers' share.

- 3) Freight rates will be determined by the Canadian Transportation Commission (CTC) and not by the railways.
- 4) Freight rates will continue to be generally distance related.

The WGTA also expands the "Crow" list of crops and crop products which may be shipped under the new grain rates to Thunder Bay, Churchill or Pacific ports. Added crops to the basic grains (wheat, barley, oats) are: canola and linseed oil and meal; sunflower seed and seed oil; mustard and canary seed; corn; triticale; dehydrated alfalfa meal; peas and beans and their derivatives and lentils and their splits and screenings.

#### CANAGREX

Bill C-85, which received royal ascent on June 29, 1983, set forth the legislative authority to establish Canagrex, a Crown corporation reporting to Parliament through the Minister of Agriculture. The objective of establishing Canagrex is to facilitate, promote, and in a limited way, engage in agricultural exports.

Canagrex will have a three year budget of \$12.3 million and will provide the following services; market identification and intelligence, promotion and informational services, loans and loan guarantees in support of export transactions, joint ventures and selected grants and contributions to help accelerate product development, promotion, or the provision of needed infrastructure. Canagrex will only engage in trade when it is dealing on a state-to-state basis or in cooperation with or jointly with Canadian firms, marketing boards or cooperatives. Canagrex is prohibited from subsidizing producers or processors of Canadian agriculture or food products.

Assistance programmes represent important instruments for the promotion of Canadian social, industrial and economic policy objectives, in particular the development of regions which face disincentives, inter alia, from low levels of infrastructure support, higher costs associated with their remoteness and lack of an adequately trained, specialized work force, and the encouragement of small enterprises which tend mainly to service the regional market. It is not always clear to what extent such programmes constitute subsidies within the meaning of Article XVI:1 but in the interest of transparency Canada is notifying the following programmes:

#### EXPORT DEVELOPMENT CORPORATION

The Export Development Corporation (EDC) of Canada is a Crown Corporation wholly owned by Canada, which was established 1 October 1969 by the Export Development Act as the successor to the Export Credits Insurance Corporation which commenced operations in 1944. The Corporation is authorized to borrow, to lend and to guarantee loans, to enter into export and foreign investment insurance contracts against commercial and political risk and to issue guarantees in respect of export transactions. The financial support provided by EDC enables Canadian exporters to compete with credit terms offered by other countries whose exports compete with Canadian exports.

The EDC, operating on a financially self-sustaining basis, provided financial terms which are at or near market rates. Within competitive constraints, the EDC endeavours to obtain as high a rate as possible on each transaction, and in no case does the EDC offer rates lower than those allowed under the interest rate provisions of the OECD Arrangement on Export Credits.

EDC operations are subject to statutory limits under the Export Development Act. For loans made directly by the EDC, the statutory limits are at present:

Section 29 - \$15 billion  
Section 31 - \$6 billion

and for export insurance and guarantees the statutory limits are:

Section 24 - \$15 billion  
Section 27 - \$7 billion

The volume of financial arrangements facilitated by EDC in 1983 was approximately \$.969 billion, which, combined with the \$3.896 billion of insurance and related guarantees extended, resulted in 1983 in a total of \$4.865 billion.

### Fisheries Prices Support Board

The Fisheries Prices Support Act establishes the Fisheries Prices Support Board with statutory powers of a government corporation. The Board is responsible for investigating and, when appropriate, recommending to the Minister and Cabinet action to stabilize prices of fishery products. The basic principle of the legislation is to protect fishermen against unfavourable market conditions and consequent loss of income due to causes beyond their control or that of the industry. Subject to approval of the Governor-in-Council, the Board is empowered to purchase fishery products at prescribed prices or to make deficiency payments to producers of fishery products equal to the difference between the prescribed price and the average price at which such products were sold. The purchase programme is cost recoverable since purchased inventories are later resold to processors.

During 1979 and 1980, due to favourable market conditions, no price stabilization programs were implemented. In 1981 a short term (September through December 15) programme on groundfish and flatfish (excluding turbot) was implemented along with a program to support flatfish and redfish inventories. The programme cost was \$12.2 million and \$2.8 million respectively.

Again during 1982-83, the Board was not required to implement price support programmes. In 1983-84, because of market conditions for frozen cod fillet blocks and seal pelts, the Board was authorized to implement price stabilization programmes as follows:

- a "buy-sell programme" for frozen cod fillet blocks whereby the Board offered to purchase 6.8 million kg from Canadian processors, to be held by the Board and resold to the industry when market conditions improved or six months from the date of sale to the Board. The programme stabilized prices and processors were able to sell their product directly in normal markets. They consequently made limited use of the programme and only \$2.4 million of the \$17.5 million authorized was used. This will be repaid back to government when the inventories are sold.
- A stabilization programme for seal pelts was based on payments to fishermen equalling 30 per cent of the difference between the 1983 price received for their pelts and the average price received during the previous three years. The total cost of the programme was only \$725,894.

### Fishing Vessel Replacement Assistance

Under this programme the federal government provides incentives to acquire Canadian built vessels of up to 25 per cent of the cost of construction of a fishing vessel less than 75 feet in length. The maximum incentive is \$125,000 for a vessel with a steel hull and \$100,000 for a vessel built with any other material. The minimum length of vessel eligible for incentives is 16 feet. These incentives are not available on the Pacific coast.

The program objective is to expand consumption of Canadian built vessels and make the small boat building industry in the less developed parts of the country a viable industry. In order to be eligible for incentive assistance, vessels must replace vessels that meet the following eligibility criteria:

Vessels up to 25 feet in length must have reached at least six years of age

25 to 44 feet in length, 10 years of age

44 to 60 feet in length, 15 years of age and

60 to 75 feet in length, 20 years of age.

--- In addition, a vessel must be kept in the fishery for at least five years after construction. This agreement is monitored by the Department of Fisheries and Oceans.

Through this programme the government is also attempting to upgrade the quality and safety of vessels. During the 1984-85 fiscal year \$8.5 million will be expended on the programme.

### Shipbuilding Industry Assistance Programme (SIAP)

The objective of this programme is to increase the productivity and efficiency of Canada's shipbuilding industry. Under the SIAP assistance is provided for the construction or conversion in Canada of commercial or fishing vessels of specified minimum sizes, and to improve the quality of domestic shipyards. Assistance is in the form of grants of 9 per cent of the total cost of ship construction or conversion, and up to 50 per cent of the cost of improvements for modernization of shipyards.

During the 1983/84 fiscal year, assistance under SIAP amounted to \$77.5 million. \$36.0 million is budgeted for the fiscal year 1984/85. Assistance for construction or conversion of commercial or fishing vessels will expire on July 1, 1985.

### Canadian Industrial Renewal Board (CIRB)

The establishment of the CIRB was announced in October 1981 with a mandate to assist in restructuring, consolidating and modernizing the textile, clothing and footwear industries, to renew the economic base of communities heavily dependent on those industries and to help workers affected by these changes. Firms involved in these industrial activities anywhere in Canada are eligible. Assistance, in the form of grants, direct loans, loan insurance, and special services, is also offered to firms involved in other industrial sectors and located in or willing to locate in the affected communities. The Board also has a mandate to assist workers of the textiles, clothing and footwear industries located in these communities to relocate and retrain, and such assistance is administered by the Department of Employment and Immigration.

The CIRB administers a budget of \$67.5 million for the fiscal year 1984/85. CIRB assistance will be available until 1986.

### The Western Transportation Industrial Development (WTID) Programme

The WTID Programme was launched on May 1, 1984. WTID is a five-year programme expiring March 31, 1988 which provides industrial development assistance, in the form of grants, to firms in Manitoba, Saskatchewan, Alberta and British Columbia engaged in manufacturing, processing and related service industries to enable them to take advantage of the expansion of the Western railway system. Programme support is aimed at industrial development and diversification opportunities, in the four western provinces. The programme is intended to augment the assistance levels available through DRIE's standard programming now mainly consolidated under the IRDP. Through a total budget of \$46 million for the duration of the programme, the WTID programme provides financial assistance to local suppliers of railway investments and resource development projects, to food and agricultural processors, to industrial diversification projects and for related research and development.

### Industrial and Regional Development Programme (IRDP)

The IRDP was instituted in 1983 to service the new Department of Regional Industrial Expansion's (DRIE) mandate. The IRDP is a multi-faceted programme of industrial financial assistance designed to promote industrial development and combat regional disparities in Canada. The new IRDP incorporates a number of previous programmes including, in particular the Regional Development Incentives Act (RDIA), and the Enterprise Development Program (EDP).

Commercially viable projects which would provide significant economic benefits, but would not proceed without assistance are eligible for assistance under the IRDP. Assistance in the form of grants and loans is provided for various economic activities in all industrial sectors across Canada:

- Industrial Development Climate: economic development studies; infrastructure related to industry.
- Innovation: consultant studies; development of new products and processes; technological capability; demonstration and design.
- Establishment: consultant studies; plant establishment.
- Modernization/Expansion: consultant studies; modernization; expansion; adaptation of microelectronic/electronic technology.
- Marketing: consultant studies; collection/dissemination of tourism information; special events; market research.
- Restructuring: consultant studies.

The level of assistance depends on which region the applicant is in, greater assistance levels being available for projects to be undertaken in the less economically developed regions. For this purpose, Canada's 260 census divisions were classified into four tiers according to district employment level, district per capita income and provincial fiscal capacity.

The IRDP has a budget of \$296.1 million for the fiscal year 1984/85.

#### PROGRAM FOR EXPORT MARKET DEVELOPMENT

The Program for Export Market Development was established in 1971 to provide Canadian exporters with an incentive to enter new markets abroad by sharing with them the risk and cost of doing so. Under the Program, assistance may be provided to eligible firms to defray the cost of air travel, hotel accommodation and meals abroad as well as other expenses, including space rental at trade fairs, depending on the nature of the marketing activity undertaken by the firm. All firms resident and incorporated in Canada are eligible to participate in the Program provided the proposed project represents an activity the firm would not normally undertake on its own.

The PEMD assistance generally takes the form of a sharing of up to 50% of eligible incurred costs. The assistance is paid to firms with approved projects following the submission of receipts by the firm to establish its level of expenditure. A key feature of the Program is that firms which are successful in their marketing effort are required to repay any contributions received under the Program.

The PEMD budget in fiscal year 1984/85 is approximately \$30 million.